30 Years

RIO CAN
REAL VISION. SOLID GROUND.

IRREPLACEABLE PORTFOLIO
built over 30 years

IDEALLY LOCATED
where people and tenants want to be

ENDURING VALUE
responsible and sustainable growth

ANNUAL REPORT 2023

ABOUT RIOCAN

Built over 30 years, RioCan has established a well-positioned portfolio and a strong track-record of value creation.

RioCan owns, manages and develops retail-focused, increasingly mixed-use properties concentrated in prime, high-density, transit-oriented areas where Canadians want to shop, live and work.

As of December 31, 2023, our portfolio is comprised of 188 properties with an aggregate net leasable area of approximately 33 million square feet, consisting primarily of retail, residential, and mixed-use properties.

High-quality portfolio with embedded growth opportunities

Located in Canada's most **in-demand markets**

De-risked and modular development pipeline

Conservative balance sheet management

FINANCIALS

$714.4M
Operating Income

$1.77
FFO/Unit[1,3]

4.8%
Commercial SPNOI Growth[2,3]

60.5%
FFO Payout Ratio[3]

$2.0B
In Available Liquidity[3,4]

$8.1B
Unencumbered Assets[3,4]

1 FFO: Funds From Operations
2 Commercial SPNOI: Commercial Same Property Net Operating Income
3 This is a non-GAAP measurement. For more information, refer to the Non-GAAP Measures section in the MD&A for the three months and year ended December 31, 2023.
4 RioCan's proportionate share

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RioCan Brentwood/Brio
Calgary, AB

LETTER FROM THE
PRESIDENT & CEO

Dear Fellow Unitholders,

This year marks 30 years since RioCan debuted as one of Canada's founding real estate investment trusts and went public on the Toronto Stock Exchange. The irreplaceable portfolio of high-quality assets curated over our history cements our position as Canada's premier REIT and a valuable long-term investment.

During the last three decades, we used every opportunity to strengthen our portfolio, foster strategic growth, and create value for our Unitholders.

In 2023, our operations were strong and we achieved our financial objectives. These accomplishments were due in large part to the commitment of our team, which responsibly manages every facet of our business over which we have control. Highlights include strong leasing velocity, standout leasing spreads, increasing average net rents, and record occupancy, contributing to another year with Same Property NOI growth from our commercial business exceeding our target range.

We are experiencing some of the most favourable retail real estate dynamics in memory including limited supply, healthy tenant retention and ongoing retailer expansions. Combined with our proactive and talented team and the quality of our portfolio, RioCan produced some of the best operational results in our history. RioCan's distribution increase to $1.11 per unit annualized, effective with the February 2024 distribution, reflects our confidence in delivering continued operational excellence.

While we maintained a steadfast focus on operations and development, we were also recognized for our ongoing industry-leading commitments to sustainability, ethical governance, and our people and culture. RioCan continues to take steps to mitigate

the impact of climate change and has set an overall target to reach net-zero greenhouse gas (GHG) emissions across the value chain by 2050. We are pleased to confirm that our targets were approved by the Science Based Targets initiative (SBTi) this year – a significant validation of our commitment.

Executing on our vision and building vibrant communities

Among our most significant achievements in 2023 was the launch of the retail and residential components at The Well, our flagship mixed-use property in downtown Toronto.

Jointly managed by RioCan and our partner, Allied Properties REIT, The Well represents all that makes RioCan's portfolio strong and desirable, and on an unprecedented scale within the Canadian landscape. Spread across nearly eight acres in the densely populated area of Toronto King West, The Well comprises 320,000 square feet of elevated retail and food service space, 1,700 residential suites including 592 units at our residential tower, FourFifty The Well™, and 1.2 million square feet of office.

The Well exemplifies how RioCan combines great retail and innovative development to further diversify and accelerate income growth. It features the key tenets of our portfolio: an ideal mix of strong and stable tenants, major market located, transit-oriented, and underscored by superior demographics. In short, The Well demonstrates our ability to deliver Unitholder value while simultaneously building and servicing communities.

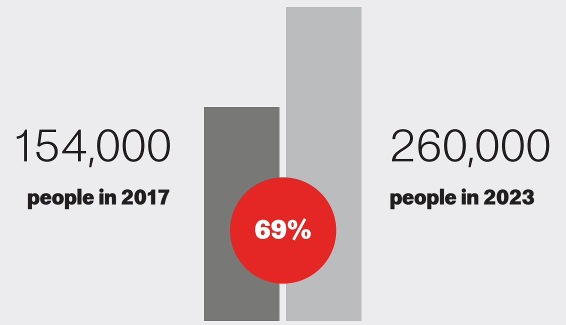
A dynamic portfolio of high-quality assets

RioCan's assets are located in Canada's six major markets, in densely populated areas with an average household income of $140,000 and an average population of 260,000 within a five-kilometer radius. We continue to use dispositions and developments to thoughtfully and meaningfully shift our demographic profile, which makes RioCan centres the indisputable and desirable choice for retailers.

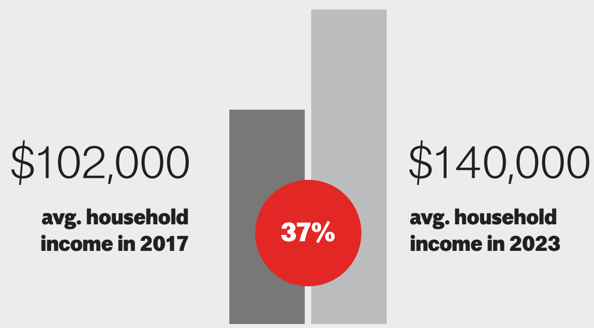
Our portfolio has never been more defensive. Key to our stable income is our necessity-based tenant mix. We fill our open air shopping centres with tenants that complement the growth of e-commerce and add to our already large roster of strong and stable tenants. The vast majority of our rental revenue comes from creditworthy, nationally recognized brands such as Walmart, Loblaws, Canadian Tire, Dollarama, and Winners, each with a balance sheet that allows them to navigate through almost any type of crisis.

We also complement our core growth with new projects that deliver exceptional mixed-use residential properties. Through RioCan Living, our multi-residential footprint continues to grow with best-in-class rental units and condominiums across the country. Our projects already underway will provide development deliveries that bolster RioCan's growth by generating new income and recapturing capital that will enhance our balance sheet. At the same time, we continue to advance future projects to be shovel ready and poised to break ground to begin construction in a more favourable cost and interest rate environment.

DENSE POPULATION[1]

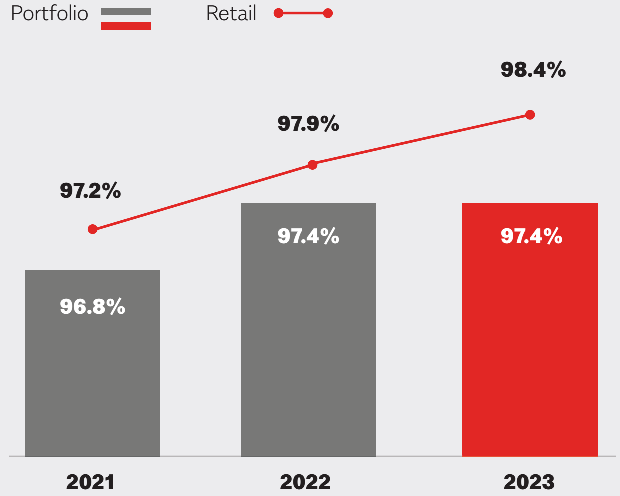


STRONG HOUSEHOLD INCOME[1]

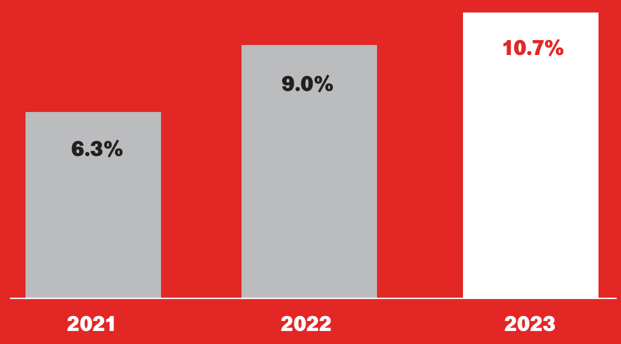


[1] Within 5km radius. Data updated once a year as annual statistics become available each spring. Source: DemoStats - 2023 - Trends, 2023 Environics Analytics

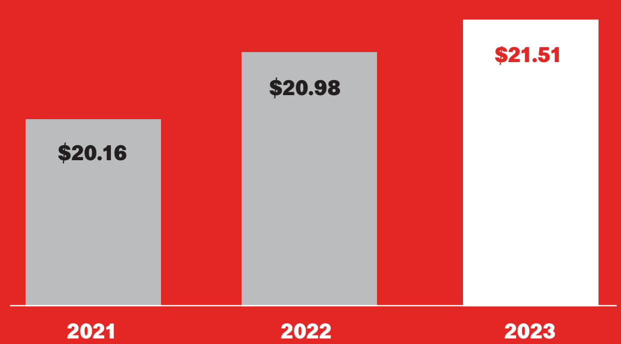
COMMITTED OCCUPANCY



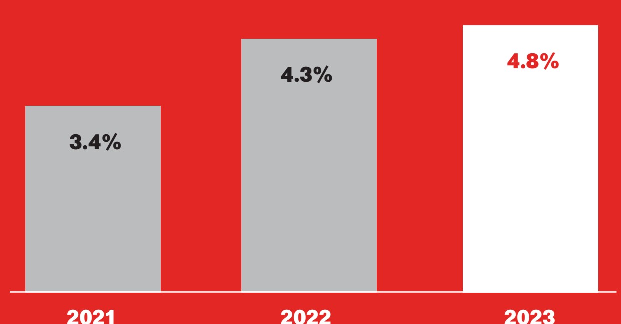
BLENDED LEASING SPREADS



RENT PER OCCUPIED SQUARE FOOT



COMMERCIAL SAME PROPERTY NOI GROWTH[1]



[1] This is a non-GAAP measurement. For more information, refer to the Non-GAAP Measures section in the MD&A for the year ended December 31, 2023

Poised to succeed in any market environment

While we are mindful that the real estate sector and the larger economy are sensitive to interest rates, we are well prepared to succeed no matter the rate environment. We remain confident in our disciplined approach to capital management and do everything we can to offset the impact of higher interest rates. This includes maximizing rent, reducing debt, and maintaining diligent control of our general & administrative expenses and capital expenditures.

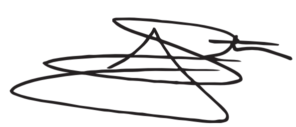
What remains consistent is the resilient nature of our core retail business and the favourable Canadian retail real estate landscape. We operate in Canada's most desirable markets where there is a limited supply of high-quality retail spaces and it is often cost-prohibitive to build new retail locations. As Canada's population grows, so too does the demand for places to shop. These supply-and-demand dynamics work in our favour in any economic environment and present meaningful and sustainable demand for RioCan's well-located and well-diversified assets.

As a result, we continue to seek opportunities to high-grade our tenant mix. Turnover is normal course in real estate; in fact, it provides RioCan an opportunity to engage in positive lease negotiations with strong, stable tenants that will backfill vacated spaces, increase revenues and enhance the shopping centre and customer experience.

2024 outlook: Executing from a position of strength

As we look ahead to 2024, our team remains committed to our strategy and delivering long-term value for Unitholders. Our balance sheet is strong, and we will continue to strategically and responsibly manage our capital. As part of this, we will begin implementing a new Yardi-based ERP system in the first half of 2024, allowing us to manage our operations and standardize key business processes more effectively. We are taking this current market opportunity to further enhance our strengths and future-proof our portfolio to accelerate our growth trajectory when the market stabilizes.

I want to thank our RioCan team, tenants, and Unitholders for your invaluable support over the past 30 years. We work every day to deliver value – and will continue to do so for decades to come.



Jonathan Gitlin
President and Chief Executive Officer

The Well
Toronto, ON

PUTTING CAPITAL TO WORK. **REINFORCING PORTFOLIO RESILIENCY AND GROWTH PROSPECTS**

RioCan's portfolio has never been more desirable. Through our history, RioCan has allocated capital to enhance our portfolio quality and accelerate its growth trajectory. Focused on serving Canada's most densely populated urban and surrounding suburban areas, we have strategically disposed of assets where there was little to no population growth. At the same time, we further expanded our major market presence with new mixed-use residential developments on our existing major market sites.

$3.5B of assets sold since 2017, including $1.9B from secondary markets, repatriated for higher growth opportunities.

MAJOR MARKET **ADVANTAGE**

RioCan's properties are concentrated in prime, high-density, and transit-oriented areas where people want to shop, live, and work. The vast majority of our revenue is generated from properties in Canada's six major urban centres – high-growth markets with attractive demographics that present meaningful demand drivers for our business. With Canada's welcoming immigration policy, many new Canadians are choosing to live in urban centres, where our tenants are further expanding to service the growing population. Similarly, major markets are where both residential and quality retail space are most supply constrained, making RioCan's existing presence even more coveted in these locations.

95% of total fair value[1] generated from Canada's six major markets, compared to 81% in 2017.

[1] At RioCan's interest for income producing properties

DYNAMIC **MIXED-USE PORTFOLIO**

RioCan's diverse property mix includes retail, residential and office assets, which provide income stability, reduced risk, and a higher-quality portfolio. Through our RioCan Living team, we are making exciting progress on our residential program of mixed-use developments, which create profitable projects that revitalize urban spaces, add much need housing supply and enhance the quality and security of our income.

2,738[1] residential rental units in operations across 13 buildings with more than 800,000[1] sq. ft. of residential rental constructed since 2019.

Grocery Anchored Centre 55.6%

Mixed-Use / Urban[3] 32.2%

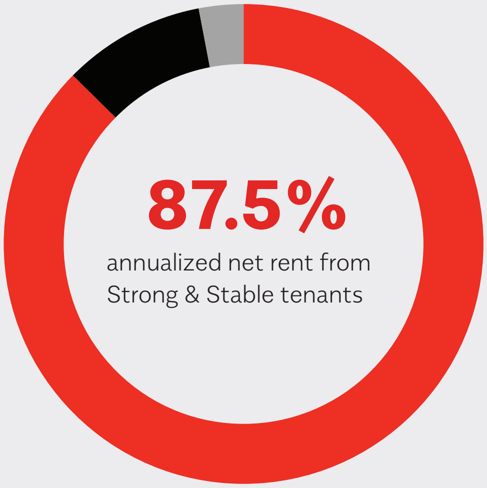
Open Air Centre 12.2%

[1] Residential units at 100% ownership interest and square footage at RioCan's interest
[2] Percentage of total fair value
[3] Mixed-Use / Urban includes approximately 1.2 million square feet of residential rental NLA and the corresponding fair value.

TRAFFIC-DRAWING **TENANT MIX**

RioCan's portfolio is dominated by resilient assets with a curated and diversified tenant base that aligns with changing consumer spending patterns. We are increasingly shifting towards necessity-based tenants, including grocery, pharmacy, and value retailers, which drive stable traffic to our properties. The other tenant categories contribute to the overall retail mix, providing convenience and complementary uses for the communities we serve and the residents of our mixed-use buildings. We strive to create deep tenant relationships and provide superior amenities and services to meet the needs of our tenants, now and in the future.

> **~73% of our annualized rental revenue from necessity-based and value tenants.**



Strong & Stable 87.5%

Compelling Traffic Drivers 9.7%

Transitional 2.8%

Grocery/ Pharmacy/Liquor 20.1%[1]

Essential Personal Services 16.5%[1]

Value Retailers 12.1%[1]

Experiential 10.3%[1]

Other Essential Retailers 8.9%[1]

Specialty Retailers 7.8%[1]

Quick Service Restaurants 7.4%[1]

Furniture and Home 6.0%[1]

Personal Services 5.8%[1]

Other Tenants 5.1%[1]

[1] Percentage of annualized net rental revenue; as of Q4 2023, Other Essential Retailer includes Pet, Hardware, Office Supplies and Other Tenants includes Apparel and Department Stores

RIOCAN'S QUALITY EVOLUTION: **THE WELL AS A SYMBOL**

2023 marked a significant milestone for RioCan – the completion of The Well, our flagship development in downtown Toronto. The Well is the physical embodiment of RioCan's strategy, reflecting our major market focus, development of dynamic retail and our vision to create large-scale, community-building projects that are the future of real estate in Canada. Conceived more than 10 years ago, the development is a one-of-a-kind partnership between RioCan and Allied Properties REIT.

The Well combines an elevated retail complex, distinct office space, and modern residences to deliver meaningful experiences that create a successful community. It is expected to draw 22,000 daily visitors, including the approximately 11,000 residents and employees that will live and work at the property. At the heart of The Well is a three-level retail complex housing a mix of innovative, experiential and service-oriented retailers, and inspired food service offerings that Toronto has been waiting for.

Centrally located in downtown Toronto, serving 1.3 million people within 10 km

Six residential towers offering 1,700 condominium and purpose-built rental suites

Spans 7.7 acres, with more than 3 million square feet of retail, residential and office space

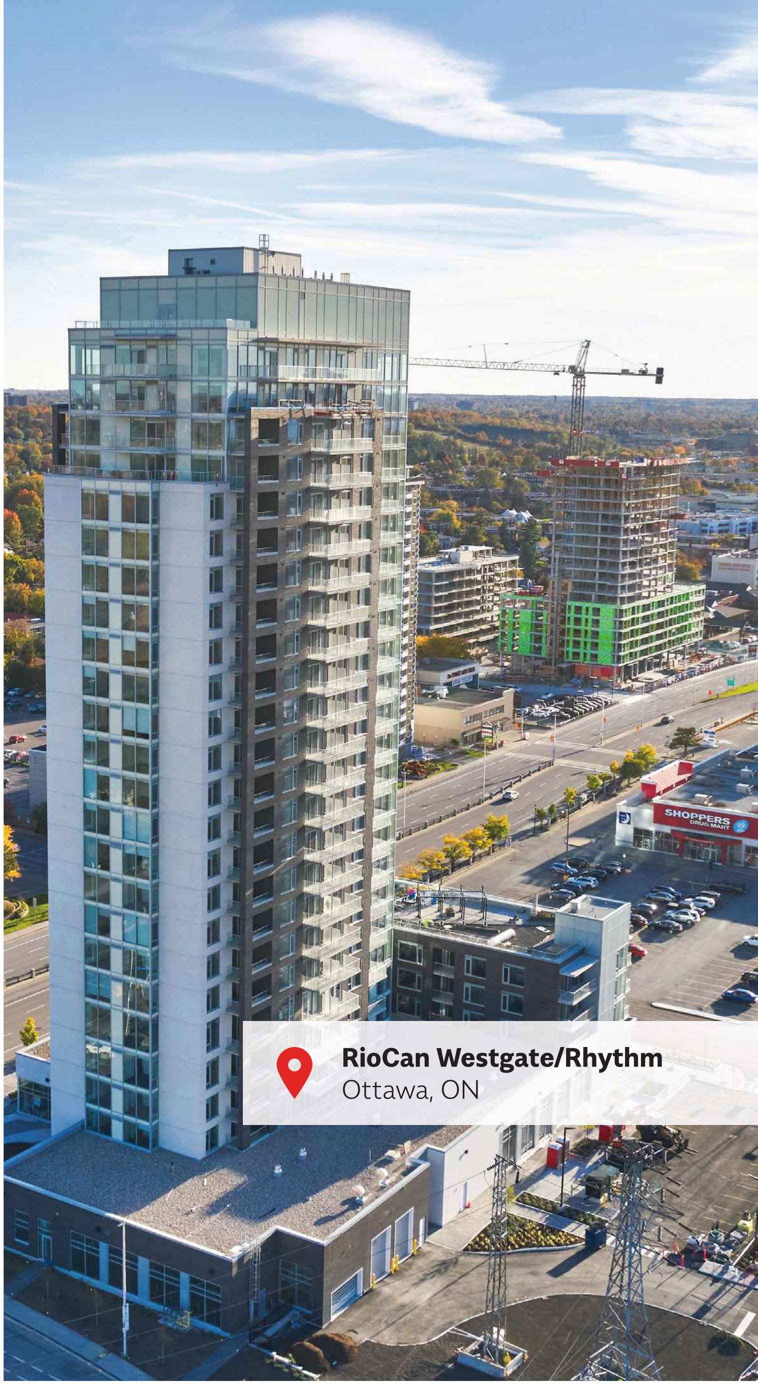
Impressive tenant roster of beloved local brands, innovative concepts, and strong and stable multi-nationals

The Well
Toronto, ON

DISCIPLINED DEVELOPMENT **DRIVES VALUE CREATION**

RioCan has built a best-in-class development team to action the transformation of our existing retail properties into world-class mixed-use communities. Along with RioCan Living, we have established a cadence of development deliveries capitalizing on one of the largest, most advanced development pipelines in the Canadian REIT space. In addition to completing projects already underway, we are focused on moving projects through the various stages of the development process to get them shovel ready. We add value through the development progression in a de-risked way with the flexibility to start projects under optimal market conditions as existing assets continue to generate in-place income. In addition, our condominium and townhome projects help to accelerate capital recycling with sales proceeds used for accretive opportunities including strengthening our balance sheet and funding development.

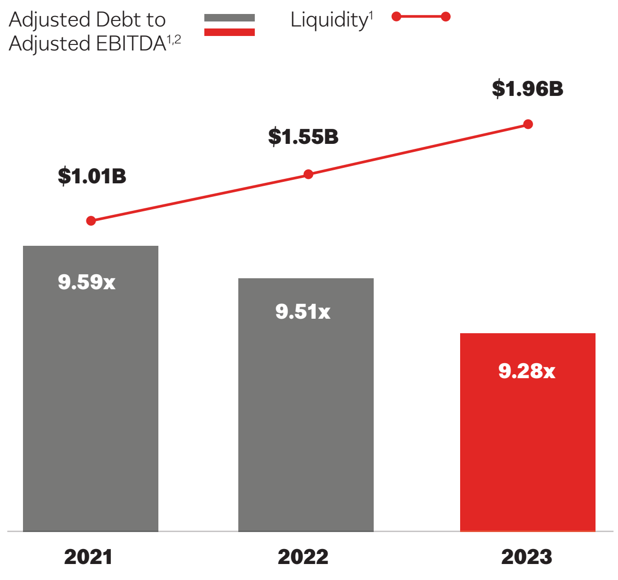
> **Development pipeline includes 17.4M square feet of zoned density, 84% of which is designated residential.**



RioCan Westgate/Rhythm
Ottawa, ON

ENHANCING OUR COMPETITIVE ADVANTAGES WITH **EXCEPTIONAL BALANCE SHEET MANAGEMENT**

As we continue to enhance the quality of our portfolio and foster embedded growth, we take a disciplined approach to managing our capital, striking the right balance between opportunity and risk. We manage this in an intentional manner with the overall goal of generating returns on a risk-adjusted basis. Our straight-forward approach includes maintaining an appropriate debt and equity mix, diversifying debt funding sources, and keeping a strong liquidity position to reduce financing risk.



[1] Non-GAAP measurements calculated at RioCan's proportionate share.
[2] Calculated on a trailing 12-month basis.
For more information, refer to the Non-GAAP Measures section in the MD&A for the year ended December 31, 2023

DRIVING LONG-TERM VALUE THROUGH **A DEDICATED ESG PROGRAM**

RioCan is proud to be among the leaders in ESG for Canadian real estate. We embed ESG and sustainability best practices and grow responsibly by operating a resilient business, forming strategic partnerships, and creating a positive impact for our environment and communities.

Our strategy guides our company-wide approach to ESG and serves as a blueprint to track and report our commitments and progress. For more information on RioCan's ESG program and to read our 2023 ESG Report, visit www.riocan.com.

RIOCAN'S ESG COMMITMENTS

Resilient Business

Future proofing our business through best-in-class governance and climate-resilient assets.

Purposeful Impact

Pursuing sustainable economic growth by purposefully creating value and impact for our environment, people, and communities.

Strategic Partnerships

Collaborating with our partners to address the pertinent challenges facing our society.

This year, through RioCan Cares, we proudly committed $25,000 to the **Indigo Love of Reading Foundation** to provide 2,500 books to high-needs Indigenous communities in Canada. This achievement was a collective effort. RioCan shopping centres held numerous back-to-school community events and donated $20,000 to the foundation. Events included hosting storytelling with acclaimed Indigenous author David A. Robertson, while RioCan donated a book for every employee who wore an Orange Shirt on September 30th, contributing an additional 500 books.

LEADING THE WAY TO A NET-ZERO ECONOMY: **RIOCAN SECURES SBTi APPROVAL OF GHG EMISSIONS REDUCTION TARGETS**

RioCan commits to reach net-zero greenhouse gas (GHG) emissions across the value chain by 2050. In 2023, the Science Based Targets initiative (SBTi) validated that the GHG emissions reduction targets submitted by RioCan conform with the SBTi Criteria and Recommendations (Criteria version 5.0). SBTi is a partnership between CDP, the United Nations Global Compact, World Resources Institute and the World Wide Fund for Nature.

RIOCAN'S TARGETS:

Near-term

With 2019 as the baseline year, reduce absolute scope 1 and 2 emissions by 46.2%, reduce absolute scope 3 emissions from downstream-leased assets by 28.0% and to reduce scope 3 emissions from capital goods[1] by 55.0% per square foot by 2030. The SBTi has classified RioCan's scope 1 and 2 target ambition to be in line with a 1.5°C trajectory.

Long-term

Reduce absolute scope 1, 2 and 3 GHG emissions 90.0% by 2050 with 2019 as the baseline year.

RioCan used the SBTi Corporate Net-Zero Standard as a framework to guide our commitment and inform our targets. The Corporate Net-Zero Standard establishes criteria for near-term and long-term goals that align with the ambition that climate scientists consider essential to mitigate the most severe consequences of climate change.

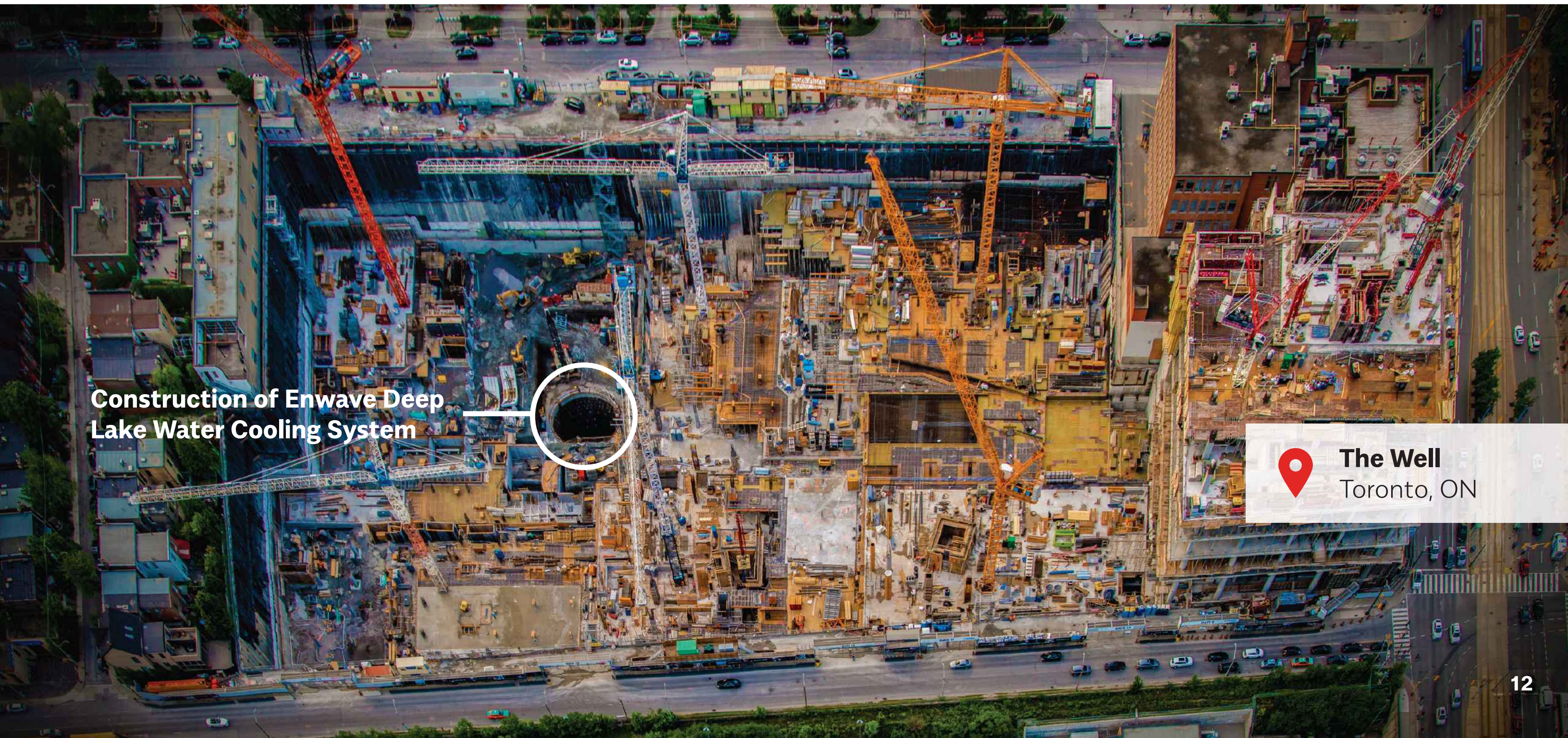
SCIENCE BASED TARGETS

BUSINESS AMBITION FOR 1.5°C

[1] Refers to embodied carbon emissions associated with the materials and construction of buildings.

The Well uses a thermal energy storage system from Enwave Energy Corp. that provides year-round, low-carbon cooling and heating to The Well and surrounding Toronto communities.

It's one example of RioCan's innovative thinking and strategic partnerships designed to deliver sustainable energy solutions and reduce GHG emissions.



FINANCIAL **REVIEW**

Yonge Eglinton Centre
Toronto, ON

REAL VISION, SOLID GROUND.

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KEY PERFORMANCE INDICATORS

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

FINANCIAL

Rental Revenue

Q4 2023			Year 2023		
$276,510			**$1,091,105**		
Q4 2022	$268,864	**+2.8%**	Year 2022	$1,074,192	**+1.6%**

Rental revenue for the year and quarter increased mainly due to higher occupancy, rental growth, development completions, higher recoveries, higher straight-line rent and parking revenue, partially offset by asset dispositions.

Commercial Same Property NOI (i) (vi)

Q4 2023			Year 2023		
$150,698			**$596,558**		
Q4 2022	$142,019	**+6.1%**	Year 2022	$569,416	**+4.8%**

Commercial SPNOI increased by 4.8% and 6.1% on an annual and quarterly basis respectively, primarily due to increases in occupancy, rent growth from contractual rent steps, rent upon renewal and the recovery of provisions for credit losses.

Operating Income

Q4 2023			Year 2023		
$186,074			**$714,408**		
Q4 2022	$175,421	**+6.1%**	Year 2022	$712,692	**+0.2%**

The increase in operating income for the year was primarily driven by higher Net Operating Income(i), partially offset by lower residential inventory gains due to timing of condominium/townhouse sales and lower management and other service fee revenue. For the quarter, the same items noted above impacted operating income, except for management and other service fees, which were higher.

FFO Per Unit - Diluted (i)

Q4 2023			Year 2023		
$0.44			**$1.77**		
Q4 2022	$0.42	**+4.8%**	Year 2022	$1.71	**+3.5%**

FFO per unit was $0.06 and $0.02 higher for the year and quarter, respectively, when compared to the same periods last year. Improved property fundamentals drove Commercial SPNOI higher. NOI from residential properties and NOI from completed properties under development also grew, partially offset by reduced NOI from the sale of commercial properties. Lower residential inventory gains were mostly offset by higher income from equity-accounted investments, which included a gain on the sale of a portion of the Trust's interest in 11YV project attributable to the underlying residential inventory in that investment. FFO per unit was lower from higher interest expense but was positively impacted in the year by the accretive benefit of prior year unit buybacks.

FFO Payout Ratio (i) / AFFO Payout Ratio (i)

FFO Payout Ratio (i)			AFFO Payout Ratio (i)		
Q4 2023			Q4 2023		
60.5%			**70.0%**		
Q4 2022	59.0%	**+1.5%**	Q4 2022	67.1%	**+2.9%**

The FFO Payout Ratio is within the Trust's long-term target range of 55% to 65%. FFO and AFFO Payout Ratios increased when compared to the same period last year mainly due to a $0.06 per unit per annum increase in distributions effective February 2022 and 2023, partially offset by the impact of units repurchased in prior years. RioCan's Board of Trustees approved a 2.8% increase to its monthly per unit distribution to Unitholders from $0.09 to $0.0925 commencing with the distribution declared in February 2024, bringing RioCan's annualized distribution to $1.11 per unit.

Net Income (Loss)

Q4 2023			Year 2023		
$(117,659)			**$38,802**		
Q4 2022	$(4,961)	**nm**	Year 2022	$236,772	**-83.6%**

Higher fair value losses primarily from increased capitalization rates to reflect current market conditions partially offset by higher stabilized NOI, resulted in a higher loss for the quarter and lower net income for the year when compared to the same respective periods last year.

KEY PERFORMANCE INDICATORS

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

LEASING - COMMERCIAL

Committed Occupancy(iii)

Q4 2023		
97.4%		
Q4 2022	97.4%	**—%**

In-Place Occupancy (iii)

Q4 2023		
97.1%		
Q4 2022	96.8%	**+0.3%**

Committed occupancy remained unchanged and in-place occupancy increased compared to Q4 2022 driven by improvement in retail occupancy. Retail committed occupancy improved to an all-time high of 98.4% and continues to reflect the ongoing solid demand for the Trust's quality retail assets.

New Leasing Spread (iv)

Q4 2023			Year 2023		
13.2%			**14.7%**		
Q4 2022	11.8%	**+1.4%**	Year 2022	12.3%	**+2.4%**

The Trust generated double-digit new leasing spreads for the year and quarter due to high-quality locations, peak retail occupancy levels, and low supply/high demand market dynamics.

Renewal Leasing Spread (iv)

Q4 2023			Year 2023		
8.7%			**9.8%**		
Q4 2022	8.3%	**+0.4%**	Year 2022	8.2%	**+1.6%**

Approximately 2,395,000 and 552,000 square feet of renewals were at market rental rates for the year and quarter, respectively, each representing more than half of all renewals. Excluding fixed-rate renewals, the renewal leasing spread would be 11.2% for the quarter and 11.4% for the full year.

Blended Leasing Spread (iv)

Q4 2023			Year 2023		
9.0%			**10.7%**		
Q4 2022	8.8%	**+0.2%**	Year 2022	9.0%	**+1.7%**

New and renewal leasing spreads both contributed to the higher blended leasing spread. The benefits from a favourable retail environment, demand for well-located space and a tenant-centric approach are reflected in the blended leasing spread.

DEVELOPMENT

Development Spending (i)

Q4 2023			Year 2023		
$94,365			**$399,946**		
Q4 2022	$114,552	**-17.6%**	Year 2022	$427,068	**-6.4%**

Full year Development Spending of $399.9 million was at the low end of the anticipated range for 2023 of $400 million to $450 million due to timing differences with some costs moving out a quarter. As cost of financing conditions persist, RioCan does not intend to commence new physical construction of mixed-use properties in 2024.

Development NLA Completions (sq. ft.) (v)

Q4 2023			Year 2023		
272,000			**599,000**		
Q4 2022	258,000	**+5.4%**	Year 2022	651,000	**-8.0%**

The 599,000 square feet of property under development completions for the year surpassed expectations and included the delivery of 123,000 square feet of purpose-built rental at FourFifty The Well™ and 337,000 square feet of commercial space at The Well™. The combined year-to-date transfer related to The Well was 460,000 square feet. In addition, 32 townhouse units were completed and sold at U.C. Towns 2 in the quarter, generating a $4.8 million inventory gain.

KEY PERFORMANCE INDICATORS

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

BALANCE SHEET

Liquidity (i)(ii)(iii)			Unencumbered Assets (i)(ii)(iii)		
Q4 2023			**Q4 2023**		
$1,964,018			**$8,089,927**		
Q4 2022	$1,548,237	**+26.9%**	Q4 2022	$8,256,508	**-2.0%**

At year end 2023, we have full availability of our $1.3 billion revolving line of credit in addition to $0.6 billion undrawn construction lines and other bank loans and $0.1 billion cash and cash equivalents. Liquidity increased by $415.8 million when compared to the prior year, due to timing of asset sales and financing activities. Current liquidity levels are more than sufficient to cover the next 12 months of financing and construction obligations of the Trust.

The Unencumbered Assets decreased from Q4 2022 mainly from dispositions, mortgage financing obtained on formerly unencumbered assets and fair value changes, partially offset by repayment of certain maturing mortgages and acquisition of Unencumbered Assets during the year. Excluding the fair value changes, Unencumbered Assets would have remained relatively unchanged on a year-over-year basis. Unencumbered Assets generated 55.8% of RioCan's Annual Normalized NOI(i).

Adjusted Debt to Adjusted EBITDA (i)(ii)			Total Debt (i)(ii)		
Q4 2023			**Q4 2023**		
9.28x			**$7,251,368**		
Q4 2022	9.51x	**-0.23x**	Q4 2022	$7,003,630	**+3.5%**

The improvement in Adjusted Debt to Adjusted EBITDA was primarily due to the higher Adjusted EBITDA partially offset by higher Average Total Adjusted Debt driven by development spending, partially offset from funds from asset sales.

Total Debt increased from Q4 2022 as development activities were partly funded with incremental debt.

(i) This is a non-GAAP financial measure. Refer to the *Non-GAAP Measures* section in this MD&A for more information on each non-GAAP financial measure.
(ii) At RioCan's proportionate share.
(iii) Information presented as at the respective period end.
(iv) Based on annualized contractual base rent.
(v) NLA for development completions includes properties under development (PUD) only and excludes residential inventory.
(vi) For commercial portfolio only.

INTRODUCTION

About this Management's Discussion and Analysis

This Management’s Discussion and Analysis (MD&A) for the three months and year ended December 31, 2023 (Q4 2023 and YTD 2023, respectively) is dated February 13, 2024 and should be read in conjunction with the annual audited consolidated financial statements and related notes for the year ended December 31, 2023 (2023 Annual Consolidated Financial Statements). Unless the context indicates otherwise, references to "RioCan", "the Trust", "we", "us" and "our" in this MD&A refer to RioCan Real Estate Investment Trust and its consolidated operations. Unless otherwise specified, all amounts are based on financial statements prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). These documents, as well as additional information relating to RioCan, including our most recently filed Annual Information Form (AIF), have been filed electronically with Canadian securities regulators through the System for Electronic Document Analysis and Retrieval (SEDAR+) and may be accessed through the SEDAR+ website at www.sedarplus.com or RioCan's website at www.riocan.com.

In addition to using performance measures determined in accordance with IFRS, RioCan also measures performance using certain additional non-IFRS performance measures and provides these measures in this MD&A so that investors may do the same. Such measures do not have any standardized definitions prescribed under IFRS generally accepted accounting principles (GAAP) and, therefore, may not be comparable to similar measures presented by other real estate investment trusts or enterprises. Refer to the *Non-GAAP Measures* section of this MD&A for a list of defined Non-GAAP financial measures and reconciliations.

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

Forward-Looking Information

Certain information included in this MD&A contains forward-looking information within the meaning of applicable Canadian securities laws. Forward-looking information can generally be identified by the use of forward-looking terminology such as “outlook”, “objective”, “may”, “will”, “would”, “expect”, “intend”, “estimate”, “anticipate”, “believe”, “should”, “plan”, “continue”, or similar expressions suggesting future outcomes or events. This information includes, but is not limited to, statements made in the *Key Performance Indicators, Our Business and Our Business Environment, Property Portfolio Overview, Asset Profile, Development Program* and *Capital Resources and Liquidity* sections in this MD&A. This MD&A includes, but is not limited to, forward-looking statements regarding increases to RioCan’s SPNOI; expected annual Development Spending and capital expenditures during 2024; completion of construction and estimated project costs in connection with residential inventory and Properties Under Development (“PUD”); estimated FFO per unit growth and the FFO Payout Ratio; continued demand for space in our target markets; RioCan’s internal forecast; the creation of future value; NOI and growth from PUD; RioCan’s property and tenant mix; return on investments; market trends and anticipated demand for retail and residential properties; our expectations regarding development of potential incremental density; anticipated net leasing activity and rental rates; management’s expectations regarding future distributions; completion of future financings, cost and availability of capital; 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. Such forward-looking information reflects management’s current beliefs and is based on information currently available to management. All forward-looking information in this MD&A is qualified by the following cautionary statements.

Forward-looking information is not a guarantee of future events or performance and, by its nature, is based on RioCan’s current estimates and assumptions about future events and financial trends, which RioCan believes may affect its financial condition, business and operations, and financial results, including, but not limited to: growth of the retail environment; a changing interest rate environment; a continuing trend toward land use intensification at reasonable costs and development yields, including residential development in urban markets; the Trust’s ability to redevelop, sell or enter into partnerships with respect to the future incremental density it has identified in its portfolio; continued access to equity and debt capital markets to meet the Trust’s current and future financing needs; and the availability of investment opportunities for growth in Canada. Risks and uncertainties which could cause actual events or results to differ materially from the forward-looking information contained in this MD&A include those described under the *Risks and Uncertainties* section in this MD&A and the Trust's AIF, as well as those related to: interest rate and financing risk; inflation risk; operations and the financial condition of RioCan and its tenants, as well as on consumer behaviours and the economy in general; financial and liquidity risks; tenant concentrations and related risk of bankruptcy or restructuring (and the terms of any bankruptcy or restructuring proceeding); occupancy levels and defaults, including the failure to fulfill contractual obligations by the tenant or a related party thereof; lease renewals and rental increases; the ability to re-lease and find new tenants for vacant space; retailer competition; the relative illiquidity of real property; the timing and ability of RioCan to sell certain properties; the valuations to be realized on property sales relative to current IFRS values; regulatory risk including changes to rent control legislation; development risk associated with construction commitments, project costs and timing, related zoning and other permit approvals and pace of lease-up or pre-sale; risks related to the residential rental business; access to debt and equity capital; credit ratings; joint ventures and partnerships; the Trust's ability to utilize the capital gain refund mechanism; changes in income tax legislation; unexpected costs or liabilities related to acquisitions and dispositions; environmental matters; climate change; litigation; uninsured losses; reliance on key personnel; Unitholder liability; income, sales and land transfer taxes; and cyber security.

Although the forward-looking information contained in this MD&A is based upon what management believes are reasonable assumptions, there can be no assurance that actual results will be consistent with this forward-looking information. Certain statements included in this MD&A may be considered “financial outlook” for the purposes of applicable Canadian securities laws, and as such the financial outlook may not be appropriate for purposes other than this MD&A. The forward-looking information contained in this MD&A is made as of the date of this MD&A, and should not be relied upon as representing RioCan’s views as of any date subsequent to the date of this MD&A. Management undertakes no obligation, except as required by applicable law, to publicly update or revise any forward-looking information, whether as a result of new information, future events or otherwise.

OUR BUSINESS AND OUR BUSINESS ENVIRONMENT

Business Overview

RioCan is an unincorporated "closed-end" trust governed by the laws of the Province of Ontario constituted pursuant to the amended and restated declaration of Trust dated June 2, 2020 (the "Declaration of Trust"). RioCan's trust units (Units) are listed on the Toronto Stock Exchange (TSX) under the symbol REI.UN. RioCan is one of Canada's largest real estate investment trusts.

RioCan owns, manages and develops retail-focused, increasingly mixed-use properties located in prime, high-density transit-oriented areas where Canadians want to shop, live and work.

RioCan's property portfolio includes Mixed-Use / Urban, Grocery Anchored centres and Open Air centres which are defined in the *Property Portfolio Overview* section of this MD&A.

As at December 31, 2023, the portfolio was comprised of 100% owned and co-owned properties as follows:

		Property Count		
(thousands of sq. ft., except where otherwise noted)	NLA at RioCan's Interest	Income producing properties	Properties under development	Total
100% owned properties	27,718	141	3	144
Co-owned properties	4,868	38	6	44
Total	**32,586**	**179**	**9**	**188**

In addition, the Trust owns partial interests in 16 properties through seven joint ventures, representing 1.6 million square feet, that are accounted for as equity-accounted investments. RioCan enters into co-ownership arrangements and joint ventures to leverage its robust pipeline of prime locations to efficiently raise capital, mitigate development and concentration risk and earn management fees for its expertise in managing income producing properties and development projects. As at December 31, 2023, our retail portfolio accounts for 85.7% of the Trust's annualized contractual gross rent, followed by office at 10.3% and residential at 4.0%.

Strategy

RioCan's long-term strategy builds on its differentiated advantages that offer an exceptional balance of quality and growth. The Trust's high-quality portfolio is comprised of well-positioned assets located in Canada's six largest, most densely populated markets that are predominantly transit-oriented. The average population within five kilometres of the Trust's properties is 260,000[(i)], with an average household income of $140,000[(i)]. The portfolio generates resilient and growing income from a strong and stable base of tenants, anchored by necessity uses such as grocery stores, pharmacies and value retailers. Grocery anchored centres and mixed-use urban sites represent 55.6% and 32.2% of RioCan's income producing properties' fair value, respectively. Strong and stable tenants who can reliably pay rent through challenging economic cycles generate 87.5% of annualized net rent. In addition to attracting consumer traffic and best-in-class tenants, RioCan's desirable locations offer highest and best-use development opportunities targeted to accelerate growth, diversify income and create net asset value over the longer-term. RioCan's sizeable and advanced development pipeline includes 17.4 million square feet of excess density already zoned for development. All of the Trust's development opportunities are located in Canada's six major markets, most of which are located on a transit route and primarily focused on residential development. The utilization of its pipeline has allowed for consistent NOI growth and an improved portfolio. In 2023 alone, RioCan delivered approximately 600,000 square feet of newly developed mixed-use and retail assets.

RioCan's strategy is anchored in four pillars:

- Resilient Retail - A strong, stable retail core that delivers reliable income and steady growth through a relentless commitment to customer centrism and operational excellence;
- Disciplined Capital Management - A prudent approach to capital allocation that drives growth without compromising balance sheet strength;
- Intelligent Diversification - Responsibly diversified asset base, income streams and overall tenant mix; and
- Responsible Growth - Industry leadership in ESG and corporate culture.

Guided by its strategic pillars, RioCan remains committed to enhance its strong and stable retail core and deliver reliable income and steady growth while continuously improving its tenant mix, maximizing leasing spreads and opportunistically divesting of slower growth assets.

RioCan's portfolio is dominated by resilient assets with a curated and diversified tenant base that aligns with changing consumer patterns. We are increasingly shifting towards necessity-based tenants, including grocery, pharmacy, and value retailers, which drive stable traffic to our properties. We strive to create deep tenant relationships and provide superior amenities and services to meet the needs of our tenants, now and in the future.

(i) Data updated once a year as annual statistics become available each spring.

RioCan maintains ample liquidity and prudently manages its balance sheet and capital structure. The Trust sets goals to maintain leverage within target ranges and an optimal mix of unsecured and secured debt to provide continued financial flexibility and liquidity.

RioCan also staggers its debt maturities and limits its variable rate debt to reduce interest rate and refinancing risk, builds on established lender relationships and continues to utilize multiple sources of capital. This disciplined approach allows RioCan to maintain the strong liquidity and financial strength needed to drive growth and thrive in the ever-changing marketplace.

To further enhance the quality, stability and growth of its income, RioCan is diversifying its asset base, tenants and income sources. Intelligent Diversification initiatives include optimizing its tenant mix, expanding its residential portfolio through development that is supplemented by select acquisitions, generating ancillary revenue and maximizing alternative income streams. Capital recycling is also an avenue through which the Trust continuously improves asset quality, diversifies its income streams and funds its development program. RioCan's residential inventory serves specific market demand for housing ownership and enables the Trust to accelerate capital recycling. In addition, the Trust expects to continue to attract and establish long-term relationships to recycle capital through sales of density and capital partnerships with recognized investors. This strategic approach provides multiple benefits to RioCan, including diversified risk, efficient use of capital and value crystallization of its zoned excess density.

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

Operating Environment

Canadian Retail Environment

The current macroeconomic volatility will impact retail tenants to varying degrees. The majority of the Trust's tenants are considered to be strong and stable and are largely comprised of national, necessity-based retailers with strong covenants. These well-established tenants are expected to navigate successfully through various economic cycles. Strong, well-positioned retail assets, such as those owned by RioCan, have proven and will continue to prove resilient.

As consumers navigate inflation, their priorities remain anchored in necessities, value and convenience. Retailers are increasingly combining physical spaces and digital channels to create a robust omnichannel experience. Brick and mortar store networks will continue to be the backbone of cost-effective distribution channels particularly within Canadian cities.

Physical store networks deeply situated in well-populated neighbourhoods are forms of last kilometre distribution or facilitation centres. As a responsible and forward-thinking commercial landlord, RioCan will continue to pursue opportunities to help retailers adapt their stores to provide their customers with flexibility and, through this process, will continue to provide relevant and resilient shopping environments.

Retailers, especially those offering every day conveniences and essential goods and services, continue to expand their footprint in Canada. Fueled by immigration, Canada is the fastest growing country in the G7 with a population that exceeded the 40 million population milestone in June of 2023. Population growth is expected to continue with the Canadian federal government's immigration policy targeting 500,000 permanent immigrants a year by 2025. Many of the new Canadians are expected to land in or migrate to urban markets, especially the Greater Toronto Area (GTA). In addition, the country offers a favourable retail operating environment. Relative to other countries, Canada has low retail space per capita and a limited number of retailers within each retail category, fostering a more stable pool of retail participants.

On the supply side, very little new retail space has been built over the past decade. The lack of investment over the past few years from tight building zoning controls and high costs of new construction will become more prevalent with increasing replacement costs that are generally well above market values. The supply/demand imbalance creates positive tension in lease negotiations and can result in increased rental rates and property values. It can also result in higher retention ratios as existing tenants have fewer alternatives, and even when alternative space is available, the expense of fitting out this space has become prohibitive. Furthermore, retailers are reluctant to relocate given the potential disruption to their businesses since customers value the convenience and familiarity of incumbent locations and are loath to break their existing shopping patterns.

All of the above factors contribute to RioCan's resilient base of quality retail centres. The attributes of RioCan's portfolio, such as proximity to transit, an exceptional demographic profile and high visibility at key intersections and major thoroughfares, will not lose their appeal.

Development Environment and Residential Real Estate Market

The Trust continues to monitor market trends and adapt its development program to the changing market conditions. With population growth and a limited supply of land available for development, Canada's six major markets have experienced a persistently high level of construction activity over the last few years, mainly in non-retail sectors including housing. Recently, rising interest rates have impacted the affordability of home ownership and are keeping would-be buyers in the rental market. Residential development has struggled to keep up with demand and the country's housing shortage has continued to intensify as its population grows. Most recently, skilled labour shortages, higher interest costs and increasing fees, taxes and charges by municipalities have presented challenges for new developments. While higher demand for purpose-built residential rental, and therefore higher rents, has provided a partial offset to cost inflation and higher interest rates, this has yet to be sufficient to avoid deferred or cancelled projects, exacerbating the housing supply shortage. Fewer units coming to market will further increase pressure on the housing supply/demand imbalance driving a long-term tailwind for residential assets.

As cost of financing conditions persist, RioCan does not intend to commence any new physical construction of mixed-use properties in 2024. However, RioCan continues to pursue value creation by moving projects through the development process to optimize density and use in order to improve project economics.

The various levels of government recognize the housing supply/demand imbalance and have introduced several initiatives which generally aim to speed up the planning and delivery of housing and increase the supply and choice of housing, including affordable housing. Following the federal government's enhanced GST rental rebate announcement, several provinces followed suit, committing to eliminate the HST to incentivize the construction of new purpose-built rental housing. The Trust is reviewing its residential rental development projected returns in light of the GST/HST cost relief. The Trust continues to monitor new announcements by both the federal and provincial governments as details of initiatives emerge.

RioCan's dedicated residential team, RioCan Living™, and in-house development experts prioritize and selectively undertake projects within the major markets in which RioCan's portfolio is situated. RioCan can choose to start projects after costs are locked down or pause those not in active construction without harm to the Trust as the underlying lands are typically active and productive retail properties. Furthermore, RioCan benefits from a low invested land cost as many of its projects are situated on land acquired years ago. Its advanced pipeline, primarily located in the GTA, provides the Trust with diminished zoning risk thus easing certain return pressures.

RioCan often shares development risk with reputable, outside investors whose ownership interest can be as high as 80% for certain condominium projects. Through due diligence and market research, RioCan ensures that the target-market appeal is maximized in every project. For earlier-stage residential projects, RioCan has the added flexibility of being able to pivot between its purpose-built rental and condominium/townhouse projects. Approximately 86% of our condominium/townhouse projects currently under construction are pre-sold and have achieved 95% of pro forma total gross revenue. Significant deposits provide security against default by homebuyers.

Over the long-term, RioCan is confident that its high-quality residential offering will be in high demand given its age, design, amenities, community focus, professional management and access to strong retail offerings. RioCan is confident in its mixed-use residential development strategy and long-term NAV growth potential which will create value for its Unitholders.

Refer to the *Development Program* section of this MD&A for further details regarding the development pipeline.

Economic Environment

The Canadian economy stalled in the second half of 2023 as consumer spending fell, business investment tightened and labour market vacancies increased. Inflationary pressures continue to be at a high level as the economy slows, making it likely that the Bank of Canada (BOC) will keep interest rates higher for longer than originally expected. At its latest meeting, the BOC maintained the overnight lending rate of 5.0%.

Market volatility continued with the longer-term Government of Canada bond yields fluctuating significantly throughout 2023. Credit in the Canadian financial markets continues to be available, notwithstanding higher costs and signs of flight-to-quality.

RioCan's balance sheet and portfolio provide the Trust with the flexibility needed to navigate volatile economic conditions including an inflationary environment. With well-located real estate that is part of the fabric of vibrant communities, RioCan is positioned to attract top tenants who are able to absorb higher net rents as their revenues increase with inflation. Our strong and stable tenants are less susceptible to economic uncertainty, and necessity-based goods and services tenants are less affected by changes in discretionary spending. Our RioCan Living residential portfolio provides a diversified source of revenue, and the short-term nature of residential leases allow rents to keep pace with annual inflation. Our projects under construction are largely insulated from inflation as the majority of costs are already secured with fixed-rate contracts. For the majority of our next wave of projects, we have the option of constructing on lands we own with existing income. We are not penalized for deferring construction until conditions are appropriate.

Higher interest rates, which are used in the fight against high inflation, have increased the cost of capital, resulting in upward pressure on expected capitalization rates and a slowdown in the transaction market. Robust NOI growth from solid operating fundamentals and a limited supply of high-quality assets serve as an offset to these rising interest rate pressures. We have been adjusting our IFRS investment property values with changing economic conditions and recorded $450.4 million in cumulative fair value net losses in 2023. We also have not fully reversed the IFRS value reductions that were recorded in 2020 as a result of the pandemic.

RioCan has proactively employed a variety of financial tactics to protect against rising interest rates, namely maintaining a low proportion of floating rate debt, locking in long-term fixed rate debt where possible, use of bond forward hedges, and maintaining a well-distributed debt maturity profile. Ample Liquidity of $2.0 billion and Unencumbered Assets of $8.1 billion provide additional financial flexibility to the Trust in the current economic environment.

Outlook

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

For 2024, we anticipate FFO per unit to be within the range of $1.79 to $1.82, Commercial SPNOI growth of ~ 3%, and an FFO Payout Ratio of between 55% to 65%. Development Spending on mixed-use projects is expected to be between $250 million to $300 million and $50 million to $60 million for the construction of retail projects.

The Trust continuously reviews its longer-term targets in the context of ever-evolving macroeconomic and business environments. These targets include FFO per unit growth targets and capital allocation plans presented at our Investor Day in February 2022. Since then, the operating environment for our business has been very strong, with operating metrics either in-line or ahead of our expectations. However, as a result of the Bank of Canada's efforts to address high inflation, actual interest rates have been significantly higher than the consensus-based assumptions that were used to formulate our 2026 FFO targets. Current consensus predicts interest rates to remain relatively elevated for the near to medium term. In this context, the 2026 FFO per unit growth target provided is no longer practical. Likewise, we had provided a target for Development Spending on a forward-looking basis. In this higher interest rate environment, we have responsibly determined that capital is better allocated to other opportunities, including continuously improving our balance sheet, resulting in below target Development Spending in 2024. We will re-assess allocation of capital towards construction and other uses in future years. We will continue to track all of the critical operational and balance sheet key performance metrics against our long-term objectives and for FFO and development spend, we will focus on providing annual guidance.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) INITIATIVES

RioCan is a leader in ESG and embeds ESG in every aspect of its business, including developments, operations, investment activities and corporate functions. Embedding ESG is important for RioCan as it:

- promotes resource efficiency, cost savings and minimizing environmental degradation;
- increases property values, contributing to stakeholder satisfaction, and drives long-term net asset value growth for Unitholders;
- drives the appeal of our assets, helping to attract and retain tenants;
- builds collaborative relationships with our tenants and employees, which accelerates the pace of positive change;
- manages risks and complies with evolving regulations, enhancing operations management and governance practices; and
- provides its employees with sustainability impact opportunities, leading to increased employee job satisfaction and retention.

To meet its ESG objectives, RioCan is executing a multi-year plan that includes commitments and targets as well as actions and initiatives to improve its ESG performance year-over-year. For performance tracking and reporting, the GRESB Real Estate Assessment provides the Trust with a framework to benchmark organization-wide performance and ensure transparency and continuous improvement. The Trust published its fifth annual ESG report in 2023 which includes indicators from the Sustainability Accounting Standards Board (SASB) Real Estate sub-sector and recommended disclosures from the Financial Stability Board (FSB) and the Task Force on Climate-related Financial Disclosures (TCFD).

RioCan's ESG Council is comprised of cross-functional executive and leadership team members that oversee the Trust's ESG strategy implementation and drive performance improvements. Council members sponsor and provide guidance on ESG initiatives within the organization and enable performance measurement. In addition, RioCan has a dedicated ESG team, led by the SVP, General Counsel, ESG & Corporate Secretary, responsible for reporting ESG goals, plans and performance to the ESG Council and Board of Trustees and ensuring ESG initiatives are resourced and elevated across the Trust. For RioCan's ESG policy and additional information about its strategy and plan, visit RioCan's website.

RioCan launched its ESG program in 2016. Key accomplishments include the following:

Environmental

- First rank amongst its Canadian peers in 2023 GRESB Real Estate Assessment with a score of 84;
- First rank amongst its Canadian peers in the GRESB Public Disclosure Assessment with A rating for the fifth consecutive year;
- Increased the number of properties achieving Building Owners and Managers Association Building Environmental Standards (BOMA BEST) certifications, representing 70% of GLA (at 100% for commercial);
- Won BOMA Toronto's race2reduce Commercial Real Estate Trailblazers (CREST) Award for emission reduction at three properties Mixed-Use, Open Air Centre and enclosed retail categories. These BOMA awards honour participants that have demonstrated continual commitment to improve building performance and reduce emissions;
- Yonge Sheppard Centre was honoured with BOMA Canada's prestigious 2023 International 'The Outstanding Building of the Year' (TOBY®) Award in the Renovated Buildings category, recognizing excellence in commercial building management and operations within the commercial real estate industry; and
- Received Science Based Targets initiative (SBTi) validation that the GHG emissions reduction targets submitted by RioCan conform with the SBTi Criteria and Recommendations. RioCan’s science based targets are:
  - Overall Net-Zero Target: To reach net-zero GHG emissions across the value chain by 2050.
  - Near-term targets: With 2019 as the baseline year, reduce absolute scope 1 and 2 emissions by 46.2%, reduce absolute scope 3 emissions from downstream-leased assets by 28.0% and to reduce scope 3 emissions from capital goods[(i)] by 55.0% per square foot by 2030.
  - Long-Term Targets: Reduce absolute scope 1, 2 and 3 GHG emissions 90.0% by 2050 with 2019 as the baseline year.

Social

- Recognized as one of Greater Toronto’s Top 100 Employers by Mediacorp Canada Inc.;
- Achieved a top decile ranking on our Employee Engagement survey for the second consecutive year, relative to a benchmark of similar-sized Canadian companies.
- Kicked off our inaugural partnership with Indigo Love of Reading by hosting two storytelling sessions at Burlington Centre and Yonge Eglinton Centre featuring an acclaimed Indigenous author in advance of Truth and Reconciliation Day. RioCan Cares committed to Indigo Love of Reading, which provided 2,500 books to high needs Indigenous communities across Canada;
- Collaborated with the BlackNorth Initiative to offer a Canadian Real Estate & Trades Bursary for Black high school students; and
- Hosted a Holiday Market at RioCan Yonge Eglinton Centre to help local entrepreneurs test their ideas and/or products, as part of the Inclusive Local Economic Opportunity (ILEO) Initiative co-convened by BMO Financial Group and United Way Greater Toronto.

Governance

- Achieved an ESG rating of 'A' by Morgan Stanley Capital International (MSCI);
- Maintained “Prime” status by Institutional Shareholder Services (ISS);
- Improved our Sustainalytics risk score for the third consecutive year; and
- Conducted our first RioCan ESG Investor Forum, dedicated to educating unitholders about our ESG program and engaging in a two-way dialogue with unitholders on RioCan’s ESG initiatives and achievements. The Forum concluded with a tour of The Well.

(i) Refers to embodied carbon emissions associated with the materials and construction of buildings

PROPERTY PORTFOLIO OVERVIEW

Property Operations - Total Portfolio

Net Leasable Area (NLA) and Property Count

RioCan's portfolio of net leasable area and properties consisted of the following as at December 31, 2023:

	NLA at RioCan's Interest				Total Portfolio	
(thousands of sq. ft., except where otherwise noted)	Retail	Office	Total Commercial	Residential Rental (iii)	NLA	Property Count
Income producing properties (i)	**28,296**	**2,641**	**30,937**	**1,175**	**32,112**	**179**
Properties under development (ii)	**210**	**97**	**307**	**167**	**474**	**9**
Total NLA	**28,506**	**2,738**	**31,244**	**1,342**	**32,586**	**188**

(i) Includes NLA that was occupied or available for occupancy on or before December 31, 2023. Excludes 11 income producing properties that are owned through joint ventures and reported under equity-accounted investment and includes 74 thousand square feet of legacy residential rental.

(ii) Includes 1.1 million NLA of Development Projects Under Construction, excluding 5 development properties that are owned through joint ventures and reported under equity-accounted investments and condominium and townhouse units. Includes completed properties under development NLA that have a rent commencement date after December 31, 2023.

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

Property Mix

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

Category	Description
Grocery Anchored Centre	Assets with a grocery anchor tenant or shadow grocery anchors(i). Properties anchored or shadow-anchored by Walmart or Costco are included in this category. Examples of these properties include: Clarkson Crossing and RioCan Durham Centre.
Mixed-Use / Urban	Assets with more than one type of use (retail, office, residential mixed-use assets) located in major markets and non mixed-use assets located in high-density urban areas. Examples of these properties include: Yonge Sheppard Centre and Yonge Eglinton Centre.
Open Air Centre	Community shopping centres with little or no enclosed component. They often include high-quality anchor tenants such as pharmacy, liquor, home improvement and / or a bank branch. Examples of these properties include: RioCan Warden and RioCan Thickson Ridge.

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

Total Portfolio

At RioCan’s Interest	% of NLA		% of total fair value of income producing properties	
As at December 31	**2023**	2022	**2023**	2022
Greater Toronto Area (i)	**51.4 %**	49.1 %	**57.2 %**	55.4 %
Ottawa (ii)	**14.9 %**	14.9 %	**12.9 %**	13.0 %
Calgary	**10.9 %**	11.2 %	**11.9 %**	12.2 %
Montreal	**6.0 %**	5.5 %	**3.3 %**	2.9 %
Edmonton	**5.5 %**	5.4 %	**5.0 %**	5.2 %
Vancouver (iii)	**3.4 %**	4.4 %	**4.7 %**	5.8 %
Other	**7.9 %**	9.5 %	**5.0 %**	5.5 %
Total Portfolio	**100.0 %**	100.0 %	**100.0 %**	100.0 %

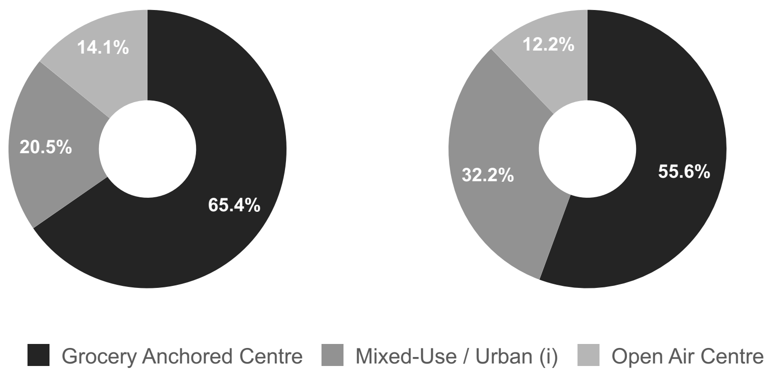
(i) Area extends north to Newmarket, Ontario; west to Hamilton, Ontario; and east to Oshawa, Ontario.

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

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

As at December 31, 2023, RioCan's portfolio of income producing properties consisted of the following:

NLA by Property Mix | **Fair Value by Property Mix**



(i) Mixed-Use / Urban includes approximately 1.2 million square feet of residential rental NLA and the corresponding fair value.

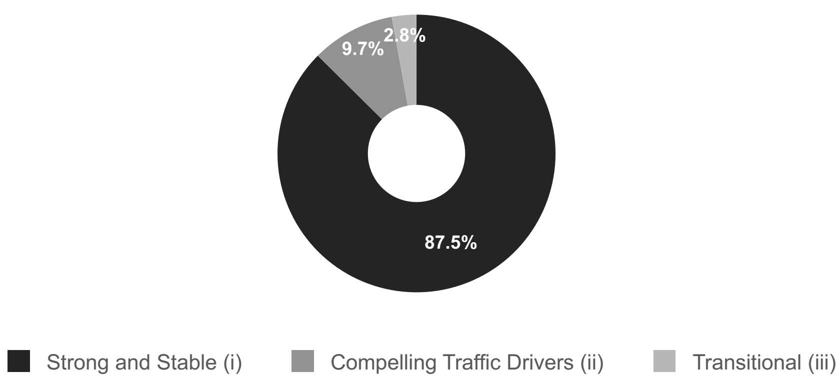
The majority of the Trust's portfolio is comprised of formats that are attractive to tenants and are more resilient in the face of economic fluctuations and evolving retail trends. During Q4 2023, there was a slight increase in Mixed-Use / Urban as a portion of FourFifty The Well and additional commercial NLA at The Well were completed.

Tenant Composition

The Trust strategically manages its tenant mix by segmenting its tenants into the following three categories: strong and stable, compelling traffic drivers and transitional tenants. Defining tenant mix using these three categories helps to guide decision-making with respect to tenancies.

Based on annualized net rent as at December 31, 2023, approximately 87.5% of the Trust's tenants are classified as "strong and stable", an increase over the prior quarter and 100 basis points higher when compared to the prior year, primarily driven by the replacement of transitional tenants with strong tenants, based on the strong retail leasing environment.

% of Annualized Net Rent by Tenant Composition



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

(ii) Compelling Traffic Drivers is represented by tenants that drive meaningful traffic and/or incremental visits to our properties, such as services, experiential tenants, and independent food service providers which have covenants of lesser quality than Strong and Stable tenants.

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

Property Operations - Commercial

Top 30 Commercial Tenants

RioCan reduces its exposure to rental revenue risk in its portfolio through major market geographical diversification, staggered lease maturities, diversifying revenue sources, avoiding dependence on any single tenant by ensuring no individual tenant contributes a significant percentage of our gross revenue and ensuring a considerable portion of rental revenue is earned from national and anchor tenants. As at December 31, 2023, RioCan's 30 largest commercial tenants measured by annualized contractual gross rent are as follows:

Rank	Tenant name	Percentage of total annualized contractual gross rent	Number of locations	NLA (thousands of sq. ft.)	Percentage of total IPP NLA	Weighted average remaining lease term (years) (i)
1	Canadian Tire Corporation (ii)	**4.4 %**	**60**	**1,676**	**5.4 %**	**6.2**
2	The TJX Companies, Inc. (iii)	**4.2 %**	**60**	**1,721**	**5.6 %**	**5.0**
3	Loblaws/Shoppers Drug Mart (iv)	**3.9 %**	**51**	**1,386**	**4.5 %**	**8.2**
4	Cineplex (v)	**2.8 %**	**17**	**971**	**3.1 %**	**5.5**
5	Metro/Jean Coutu (vi)	**2.4 %**	**31**	**1,222**	**4.0 %**	**7.7**
6	Walmart	**2.2 %**	**12**	**1,613**	**5.2 %**	**6.0**
7	Sobeys/Safeway (vii)	**1.9 %**	**23**	**796**	**2.6 %**	**10.9**
8	Dollarama	**1.8 %**	**67**	**642**	**2.1 %**	**6.9**
9	Shopify	**1.4 %**	**2**	**261**	**0.8 %**	**11.5**
10	Michaels	**1.4 %**	**22**	**485**	**1.6 %**	**5.0**
11	GoodLife Fitness	**1.3 %**	**23**	**506**	**1.6 %**	**9.2**
12	Recipe Unlimited (viii)	**1.3 %**	**66**	**300**	**1.0 %**	**5.8**
13	Staples/Business Depot	**1.2 %**	**25**	**501**	**1.6 %**	**7.1**
14	Rona+	**1.2 %**	**7**	**915**	**3.0 %**	**6.2**
15	TD Bank	**1.2 %**	**44**	**230**	**0.7 %**	**5.9**
16	PetSmart	**1.0 %**	**22**	**334**	**1.1 %**	**5.3**
17	Chapters/Indigo	**1.0 %**	**15**	**283**	**0.9 %**	**7.4**
18	Bank Of Montreal	**0.8 %**	**31**	**158**	**0.5 %**	**4.8**
19	Value Village	**0.8 %**	**12**	**322**	**1.0 %**	**8.2**
20	Liquor Control Board of Ontario (LCBO)	**0.7 %**	**21**	**186**	**0.6 %**	**7.9**
21	DSW/The Shoe Company	**0.7 %**	**27**	**211**	**0.7 %**	**4.6**
22	Leon's/The Brick	**0.7 %**	**9**	**228**	**0.7 %**	**5.4**
23	Restaurant Brands International (ix)	**0.6 %**	**56**	**128**	**0.4 %**	**6.5**
24	LA Fitness	**0.6 %**	**6**	**265**	**0.9 %**	**11.4**
25	Best Buy	**0.6 %**	**10**	**209**	**0.7 %**	**4.8**
26	The Bank Of Nova Scotia	**0.6 %**	**23**	**109**	**0.4 %**	**4.7**
27	Gap Inc (x)	**0.6 %**	**20**	**188**	**0.6 %**	**4.2**
28	Canadian Imperial Bank of Commerce	**0.5 %**	**17**	**99**	**0.3 %**	**3.8**
29	Rexall Pharma Plus	**0.5 %**	**9**	**98**	**0.3 %**	**6.0**
30	Carter's Oshkosh	**0.4 %**	**25**	**111**	**0.4 %**	**3.7**
Top 30 Commercial Tenants		**42.7 %**	**813**	**16,154**	**52.3 %**	**6.7**
Total portfolio						**7.9**

(i) Weighted average remaining lease term based on annualized contractual gross rent.
(ii) Canadian Tire Corporation includes Canadian Tire, PartSource, Mark's, Sport Chek, Sports Experts, National Sports, Atmosphere and Party City.
(iii) The TJX Companies, Inc. includes Winners, HomeSense and Marshalls.
(iv) Loblaws/Shoppers Drug Mart includes No Frills, Fortinos, Zehrs Markets, Joe Fresh, Maxi and T&T Supermarket.
(v) Cineplex includes Galaxy Cinemas.
(vi) Metro/Jean Coutu includes Super C, Loeb, Food Basics and Adonis.
(vii) Sobeys/Safeway includes Farm Boy, Longo's and FreshCo.
(viii) Recipe Unlimited includes Montana's, Harvey's, Swiss Chalet, Kelseys, The Keg and East Side Mario's, among others.
(ix) Restaurant Brands International includes Tim Hortons, Burger King, Popeyes and Firehouse Subs.
(x) Gap Inc. includes The Gap, Old Navy and Banana Republic banners.

Occupancy by Markets and Usages

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

At RioCan’s Interest	Committed Occupancy		In-Place Occupancy	
As at December 31	**2023**	2022	**2023**	2022
Greater Toronto Area (i) (iv)	**97.2 %**	97.0 %	**96.9 %**	96.6 %
Ottawa (ii)	**99.4 %**	99.2 %	**99.2 %**	99.0 %
Calgary	**98.4 %**	98.4 %	**98.0 %**	98.0 %
Montreal	**94.6 %**	96.6 %	**94.6 %**	94.9 %
Edmonton	**95.6 %**	93.7 %	**94.7 %**	92.3 %
Vancouver (iii)	**100.0 %**	99.8 %	**99.0 %**	99.3 %
Other (iv)	**96.1 %**	96.8 %	**95.6 %**	95.8 %
Total Commercial	**97.4 %**	97.4 %	**97.1 %**	96.8 %

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

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

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

(iv) Effective Q4 2022, comparatives have been restated to move Barrie from GTA to the Other category.

The following table summarizes the Trust's committed and in-place occupancy rates by retail and office as at December 31, 2023 and December 31, 2022.

As at		December 31, 2023			December 31, 2022		
		Retail	Office	Total Commercial	Retail	Office	Total Commercial
Total Portfolio	Committed Occupancy	**98.4%**	**87.5%**	**97.4%**	97.9%	90.6%	97.4%
	In-Place Occupancy	**98.0%**	**87.4%**	**97.1%**	97.4%	89.9%	96.8%

Committed occupancy remained unchanged and in-place occupancy increased by 30 basis points when compared to the same period last year, driven by improvements in retail. When compared to Q3 2023, committed occupancy decreased by 10 basis points and in-place occupancy increased by 20 basis points.

Retail committed occupancy continued to climb, reaching an all-time high of 98.4% at year end, reflecting the high demand for the Trust's quality retail assets. Given the nominal amount of vacant space available, our retail portfolio is effectively fully occupied after taking into account the expected normal tenant turnover.

In-place occupancy increased year-over-year, driven by strong demand for retail space. When compared to Q3 2023, retail in-place occupancy increased by 40 basis points due to tenants taking possession of their spaces in Q4 2023, narrowing the spread between committed and in-place occupancy by 30 basis points. Overall, leasing for vacant space has been robust.

The decline of 310 and 250 basis points, in office committed and in-place occupancy, respectively, during the year was primarily driven by vacancy of a large financial institution tenant at Yonge Sheppard Centre, which is in the process of being backfilled. A large tenant vacancy in a secondary market in Alberta in Q4 2023 drove office committed and in-place occupancy down by 160 and 150 basis points when compared to Q3 2023, respectively and also added to the annual decline.

Future Lease Commencements

On a prospective basis, we expect to generate approximately $5.1 million of annualized gross incremental rent, on an IFRS basis, from tenants that have signed leases but have not taken possession of the space as at December 31, 2023. This includes base rent, operating cost recoveries and straight-line rent, but excludes operating costs capitalized while a property is under redevelopment.

Average Net Rent

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

As at December 31	**2023**	2022
Average net rent per occupied square foot (i)	**$ 21.51**	$ 20.98
Retail	**$ 21.22**	$ 20.91
Office	**$ 24.97**	$ 21.98

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

Average net rent per occupied square foot increased when compared to the prior year mainly due to contractual rent steps, rent increases upon renewals, higher than average net rent per occupied square foot on new deals and development completions including The Well.

New Leasing Activity

	Three months ended December 31		Years ended December 31	
(in thousands, except per sqft amounts)	**2023**	2022	**2023**	2022
New Leasing NLA at 100% - IPP & PUD	**122**	222	**1,029**	1,258
Average net rent per square foot - IPP & PUD (i)	**$ 30.53**	$ 24.10	**$ 27.75**	$ 28.30
IPP	**$ 29.54**	$ 21.06	**$ 25.61**	$ 21.96
PUD	**$ 34.06**	$ 42.31	**$ 42.93**	$ 45.09

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

New leasing activity for the three months and year ended December 31, 2023 totalled 122,000 and 1,029,000 square feet at an average rate of $30.53 and $27.75 per square foot, respectively. Lower new lease volumes for the quarter and year are mainly due to higher average in-place retail occupancy levels when compared to the same periods last year. On a year-to-date basis, lower new leasing volumes from developments due to project completions also contributed to the year-over-year decline. Higher occupancy levels limit the amount of available space to lease and allow the Trust to exercise more discretion in tenant selection, improving our tenant mix and the quality of the portfolio.

Average net rent per square foot for new leasing for the quarter is approximately $9.02 per square foot above our portfolio average net rent per occupied square foot.

Renewal Leasing Activity

	Three months ended December 31		Years ended December 31	
(in thousands, except percentage and per sqft amounts)	**2023**	2022	**2023**	2022
Square feet renewed at market rental rates (at 100%)	**552**	455	**2,395**	2,058
Square feet renewed at fixed rental rates (at 100%)	**510**	247	**1,349**	1,675
Total square feet renewed (at 100%)	**1,062**	702	**3,744**	3,733
Average net rent per square foot (i)	**$ 23.60**	$ 19.01	**$ 23.36**	$ 19.89
Renewal leasing spread in average net rent (ii)	**$ 1.89**	$ 1.45	**$ 2.08**	$ 1.51
Retention ratio	**93.4%**	93.5%	**87.7%**	91.5%

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

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

A high proportion of leases expiring in the year were renewed at market rates, resulting in a strong renewal leasing spread. For the year, the retention ratio of 87.7% included the impact of one large vacancy at a property in Ottawa which was backfilled by a tenant who took immediate possession of the vacant space. Excluding this vacancy, the retention ratio for the year ended December 31, 2023 would have been 90.8%.

Leasing Spreads

	Three months ended December 31		Years ended December 31	
	2023	2022	**2023**	2022
New leasing spread (i)	**13.2%**	11.8%	**14.7%**	12.3%
Renewal leasing spread	**8.7%**	8.3%	**9.8%**	8.2%
Blended leasing spread (ii)	**9.0%**	8.8%	**10.7%**	9.0%

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

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

A favourable retail environment and demand for well-located space continued into Q4 2023, the benefits of which were reflected in the blended leasing spread. Excluding fixed-rate renewals, the renewal leasing spread would be 11.2% for the quarter and 11.4% for the year-to-date.

Lease Expiries

Lease expiries for the next five years are as follows:

(in thousands, except per sqft and percentage amounts)		For the years ending				
At RioCan's interest	Total IPP NLA	2024	2025	2026	2027	2028
Square feet	30,937	3,102	4,019	3,754	3,798	3,641
Square feet expiring/Portfolio NLA		10.0%	13.0%	12.1%	12.3%	11.8%
Average net rent per occupied square foot		$ 22.47	$ 20.15	$ 21.31	$ 22.62	$ 23.93

Contractual Rent Increases

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

(thousands of dollars)	For the years ending				
At RioCan's interest	2024	2025	2026	2027	2028
Contractual rent increases	$ 9,256	$ 7,121	$ 6,182	$ 5,020	$ 3,697

The contractual rent increases noted above are based on existing leases as at December 31, 2023 and are on a year-over-year incremental increase basis. The contractual rent increases in 2024 reflect more market rent changes as a result of new leasing and renewals completed in 2023 than in the outer years. The above schedule is on a cash rent basis and takes into account the timing of contractual rent increases year-over-year (in other words, not on an annualized basis but based on a year-over-year cash rent change basis).

Property Operations - Residential Rental

RioCan's residential brand, RioCan Living, includes purpose-built residential rental buildings developed or acquired by RioCan and condominium and townhouse developments, as further discussed in the *Development Program* and *Asset Profile - Joint Arrangements* sections of this MD&A.

Strong demand for well-located, professionally-managed, amenity-rich rental accommodations with easy access to transit continued in the quarter. Demand for RioCan Living residential rental units was further bolstered by the ongoing supply constraints.

RioCan Living's residential rental portfolio consists of 2,738 residential rental units in operation, including 124 income producing residential rental units acquired by RioCan on May 29, 2023 through its purchase of a 100% interest in Phase One and Two of Bellevue, a newly built luxury residential rental complex located in Montreal, Quebec. Upon stabilization, RioCan will acquire an additional 60 units in Phase Three at Bellevue which are currently under construction and a 90% interest in 297 units in Phase Two/Three at Market, also located in Montreal, which are in lease-up, provided certain conditions are met. While RioCan is focused on organically growing its multi-unit residential holdings through development, it will strategically participate in acquisitions from time-to-time to further enhance the RioCan Living portfolio and achieve the desired scale.

At FourFifty The Well, construction of 395 of 592 units were completed as at December 31, 2023 and occupancy commenced on August 1, 2023.

Approximately 97% of the residential rental portfolio is exempt from rent controls and prescribed rents.

Occupancy and Leasing

			Occupancy as at December 31, 2023	Leasing as of February 13, 2024
Residential Rental Buildings in Operation	Number of total units (i)	Date of lease launch	% of occupied units	% of leased units
Stabilized (11 properties)	**2,129**	December 2018 to March 2022	**97.4 %**	**96.5 %**
In lease-up				
Rhythm (Ottawa)	**214**	June 2022	**93.0 %**	**93.9 %**
FourFifty The Well (Toronto) (ii)	**592**	March 2023	**30.4 %**	**45.8 %**

(i) Number of units are at 100% ownership interest and all buildings are 50% owned except for Market which is 90% owned and Bellevue which is 100% owned.

(ii) As at December 31, 2023, 395 rental residential units were completed and 197 units are under development. Completion of the remaining units under development will continue to early 2024. Pre-leasing commenced in late Q1 2023.

Average Market Rent

As at December 31		2023		2022
Market units average monthly rent per occupied square foot - same property (i) (ii)	**$**	**3.48**	$	3.26

(i) Market units average monthly rent per occupied square foot on a same property basis is calculated as monthly gross rents as at December 31, 2023 (excluding utilities which are paid by tenants) from leased residential units divided by the total number of net leasable square feet for these leased residential units. It does not include revenue from parking or other sources. RioCan Living tenants generally pay their own utility bills.

(ii) Market units average monthly rent per occupied square foot - same property includes only properties that are owned and stabilized as at the end of each of the reporting dates presented. A property is considered to have reached stabilization upon the earlier of (i) achieving 95% occupancy or (ii) 24 months after first occupancy as of the quarter end reporting date. As at December 31, 2023 and 2022, seven properties (eCentral™, Pivot™, Litho.™ and Strada™ located in Toronto, Ontario, Frontier™ located in Ottawa, Ontario, Brio™ located in Calgary, Alberta and Market located in Montreal, Quebec) are included as same properties.

Market units average monthly rent per occupied square foot on a same property basis increased by 6.7% when compared to December 31, 2022 due to new leasing and renewals at higher rents.

In the GTA, on a total stabilized portfolio basis, market units average monthly rent per occupied square foot was $4.19 as at December 31, 2023, an increase of 10.3% over the same period last year.

The increase in market units average monthly rent per unit that were turned over or renewed was 7.0% on a same property basis for the year ended December 31, 2023.

RESULTS OF OPERATIONS

Summary of Selected Financial Information

The following table summarizes key selected financial information that is based on or derived from, and should be read in conjunction with, the Consolidated Financial Statements of the Trust for the respective years indicated in the table.

(thousands of dollars, except where otherwise noted) As at or for the years ended December 31	**2023**	2022	2021
Revenue	**$ 1,123,871**	$ 1,213,847	$ 1,175,061
Net income	**38,802**	236,772	598,389
Operating income	**714,408**	712,692	701,665
Net Operating Income (NOI) (i)	**697,353**	674,989	663,311
Net Operating Income NOI (RioCan's Proportionate Share) (i)	**724,217**	698,118	684,737
FFO (i)	**531,281**	524,678	506,982
FFO Adjusted (i)	**532,649**	528,967	523,953
Weighted average Units outstanding (in thousands)			
Basic	**300,392**	306,069	317,201
Diluted	**300,479**	306,247	317,284
Per unit basis			
Net income - basic	**$ 0.13**	$ 0.77	$ 1.89
Net income - diluted	**$ 0.13**	$ 0.77	$ 1.89
FFO - diluted (i)	**$ 1.77**	$ 1.71	$ 1.60
FFO Adjusted - diluted (i)	**$ 1.77**	$ 1.73	$ 1.65
Unitholder distributions (iii)	**$ 1.08**	$ 1.02	$ 0.96
FFO Payout Ratio (i) (ii)	**60.5 %**	59.0 %	62.6 %
FFO Payout Ratio Adjusted (i) (ii)	**60.3 %**	58.5 %	60.6 %
AFFO Payout Ratio (i) (ii)	**70.0 %**	67.1 %	71.6 %
AFFO Payout Ratio Adjusted (i) (ii)	**69.7 %**	66.4 %	68.9 %
Investment properties	**$ 13,561,718**	$ 13,807,740	$ 14,021,338
Total assets	**14,842,281**	15,101,859	15,177,463
Total debt	**6,861,113**	6,742,343	6,610,618
Total equity	**7,437,770**	7,728,892	7,911,344
Adjusted Debt to Adjusted EBITDA (RioCan's Proportionate Share) (i) (ii)	**9.28**	9.51	9.59
Weighted average contractual interest rate (iv)	**3.78%**	3.41%	2.92 %
Weighted average effective interest rate (iv) (v)	**3.74%**	3.40%	3.00 %
Net book value per unit	**$ 24.76**	$ 25.73	$ 25.54

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

(ii) Calculated on a trailing twelve-month basis. For further discussion of the Trust's FFO and AFFO Payout Ratios and Adjusted Debt to Adjusted EBITDA (RioCan's Proportionate Share) refer to the *Non-GAAP Measures* section in this MD&A.

(iii) Effective February 2023, the distribution was increased to $1.08 from $1.02 on an annualized basis.

(iv) For hedged floating rate debt, the interest rate reflects the fixed rate in the interest swap.

(v) Inclusive of bond forward hedges.

The Trust's year-over-year changes in revenues, FFO, operating income and net income, as well as other key financial metrics were primarily impacted by the magnitude and pace of development expenditures and project completions, the timing and magnitude of its various residential condominium and townhouse projects closings and property dispositions. Net income, investment properties, total assets and total equity were further impacted by the year-over-year changes in the fair values of investment properties. Unitholder distributions were within the targeted FFO Payout ratio of 55% to 65% and increased accordingly year-over-year. NCIB purchases completed in 2021 and 2022 reduced the number of Units outstanding and had an accretive impact on FFO per Unit. Refer to the various sections of this MD&A for more detail on the Trust's key financial and operational information.

The Q4 2023 and 2023 variances discussed in the following sections compare the respective 2023 results to the same comparable periods in 2022, unless otherwise noted.

Revenue

The revenue for the three months and years ended December 31, 2023 and 2022 is as follows:

	Three months ended December 31			Years ended December 31		
(thousands of dollars)	**2023**	2022	Change	**2023**	2022	Change
Rental revenue	**$ 276,510**	$ 268,864	$ 7,646	**$ 1,091,105**	$ 1,074,192	$ 16,913
Residential inventory sales	**13,789**	33,873	(20,084)	**13,789**	118,659	(104,870)
Property management and other service fees	**6,611**	3,450	3,161	**18,977**	20,996	(2,019)
Revenue	**$ 296,910**	$ 306,187	$ (9,277)	**$ 1,123,871**	$ 1,213,847	$ (89,976)

The rental revenue for the three months and years ended December 31, 2023 and 2022 is as follows:

	Three months ended December 31			Years ended December 31		
(thousands of dollars)	**2023**	2022	Change	**2023**	2022	Change
Base rent	**$ 174,393**	$ 170,791	$ 3,602	**$ 689,609**	$ 687,459	$ 2,150
Realty tax and insurance recoveries	**49,538**	49,013	525	**200,858**	199,437	1,421
Common area maintenance recoveries	**46,253**	43,842	2,411	**176,080**	168,144	7,936
Percentage rent	**2,339**	3,234	(895)	**8,424**	9,092	(668)
Straight-line rent	**2,638**	806	1,832	**5,898**	1,884	4,014
Lease cancellation fees	**70**	391	(321)	**5,253**	5,119	134
Parking revenue	**1,279**	787	492	**4,983**	3,057	1,926
Rental revenue	**$ 276,510**	$ 268,864	$ 7,646	**$ 1,091,105**	$ 1,074,192	$ 16,913

2023

The decrease in revenue was mainly due to lower residential inventory sales partially offset by higher rental revenue.

Rental revenue increased mainly from higher occupancy, rental growth, development completions, higher recoveries, higher straight-line rent and higher parking revenue, partially offset by the impact of asset dispositions.

Residential inventory sales decreased primarily due to the timing of condominium and townhouse sales. Property management and other service fees decreased primarily due to lower construction and development fees.

Q4 2023

The decrease in revenue was mainly due to lower residential inventory sales, partially offset by higher rental revenue and higher property management and other service fees.

The increase in rental revenue was mainly due to higher occupancy, rental growth, development completions, higher recoveries and higher straight-line rent, partially offset by the impact of asset dispositions.

Residential inventory sales decreased primarily due to timing of condominium and townhouse sales. Property management and other service fees increased primarily due to higher financing arrangement fees.

Operating Income and Net Operating Income (NOI)

The operating income and NOI for the three months and years ended December 31, 2023 and 2022 is as follows:

	Three months ended December 31			Years ended December 31		
(thousands of dollars)	**2023**	2022	Change	**2023**	2022	Change
Operating income	**$ 186,074**	$ 175,421	$ 10,653	**$ 714,408**	$ 712,692	$ 1,716
NOI (i)	**$ 176,306**	$ 166,062	$ 10,244	**$ 697,353**	$ 674,989	$ 22,364
NOI (RioCan's proportionate share) (i)	**$ 182,722**	$ 171,934	$ 10,788	**$ 724,217**	$ 698,118	$ 26,099
NOI						
Commercial	**$ 169,860**	$ 162,043	$ 7,817	**$ 675,876**	$ 661,367	$ 14,509
Residential	**6,446**	4,019	2,427	**21,477**	13,622	7,855
Total NOI	**$ 176,306**	$ 166,062	$ 10,244	**$ 697,353**	$ 674,989	$ 22,364

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

2023

The increase in operating income was largely the combined effect of $22.4 million higher NOI, partially offset by $17.6 million lower inventory gains primarily due to timing of condominium and townhouse sales, and $2.0 million in lower property management and other service fee revenue mainly from lower construction and development fees. The lower residential inventory gains were partially offset by a $12.1 million gain on the disposition of an equity-accounted joint venture predominantly attributable to the residential inventory in that investment. Refer to the *Other Income (Loss)* section of this MD&A for more details.

The increase in commercial NOI was largely due to Commercial Same Property NOI growth of 4.8% or $27.1 million; $15.0 million higher NOI from completed developments; and $4.0 million higher straight-line rent, partially offset by $31.4 million lower NOI due to asset dispositions and $2.0 million lower NOI from properties under de-leasing.

Residential NOI increased primarily due to acquisitions and strong leasing progress in the residential rental portfolio.

Q4 2023

The increase in operating income was largely due to $10.2 million higher NOI, $3.2 million higher management and other service fee revenue mainly from higher financing arrangement fees, partially offset by $2.6 million in lower residential inventory gains due to timing of condominium and townhouse sales. The lower residential inventory gains were partially offset by a $2.0 million gain on disposition of an equity-accounted joint venture. Refer to the *Other Income (Loss)* section of this MD&A for more details.

The increase in commercial NOI was largely due to Commercial Same Property NOI growth of 6.1% or $8.7 million, $4.3 million higher NOI from completed developments and $1.8 million higher straight-line rent, partially offset by $6.3 million lower NOI due to asset dispositions and $0.9 million lower NOI from properties under de-leasing.

Residential NOI increased primarily due to acquisitions and strong leasing progress in the residential rental portfolio.

Same Property NOI

Same Property NOI for commercial and residential portfolio for the three months and years ended December 31, 2023 and 2022 is as follows:

	Three months ended December 31			Years ended December 31		
(thousands of dollars)	**2023**	2022	% change	**2023**	2022	% change
Commercial Same Property NOI (i)	**$ 150,698**	$ 142,019	6.1 %	**$ 596,558**	$ 569,416	4.8 %
Residential Same Property NOI (i)	**$ 4,088**	$ 3,507	16.6 %	**$ 7,123**	$ 6,260	13.8 %
Same Property NOI (i)	**$ 154,786**	$ 145,526	6.4 %	**$ 603,681**	$ 575,676	4.9 %
Adjusted Commercial Same Property NOI (i)	**$ 148,291**	$ 144,366	2.7 %	**$ 584,868**	$ 570,081	2.6 %

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

2023

Commercial Same Property NOI increased primarily due to increases in rent growth from contractual rent steps, rent upon renewal and occupancy, and a recovery of credit losses resulting in a $5.6 million provision reversal compared to $1.2 million additional provision last year, on a same property basis.

Continued strong performance and leasing environment for our stabilized properties drove Residential Same Property NOI growth of 13.8% in 2023.

Adjusted Commercial Same Property NOI, which adjusts for the impact of the provision for credit losses and legal and CAM/ property tax settlements, increased by 2.6%.

Q4 2023

Commercial Same Property NOI increased primarily due to increases in rent growth from contractual rent steps, rent upon renewal, occupancy and a recovery of credit losses resulting in a $0.8 million provision reversal compared to $1.3 million additional provision in the comparative quarter, on a same property basis.

Residential Same Property NOI increased by 16.6%, for the same reasons described above.

Adjusted Commercial Same Property NOI increased by 2.7%.

Other Income (Loss)

	Three months ended December 31			Years ended December 31		
(thousands of dollars)	**2023**	2022	Change	**2023**	2022	Change
Interest income	**$ 6,401**	$ 6,272	$ 129	**$ 25,131**	$ 20,902	$ 4,229
Income from equity-accounted investments	**(7,190)**	(3,864)	(3,326)	**18,383**	2,349	16,034
Fair value loss on investment properties, net	**(222,921)**	(115,507)	(107,414)	**(450,408)**	(241,128)	(209,280)
Investment and other income (loss), net	**4,459**	240	4,219	**8,501**	(1,842)	10,343
Other income (loss)	**$ (219,251)**	$ (112,859)	$ (106,392)	**$ (398,393)**	$ (219,719)	$ (178,674)

2023

Interest income increased mainly due to higher effective interest rates and higher other interest from cash on deposit.

RioCan's share of FFO from equity-accounted investments was $37.1 million, $15.7 million higher than the comparative period in 2022, primarily due to a $12.1 million gain from disposition of 12.5% of its interest in the 11YV project, generated predominantly from the underlying gains on the residential inventory component, $0.8 million higher FFO from the RioCan-HBC joint venture and $1.9 million higher capitalized interest from additional equity-accounted investments in 2023. For further details on the results of operations of the RioCan-HBC joint venture and the gains from the disposition of the 12.5% interest in the 11YV project, refer to the *Joint Arrangements* section of this MD&A.

The Trust recognized a fair value loss of $450.4 million on investment properties including assets held for sale compared to a fair value loss of $241.1 million in the same period last year. Refer to the *Property Valuations* section of this MD&A for further details.

Investment and other income (loss) increased due to $6.9 million higher transaction gains and other income primarily from bond forward hedge ineffectiveness gains, income from the investment in e2 (a development adjacent to ePlace), income from a real estate debt investment, a $2.9 million increase in the change in unrealized fair value on marketable securities (which does not impact FFO), and higher income earned and realized gain on sale of marketable securities.

Q4 2023

Interest income was higher primarily due to higher effective interest rates and higher other interest from cash on deposit.

RioCan's share of FFO from equity-accounted investments was $8.1 million, $2.7 million higher than the comparative period, primarily due to a $2.0 million gain from the disposition of an additional 4.2% interest in the 11YV project and $1.0 million higher capitalized interest from additional equity-accounted investments in 2023, partially offset by $0.1 million lower FFO from the RioCan-HBC joint venture.

The Trust recognized a fair value loss of $222.9 million on investment properties including assets held for sale, compared to a fair value loss of $115.5 million in the same period last year. Refer to the *Property Valuations* section of this MD&A for further details.

Investment and other income (loss) increased due to a $2.2 million increase in the change in unrealized fair value on marketable securities (which does not impact FFO), $1.8 million in higher transaction gains and other income, higher income earned and realized gain on sale of marketable securities, and income from the investment in e2.

Other Expenses

	Three months ended December 31			Years ended December 31		
(thousands of dollars)	**2023**	2022	Change	**2023**	2022	Change
Interest costs, net	**$ 58,940**	$ 48,320	$ 10,620	**$ 208,948**	$ 180,365	$ 28,583
General and administrative	**15,459**	12,845	2,614	**60,367**	54,437	5,930
Internal leasing costs	**3,156**	3,306	(150)	**11,919**	12,204	(285)
Transaction and other costs	**6,945**	3,236	3,709	**9,344**	8,274	1,070
Other expenses	**$ 84,500**	$ 67,707	$ 16,793	**$ 290,578**	$ 255,280	$ 35,298

Interest Costs

(thousands of dollars, except where otherwise noted)	Three months ended December 31			Years ended December 31		
	2023	2022	Change	**2023**	2022	Change
Total interest	**$ 66,679**	$ 60,015	$ 6,664	**$ 250,537**	$ 224,040	$ 26,497
Interest costs capitalized (i)	**(7,739)**	(11,695)	3,956	**(41,589)**	(43,675)	2,086
Interest costs, net	**$ 58,940**	$ 48,320	$ 10,620	**$ 208,948**	$ 180,365	$ 28,583
Capitalized interest as percentage of total interest	**11.6%**	19.5%	(7.9)%	**16.6%**	19.5%	(2.9)%

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

2023

Total interest costs increased mainly due to higher average debt balances and higher average cost of debt. As at December 31, 2023, the weighted average effective interest rate of our total debt is 3.74% (December 31, 2022 – 3.40%).

Interest was capitalized to properties under development and residential inventory at a weighted average effective interest rate of 3.88% for the year ended December 31, 2023 (year ended December 31, 2022 – 3.33%).

Q4 2023

Total interest costs increased mainly due to higher average debt balances and higher average cost of debt.

Interest was capitalized to properties under development and residential inventory at a weighted average effective interest rate of 3.90% for the three months ended December 31, 2023 (three months ended December 31, 2022 – 3.78%).

General and Administrative (G&A)

(thousands of dollars, except where otherwise noted)	Three months ended December 31			Years ended December 31		
	2023	2022	Change	**2023**	2022	Change
Non-recoverable salaries and benefits, net	**$ 5,305**	$ 5,715	$ (410)	**$ 22,438**	$ 26,228	$ (3,790)
Unit-based compensation expense	**1,882**	1,796	86	**7,807**	6,998	809
Depreciation and amortization	**646**	726	(80)	**2,632**	4,774	(2,142)
Other G&A expense (i)	**4,123**	4,608	(485)	**15,458**	16,437	(979)
G&A expense before Enterprise Resource Planning (ERP) implementation costs	**11,956**	12,845	(889)	**48,335**	54,437	(6,102)
ERP implementation costs (ii)	**3,503**	—	3,503	**12,032**	—	12,032
Total G&A expense (iii)	**$ 15,459**	$ 12,845	$ 2,614	**$ 60,367**	$ 54,437	$ 5,930
Adjusted G&A Expense as a percentage of rental revenue (iv)	**4.3%**	4.6%	(0.3)%	**4.3%**	4.7%	(0.4)%

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

(ii) ERP implementation costs includes salaries and benefits, and consultant and licensing costs.

(iii) G&A expenses are presented net of recoverable expenses and expenses capitalized to development and residential inventory.

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

2023

G&A expenses increased primarily due to a $12.0 million increase in ERP implementation costs, partially offset by a $3.0 million decrease in compensation costs mainly from lower restructuring charges and accrued bonuses, and a $2.1 million decrease in depreciation and amortization expense from the acceleration of amortization of certain software intangible assets in 2022.

RioCan is replacing its current ERP system to more efficiently manage its business operations, including but not limited to, its accounting and leasing functions. This initiative will enable RioCan to simplify, standardize and automate certain key business processes. The launch of the new ERP system is expected to be in the first half of 2024.

Adjusted G&A Expense as a percentage of rental revenue decreased from the prior year due to higher rental revenue, a decrease in discretionary expenses and accelerated amortization of certain software intangible assets in 2022.

Q4 2023

G&A expenses increased primarily due to a $3.5 million increase in ERP implementation costs, partially offset by a $0.5 million decrease in other G&A expenses primarily due to lower information technology costs and $0.3 million decrease in compensation costs mainly from lower restructuring costs and accrued bonuses.

Adjusted G&A Expense as a percentage of rental revenue decreased, for the same reasons as described above.

Internal Leasing Costs and Transaction Costs

	Three months ended December 31			Years ended December 31		
(thousands of dollars)	**2023**	2022	Change	**2023**	2022	Change
Internal leasing costs (i)	**$ 3,156**	$ 3,306	$ (150)	**$ 11,919**	$ 12,204	$ (285)
Transaction and other costs (ii)	**$ 6,945**	$ 3,236	$ 3,709	**$ 9,344**	$ 8,274	$ 1,070

(i) Comprised of the payroll costs of our internal leasing department and related administration costs.

(ii) Includes marketing costs related to condominium and townhouse projects which are expensed as incurred before condominium sales revenue are recognized into income.

2023

Transaction and other costs increased mainly due to higher marketing costs. The Trust incurred $2.9 million in marketing costs for the year ended December 31, 2023 (year ended December 31, 2022 - $1.7 million).

Q4 2023

Transaction and other costs increased due to higher marketing costs and higher disposition activities during the quarter. The Trust incurred $1.7 million in marketing costs for the three months ended December 31, 2023 (three months ended December 31, 2022 - $0.4 million).

Net Income (Loss) Attributable to Unitholders

	Three months ended December 31			Years ended December 31		
(thousands of dollars, except per unit amounts)	**2023**	2022	Change	**2023**	2022	Change
Net income (loss) attributable to Unitholders	**$ (117,659)**	$ (4,961)	$ (112,698)	**$ 38,802**	$ 236,772	$ (197,970)
Net income (loss) attributable to Unitholders (basic)	**$ (0.39)**	$ (0.02)	$ (0.37)	**$ 0.13**	$ 0.77	$ (0.64)
Net income (loss) attributable to Unitholders (diluted)	**$ (0.39)**	$ (0.02)	$ (0.37)	**$ 0.13**	$ 0.77	$ (0.64)

2023

Net income attributable to Unitholders decreased largely as a result of $178.7 million lower other income inclusive of a $209.3 million unfavourable change in fair value on investment properties, an increase in income from equity-accounted investments of $16.0 million, and a $10.3 million increase in investment and other income. The increase in other expenses of $35.3 million, predominantly net interest costs, were partially offset by the increase in operating income of $1.7 million and $13.4 million current income tax recovery from the reversal of certain tax accruals. Refer to the *Results of Operations - Operating Income and Net Operating Income (NOI)*, *Results of Operations - Other Income (Loss)* and *Results of Operations - Other Expenses* sections of this MD&A for further details.

Q4 2023

Net income (loss) attributable to Unitholders decreased largely as a result of $106.4 million lower other income inclusive of a $107.4 million unfavourable change in fair value on investment properties and decrease in income from equity-accounted investments of $3.3 million. The increase in other expenses of $16.8 million, predominantly net interest costs, were partially offset by $10.7 million increase in operating income. Refer to the *Results of Operations - Operating Income and Net Operating Income (NOI), Results of Operations - Other Income (Loss)* and *Results of Operations - Other Expenses* sections of this MD&A for further details.

Funds From Operations (FFO)

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

(thousands of dollars, except where otherwise noted)	Three months ended December 31			Years ended December 31		
	2023	2022	Change	**2023**	2022	Change
FFO	**$ 132,890**	$ 127,643	$ 5,247	**$ 531,281**	$ 524,678	$ 6,603
FFO Adjusted	**$ 132,914**	$ 128,153	$ 4,761	**$ 532,649**	$ 528,967	$ 3,682
FFO per unit - basic	**$ 0.44**	$ 0.42	$ 0.02	**$ 1.77**	$ 1.71	$ 0.06
FFO per unit - diluted	**$ 0.44**	$ 0.42	$ 0.02	**$ 1.77**	$ 1.71	$ 0.06
FFO Adjusted per unit - diluted	**$ 0.44**	$ 0.42	$ 0.02	**$ 1.77**	$ 1.73	$ 0.04
Weighted average number of Units - basic (in thousands)	**300,417**	302,321	(1,904)	**300,392**	306,069	(5,677)
Weighted average number of Units - diluted (in thousands)	**300,417**	302,423	(2,006)	**300,479**	306,247	(5,768)
FFO Payout Ratio (i)				**60.5%**	59.0%	1.5%
FFO Payout Ratio Adjusted (i)				**60.3%**	58.5%	1.8%

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

2023

FFO increased by $6.6 million and FFO Adjusted increased by $3.7 million over the respective same period last year. On a diluted per unit basis, FFO and FFO Adjusted increased by $0.06, or 3.5% and $0.04 or 2.3%, respectively. The change in FFO Adjusted excludes a $2.9 million decrease in restructuring costs.

The $3.7 million increase in FFO Adjusted resulted mainly from a $15.7 million higher FFO from equity-accounted investments, $7.6 million in higher investment and other income, $4.2 million increase in interest income, $3.2 million lower Adjusted G&A Expense, $1.7 million increase in operating income, partially offset by higher net interest costs of $28.6 million. The increase in operating income was primarily due to $22.4 million improvement in NOI, net of a $17.6 million lower residential inventory gains due to timing and $2.0 million lower management and other service fee revenue. The improvement in NOI pertaining to our commercial properties was primarily driven by $27.1 million higher SPNOI, a $15.0 million increase from completed commercial developments, $4.0 million higher straight-line rent, partially offset by $31.4 million lower NOI due to asset dispositions and $2.0 million lower NOI from properties under de-leasing. Continued strong performance and leasing environment for our residential properties increased residential NOI by $7.9 million.

FFO per unit improved by $0.06 including the accretive benefit of unit buybacks and the items described above.

Q4 2023

FFO increased by $5.2 million and FFO Adjusted increased by $4.8 million when compared to the same respective period last year. On a diluted per unit basis, FFO and FFO Adjusted increased by $0.02 or 4.8%. The change in FFO Adjusted excludes $0.5 million in decreased restructuring costs.

The $4.8 million increase in FFO Adjusted resulted mainly from a $10.7 million increase in operating income, $2.7 million higher FFO from equity-accounted investments, $2.6 million higher invesment and other income, and $0.4 million lower Adjusted G&A Expense, partially offset by higher net interest costs of $10.6 million and $1.3 million higher transaction and other costs. The increase in operating income was primarily due to a $10.2 million improvement in NOI, $3.2 million higher management and other service fee revenue, partially offset by $2.6 million lower residential inventory gains due to timing. The improvement in NOI pertaining to our commercial properties was mainly driven by $8.7 million higher SPNOI, a $4.3 million increase from completed commercial developments and $1.8 million higher straight-line rent, partially offset by $6.3 million lower NOI due to asset dispositions and $0.9 million lower NOI from properties under de-leasing. Continued strong performance and leasing environment for our residential properties increased residential NOI by $2.4 million.

FFO per unit increased by $0.02 as a result of the items described above.

FFO Payout Ratio

The FFO Payout Ratio was 60.5% for the twelve-month period ended December 31, 2023 compared to 59.0% in 2022. The increase in the FFO Payout Ratio relative to last year is mainly due to a $0.06 per unit per annum increase in distributions effective February 2022 and February 2023, partially offset by the impact of units repurchased in prior years under NCIBs.

Adjusted Funds From Operations (AFFO)

AFFO is a non-GAAP financial measure. Refer to the *Non-GAAP Measures* section of this MD&A for more information. RioCan’s method of calculating AFFO is in compliance with the REALPAC definition issued in January 2022, except that RioCan excludes unrealized fair value gains or losses on marketable securities and ERP implementation costs (net of amortization) and continues to include realized gains or losses on marketable securities in its calculation of FFO and by extension AFFO.

(thousands of dollars, except where otherwise noted)	Three months ended December 31			Years ended December 31		
	2023	2022	Change	**2023**	2022	Change
AFFO	**$ 113,670**	$ 111,346	$ 2,324	**$ 459,483**	$ 461,381	$ (1,898)
AFFO Adjusted	**$ 113,694**	$ 111,856	$ 1,838	**$ 460,851**	$ 465,670	$ (4,819)
AFFO per unit - basic	**$ 0.38**	$ 0.37	$ 0.01	**$ 1.53**	$ 1.51	$ 0.02
AFFO per unit - diluted	**$ 0.38**	$ 0.37	$ 0.01	**$ 1.53**	$ 1.51	$ 0.02
AFFO Adjusted per unit - diluted	**$ 0.38**	$ 0.37	$ 0.01	**$ 1.53**	$ 1.52	$ 0.01
Weighted average number of Units - basic (in thousands)	**300,417**	302,321	(1,904)	**300,392**	306,069	(5,677)
Weighted average number of Units - diluted (in thousands)	**300,417**	302,423	(2,006)	**300,479**	306,247	(5,768)
AFFO Payout Ratio (i)				**70.0%**	67.1%	2.9%
AFFO Payout Ratio Adjusted (i)				**69.7%**	66.4%	3.3%

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

2023

AFFO decreased by $1.9 million and AFFO Adjusted decreased by $4.8 million over the comparable period. On a diluted per unit basis, AFFO and AFFO Adjusted increased by $0.02 or 1.3% and $0.01 or 0.7%, respectively.

The $4.8 million decrease in AFFO Adjusted was primarily due to higher normalized capital expenditures, partially offset by higher FFO Adjusted, net of higher straight-line rent. Refer to the *Results of Operations - Funds From Operations (FFO)* section of this MD&A for further details.

The improvement in AFFO per unit and AFFO Adjusted per unit on a diluted basis of $0.02 and $0.01, respectively included the accretive benefit of unit buybacks.

Q4 2023

AFFO increased by $2.3 million and AFFO Adjusted increased by $1.8 million over the comparable period. On a diluted per unit basis, AFFO and AFFO Adjusted increased by $0.01 or 2.7%.

The $1.8 million increase in AFFO Adjusted was primarily due to higher FFO Adjusted, net of higher straight-line rent, partially offset by higher normalized capital expenditures. Refer to the *Results of Operations - Funds From Operations (FFO)* section of this MD&A for further details.

AFFO Payout Ratio

The AFFO Payout Ratio was 70.0% for the twelve-month period ended December 31, 2023 compared to 67.1% in 2022. The increase compared to last year was primarily due to a $0.06 per unit per annum increase in distributions effective February 2022 and February 2023, partially offset by the impact of units repurchased in prior years under the NCIBs.

ASSET PROFILE

Property Valuations

Refer to Note 3 of the 2023 Annual Consolidated Financial Statements for a continuity schedule for the change in consolidated IFRS carrying values of our investment properties.

Investment Property Valuation

The Trust recorded net fair value losses of $222.9 million and $450.4 million, including assets held for sale, for the three months and year ended December 31, 2023, respectively. The fair value losses in the current quarter and year-to-date were primarily due to revisions to capitalization rates to reflect current market conditions resulting from rising interest rates, partially offset by higher stabilized NOI.

Capitalization Rates

The weighted average capitalization rate is based on the location and quality of the properties and takes into account market data at the valuation date. The table below provides details of the change in the weighted average capitalization rate (weighted by Stabilized NOI):

	Three months ended December 31		Years ended December 31	
Weighted Average Capitalization Rate	**2023**	2022	**2023**	2022
Beginning of period	**5.40 %**	5.37 %	**5.33 %**	5.29 %
Impact of dispositions	**(0.05)%**	(0.10)%	**(0.05)%**	(0.11)%
Impact of acquisitions	**— %**	— %	**(0.01)%**	(0.01)%
Development yield	**— %**	— %	**— %**	(0.01)%
Other adjustments	**0.06 %**	0.06 %	**0.14 %**	0.17 %
End of period	**5.41 %**	5.33 %	**5.41 %**	5.33 %

At December 31, 2023, the weighted average capitalization rate of the Trust's investment portfolio increased by 1 basis point and 8 basis points when compared to September 30, 2023 and December 31, 2022, respectively. The carrying value of investment properties reflects the Trust's best estimate for the highest and best use as at December 31, 2023.

The valuation of investment properties is subject to a number of factors underlying the estimated cash flows and capitalization rates used in the valuation process. These factors include but are not limited to geographic location, property type, strength of underlying tenant covenants, future intensification opportunities, estimated vacancy allowances and the resulting re-tenanting costs. Property values can also be impacted by higher interest rates as they tend to put upward pressure on capitalization rates. Interest rates, however, are only one of the many factors that impact property values. Favourable supply/demand dynamics, strong property fundamentals, the delivery of highly valued mixed-use residential developments and rising replacement costs, which further restrict the supply of quality open air retail centres, all provide support for fair values. Notwithstanding low visibility in a distorted market that is short of transactions, our valuations have been validated by third-party appraisals and substantiated with available market data points including recent transactions in which we have participated. Refer to Note 3 of the 2023 Annual Consolidated Financial Statements for a sensitivity analysis of investment property valuations to changes in the three key inputs to the property valuation - Stabilized NOI, capitalization rates and costs-to-complete.

Given the volatility in the current macroeconomic environment, the impact on the Trust's investment property valuation remains difficult to assess and predict. Refer to the *Risks and Uncertainties - Interest Rate and Financing Risk* and *Risks and Uncertainties - Inflation Risk* sections of this MD&A for discussions on these risks and uncertainties.

Valuation Processes

Internal Valuations

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

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

External Valuations

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

During the year ended December 31, 2023, the Trust obtained a total of 26 external property appraisals which supported an IFRS fair value of approximately $1.7 billion or 12.2% of the Trust's investment property portfolio as at December 31, 2023. Our mandate is to conduct an average of six external appraisals on investment properties on a quarterly basis or 24 investment properties a year, plus a selection of external land valuations, which is done every fourth quarter on our excess land and greenfield sites.

Acquisitions and Dispositions

Acquisitions

Acquisitions for the year ended December 31, 2023 are as follows:

(in thousands of dollars or sq. ft., except where otherwise noted)			Purchase price (i) (At RioCan's interest)					
Property name and location	Date acquired	Interest acquired	IPP	PUD	Residential Inventory	Total	Vendor take-back mortgage, purchase price payable and/or debt assumed	NLA acquired (thousands of sq. ft.)
Q4 2023 - No Acquisitions								
Q3 2023								
2973 Bloor Street West, Toronto, ON (ii)	July 31	100.0 %	$ 5,202	$ —	$ —	$ 5,202	$ —	3
			$ 5,202	**$ —**	**$ —**	**$ 5,202**	**$ —**	**3**
Q2 2023								
18154-18162 Yonge Street, East Gwillimbury, ON	June 29	100.0 %	$ 8,214	$ —	$ —	$ 8,214	$ —	16
King & Sherbourne Portfolio, Toronto, ON (iii)	June 26	50.0 %	10,613	—	—	10,613	2,799	8
Bellevue Phase One, Two & Four, Montreal, QC(iv)	May 29	100.0 %	51,444	2,061	—	53,505	38,049	115
1303 Bloor Street West, Toronto, ON (ii)	April 12	100.0 %	—	3,675	—	3,675	—	—
			$ 70,271	**$ 5,736**	**$ —**	**$ 76,007**	**$ 40,848**	**139**
Q1 2023								
508 Lansdowne Avenue, Toronto, ON (ii)	March 1	100.0 %	$ —	$ 2,209	$ —	$ 2,209	$ —	—
Parking lease at RioCan Hall, Toronto, ON (v)	January 13	100.0 %	—	26,638	—	26,638	—	—
			$ —	**$ 28,847**	**$ —**	**$ 28,847**	**$ —**	**—**
Total 2023 acquisitions			**$ 75,473**	**$ 34,583**	**$ —**	**$110,056**	**$ 40,848**	**142**

(i) Purchase price includes transaction costs of $1.4 million in aggregate.
(ii) Part of land assembly.
(iii) RioCan assumed $2.1 million in mortgage payable and $0.7 million in vendor take-back mortgage.
(iv) Gross purchase price before transaction costs of $2.4 million was $55.3 million, of which $51.1 million was allocated to investment properties and $4.2 million was allocated to mortgage payable. The mortgage payable assumed on closing was for Phase One and Two and had an aggregate contractual balance of $42.2 million.
(v) RioCan acquired the parking lease located at the property.

Subsequent to year end, the Trust purchased a 50% interest of an urban grocery anchored centre in Toronto, Ontario which is currently undergoing re-zoning to create additional density. The Trust will manage the property and the development process, earning fees for these activities. On closing, the purchase was settled with $13.2 million cash, the assumption of $46.1 million of debt at a weighted average contractual interest rate of 3.20%, and an accrual for future consideration for rezoned density currently estimated to be $40.9 million to be paid as various development milestones are met, for a total purchase price of $100.2 million. Development milestones include 1) the earlier of (i) 2.5 years following ZBA submission or (ii) ZBA approval, and 2) various SPA submissions and approvals for each phase of the redevelopment.

The Trust also purchased a 50% interest in a stabilized and operating mixed-use residential rental property for $52.9 million in Calgary. RioCan assumed a total of $32.7 million of debt consisting of both CMHC insured and conventional mortgages, with a blended contractual fixed interest rate of 1.97% and a blended weighted average remaining term to maturity of 6.7 years.

Purchase obligations

The Trust has agreed to purchase 100% of the retail portion of the 11YV project upon completion, currently estimated to be during 2025, at a 6.0% capitalization rate. The Trust currently owns a 37.5% interest in the project through an equity-accounted investment. Refer to the *Asset Profile - Joint Arrangements* section of this MD&A for further detail.

The Trust has agreed to purchase its partners' interest in the retail and residential rental components of Queen & Ashbridge upon stabilization, currently estimated to be during 2026, at the greater of pre-determined capitalization rates of 4.75% and 4.15%, respectively, or total cost plus 5%.

The Trust has agreed to purchase a 100% interest in Bellevue Phase Three provided certain conditions are met, currently estimated to be during 2026, at a pre-determined capitalization rate.

The Trust has agreed to purchase, provided certain conditions are met, a 50% interest in a mixed-use residential rental property located in Calgary, Alberta in Q1 2025 for an estimated purchase price of $6.0 million plus 50% of development costs incurred at the time of closing and a vendor promote that will be paid upon stabilization.

Dispositions

Dispositions for the year ended December 31, 2023 are as follows:

(in thousands of dollars or sq. ft., except where otherwise noted)			Gross sales proceeds (at RioCan's interest)					
Property name and location	Date disposed	Ownership interest disposed	IPP	PUD	Residential Inventory	Total	Debt associated with property	NLA disposed at RioCan's Interest
Q4 2023								
Strawberry Hill Shopping Centre, Surrey, BC	December 14	100.0 %	$147,913	$ 7,087	$ —	$155,000	$ —	341
Silver City Hull, Gatineau, QC (i)	November 1	100.0 %	12,250	—	—	12,250	—	85
Garden City Shopping Centre, Winnipeg, MB	October 25	100.0 %	61,000	—	—	61,000	—	376
			$221,163	**$ 7,087**	**$ —**	**$228,250**	**$ —**	**802**
Q3 2023 - No Dispositions								
Q2 2023								
RioCan West Ridge, Orillia, ON	May 1	100.0 %	$ 23,464	$ 1,577	$ —	$ 25,041	$ —	164
			$ 23,464	**$ 1,577**	**$ —**	**$ 25,041**	**$ —**	**164**
Q1 2023								
Hamilton Highbury Plaza, London, ON	February 2	100.0 %	$ 115	$ —	$ —	$ 115	$ —	5
Southland Crossing Shopping Centre, Calgary, AB	January 16	100.0 %	41,179	821	—	42,000	—	132
			$ 41,294	**$ 821**	**$ —**	**$ 42,115**	**$ —**	**137**
Total 2023 dispositions			**$285,921**	**$ 9,485**	**$ —**	**$295,406**	**$ —**	**1,103**

(i) RioCan provided a vendor take-back mortgage of $6.0 million.

In 2023, the Trust completed $295.4 million of dispositions at a weighted average capitalization rate of 6.92%, a testament to the quality of and demand for the Trust's assets, which include $285.9 million of income producing assets at a weighted average capitalization rate of 7.15% and $9.5 million of development properties with no in-place income.

As of February 13, 2024, the Trust has firm deals to sell full or partial interests in a number of properties totalling $31.1 million including two secondary market assets, one of which was cinema-anchored, and a piece of non-core development land.

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

Mortgages and Loans Receivable

Contractual mortgages and loans receivable as at December 31, 2023 and December 31, 2022 are comprised of the following:

(thousands of dollars, except where otherwise noted) As at	Weighted average Contractual interest rate (i)	Effective interest rate (i)	Terms to maturity (in years) (i)	**December 31, 2023**	December 31, 2022
Mezzanine financing and other	10.26%	10.26%	2.8	**$ 207,814**	$ 197,537
Vendor take-back	4.25%	5.98%	2.9	**81,719**	71,802
Total				**$ 289,533**	$ 269,339
Floating rate loans (ii)	11.33%	11.33%	2.7	**$ 142,009**	$ 75,020
Fixed rate loans (iii)	5.91%	6.87%	3.0	**147,524**	194,319
Total				**$ 289,533**	$ 269,339
Weighted average contractual interest rate				**8.57%**	7.73%
Weighted average effective interest rate				**9.06%**	8.26%
Weighted average terms to maturity (years)				**2.9**	3.8

(i) Information presented as at December 31, 2023.

(ii) As at December 31, 2022, contractual interest rates and effective interest rates were 9.87% and 9.87%, respectively.

(iii) As at December 31, 2023, $11.1 million included in fixed rate loans was variable to the prime rate, with a prime rate floor of 3.95% and prime rate cap of 4.95% (December 31, 2022 - $10.4 million).

All of the $289.5 million of mortgages and loans receivable as at December 31, 2023 are carried at amortized cost. RioCan's Declaration of Trust and certain credit agreements contain provisions that have the effect of limiting the investment in mortgages receivable under specific circumstances. Refer to Note 26 of the 2023 Annual Consolidated Financial Statements for further details.

Joint Arrangements

Joint arrangement activities represent real estate investments in which RioCan has joint control and either owns an undivided interest in the assets and liabilities with its co-owners (co-ownership or joint operations) or ownership rights to the residual equity of a separate entity holding the property interests (joint ventures) that are accounted for as equity-accounted investments (EAI JV). RioCan has 44 properties in joint operations and 16 properties in 7 joint ventures. RioCan’s primary co-ownership arrangements are with Allied Properties REIT (Allied); Boardwalk REIT (Boardwalk); Broccolini Real Estate Group (Broccolini); Canada Pension Plan Investment Board (CPPIB); Killam Apartment REIT (Killam); KingSett Capital (KingSett); Tanger Factory Outlet Centres, Inc. (Tanger); Woodbourne Capital Management (Woodbourne); and Sun Life Financial. The Trust also has partial interests in 16 properties held through joint ventures with Hudson's Bay Company (HBC), Marketvest Corporation/Dale-Vest Corporation, Fieldgate Urban (Fieldgate), Parallax Properties Inc. (Parallax), Metropia, and with a number of investors in RC (Queensway) LP, which are included in our equity-accounted investments in the 2023 Annual Consolidated Financial Statements.

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

Generally, the Trust is only liable for its proportionate share of the obligations of the joint arrangements in which it participates, except in limited circumstances. Credit risk may arise in the event that co-owners default on the payment of their proportionate share of such obligations. The joint arrangement agreements will typically provide RioCan with an option to remedy any non-performance by a defaulting co-owner/partner. These credit risks are mitigated as the Trust has recourse against the assets under its joint arrangement agreements in the event of default by its co-owners/partners, in which case the Trust’s claim would be against both the underlying real estate investments and the co-owners/partners that are in default. In addition to the matter noted above, RioCan has provided guarantees on debt totalling $341.2 million as at December 31, 2023 on behalf of co-owners/partners (December 31, 2022 - $255.4 million).

In addition to the 7 joint ventures, the Trust has significant influence over 4 limited partnerships, and, as a result, these are also equity-accounted investments. The total aggregate carrying-value of equity-accounted investments was $383.9 million as at December 31, 2023 (December 31, 2022 – $364.9 million), of which the most significant equity-accounted investments were RioCan-HBC JV $248.6 million, PR Bloor Street LP $48.9 million and the combined WhiteCastle New Urban Fund LPs $44.6 million (December 31, 2022 - $256.6 million, $42.3 million and $36.0 million, respectively).

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

Total Assets

(thousands of dollars) As at December 31, 2023	**Income properties**	**PUD**	**Residential inventory**	**Other (i)**	**Total assets**	Total assets as at December 31, 2022
Joint operations:						
Total assets of proportionately consolidated joint operations	**$ 2,403,530**	**$ 321,303**	**$ 182,269**	**$ 78,119**	**$ 2,985,221**	$ 3,108,503
Equity-accounted joint ventures:						
HBC (RioCan-HBC JV)	**$ 384,303**	**$ —**	**$ —**	**$ 30,676**	**$ 414,979**	$ 417,602
Marketvest Corporation/Dale-Vest Corporation (Dawson-Yonge LP)	**9,491**	**—**	**—**	**172**	**9,663**	9,647
Bloor Street West (RioCan-Fieldgate LP)	**—**	**2,031**	**16,435**	**217**	**18,683**	17,477
RC (Queensway) LP	**—**	**3,052**	**26,391**	**2,873**	**32,316**	18,593
RC (Leaside) LP - Class B	**—**	**—**	**10,288**	**85**	**10,373**	10,336
PR Bloor Street LP	**—**	**2,130**	**91,677**	**3,256**	**97,063**	90,372
RC Yorkville LP	**—**	**10,804**	**143,779**	**11,818**	**166,401**	—
Total assets of equity-accounted joint ventures (ii)	**$ 393,794**	**$ 18,017**	**$ 288,570**	**$ 49,097**	**$ 749,478**	$ 564,027
Other equity-accounted investments (ii)	**—**	**—**	**119,376**	**9,385**	**128,761**	94,990
Total assets of equity-accounted investments (ii)	**$ 393,794**	**$ 18,017**	**$ 407,946**	**$ 58,482**	**$ 878,239**	$ 659,017
Total joint operations and equity-accounted investments (ii)	**$ 2,797,324**	**$ 339,320**	**$ 590,215**	**$ 136,601**	**$ 3,863,460**	$ 3,767,520

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

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

Total NOI

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

	Three months ended December 31		Years ended December 31	
(thousands of dollars)	**2023**	2022	**2023**	2022
Joint Operations:				
Total NOI from proportionately consolidated joint operations	**$ 28,737**	$ 21,358	**$ 102,117**	$ 73,249
Equity-accounted investments:				
Joint ventures:				
HBC (RioCan-HBC JV)	**$ 6,012**	$ 5,424	**$ 25,181**	$ 21,389
Marketvest Corporation/Dale-Vest Corporation (Dawson-Yonge LP)	**130**	123	**509**	486
Bloor Street West (RioCan-Fieldgate LP)	**—**	4	**24**	28
RC (Queensway) LP	**—**	—	**(19)**	29
PR Bloor Street LP	**245**	258	**1,016**	914
RC Yorkville LP	**—**	—	**—**	—
Total NOI of equity-accounted joint ventures	**$ 6,387**	$ 5,809	**$ 26,711**	$ 22,846
Other equity-accounted investments	**29**	63	**153**	283
Total NOI of equity-accounted investments (i)	**$ 6,416**	$ 5,872	**$ 26,864**	$ 23,129
Total NOI of joint operations and equity-accounted investments	**$ 35,153**	$ 27,230	**$ 128,981**	$ 96,378

(i) Total FFO from equity-accounted investments was $8.1 million and $37.1 million, respectively, for the three months and year ended December 31, 2023 (December 31, 2022 - $5.4 million and $21.4 million, respectively), of which $2.0 million and $12.1 million was related to the gain on disposition of RC Yorkville LP for the quarter and year-to-date in 2023, respectively. The remaining FFO from equity-accounted investments is predominantly from the RioCan-HBC JV, which contributed $3.7 million and $17.1 million of FFO, respectively, for the quarter and year-to-date 2023 (December 31, 2022 - $3.8 million and $16.3 million, respectively).

WhiteCastle New Urban Fund, LP (WNUF 1)

On March 29, 2023, WNUF 1, one of the Trust's equity-accounted investments, was dissolved and final proceeds were distributed to the partners.

RioCan-HBC JV

During the second quarter of 2023, the Trust's ownership interest increased to 22.0% (December 31, 2022 - 20.2%).

On November 30, 2023, RioCan advanced a $30.0 million bridge financing loan to the RioCan-HBC JV, which was subsequently repaid on January 26, 2024.

RC Yorkville LP

On September 28, 2023, RioCan entered into a series of transactions whereby certain previously consolidated subsidiaries which held various interests in 11 YV, including RC Yorkville LP, became jointly controlled. RioCan subsequently sold 20.8% of its units and reduced its ownership in RC Yorkville LP from 100.0% to 79.2% or from 50.0% to 39.6% in the underlying 11YV project.

As a result, the Trust ceased consolidating these subsidiaries and an equity-accounted joint venture investment was created with a carrying value of $12.2 million. Upon the sale of its 20.8% interest to new investors, RioCan received $12.2 million of proceeds, which resulted in a gain of $10.1 million.

On October 3, 2023, RioCan sold an additional 4.2% interest in RC Yorkville LF, for proceeds of $2.4 million, recognizing a $2.0 million gain on sale and reducing its interest to 75.0% or 37.5% in the underlying 11YV project.

RioCan provided loans in the aggregate amount of $10.2 million to the above noted investors to finance their respective acquisition of the units from RC Yorkville LF.

On January 1, 2024, RioCan sold an additional 25.0% interest in the units of RC Yorkville LP and reduced its interest to 50.0% or 25.0% in the underlying 11YV project.

Capital Expenditures on Income Properties

Maintenance Capital Expenditures

Maintenance capital expenditures consist primarily of tenant improvements, third-party leasing commissions and certain recoverable and non-recoverable capital expenditures. Maintenance capital expenditures maintain the existing earnings capacity of our property portfolio and are dependent upon numerous factors. These include, but are not limited to, lease expiry profile, tenant vacancies, the age and location of the income properties and general economic and market conditions, which impact the level of tenant bankruptcies.

Actual maintenance capital expenditures can vary widely from period to period depending on a number of factors as noted above, as well as the level of acquisition and disposition activity. As a result, management believes that for the purpose of determining AFFO, as discussed in the *Non-GAAP Measures* section of this MD&A, using Normalized Capital Expenditures as an input in assessing a REIT's recurring economic earnings is more relevant than using actual capital expenditures. Refer to the *Non-GAAP Measures* section of this MD&A for details on how management estimates its Normalized Capital Expenditures used in the determination of AFFO.

Tenant improvements and external leasing commissions

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

Recoverable and non-recoverable capital expenditures

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

Revenue Enhancing Capital Expenditures

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

Summary of Capital Expenditures

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

	Three months ended December 31			Years ended December 31			Normalized Capital Expenditures (i)	
(thousands of dollars)	**2023**	2022	Change	**2023**	2022	Change	**2023**	2024
Maintenance capital expenditures:								
Tenant improvements and external leasing commissions	**$ 9,590**	$ 9,928	$ (338)	**$ 29,512**	$ 33,450	$ (3,938)	**$ 28,300**	$ 26,000
Recoverable from tenants	**7,505**	5,056	2,449	**28,545**	21,680	6,865	**23,500**	27,000
Non-recoverable	**1,549**	962	587	**6,447**	5,365	1,082	**3,200**	2,000
	$ 18,644	$ 15,946	$ 2,698	**$ 64,504**	$ 60,495	$ 4,009	**$ 55,000**	$ 55,000
Revenue enhancing capital expenditures	**24,319**	18,220	6,099	**61,350**	40,972	20,378		
	$ 42,963	$ 34,166	$ 8,797	**$ 125,854**	$ 101,467	$ 24,387		

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

RioCan's total maintenance capital expenditures for the year ended December 31, 2023 was $64.5 million, $9.5 million higher than the Normalized Capital Expenditures estimate of $55.0 million, primarily due to higher recoverable and non-recoverable capital expenditures. For 2024, normalized maintenance capital expenditure guidance is set at $55.0 million, allocated evenly to each quarter, although quarterly fluctuations between the estimated normalized maintenance capital expenditures and actual expenditures are expected. The Trust will reassess the estimated normalized maintenance capital expenditures as necessary on a going forward basis. Revenue enhancing capital expenditures of $15.0 million to $20.0 million are expected in 2024, a reduction from 2023 as the Trust is preserving capital by reducing spend.

DEVELOPMENT PROGRAM

RioCan's development program is a key component of its growth strategy serving to drive net asset value expansion, increasing NOI, and favourable portfolio diversification. Our development program has the following competitive advantages:

Development Opportunities

RioCan's sizable portfolio provides embedded development opportunities. The Trust's well-located retail centres are generally built with lot coverages of approximately 25% of the underlying lands which provide excess density for potential intensification. All development sites are well-located, transit-oriented locations in Canada's six largest metropolitan markets with 81.3% of projects located in the GTA.

Established Development Expertise

RioCan operates an in-house development team with extensive experience to execute every stage of the development lifecycle from site identification, development planning, zoning, design, construction management oversight, product delivery, and operations. The Trust has a track record of successfully executing development projects and over 30 years of experience in the Canadian commercial real estate landscape.

Strategic Financial & Risk Management

RioCan's management team continuously reviews and prioritizes development opportunities, allowing the Trust to actively manage development capital requirements and adapt to changing market conditions. New projects undergo rigorous planning to enable cost clarity in any environment. Given that RioCan's development pipeline primarily comprises of excess density embedded within existing income-producing assets, the Trust is able to manage the timing of development starts. If required, these assets can continue to generate income until the appropriate time to commence development is reached in order to generate strong incremental returns and increase the Trust's net asset value. Refer to the *Our Business and Our Business Environment* and *Risks and Uncertainties* sections of this MD&A for discussions about the development environment as well as associated development risk.

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

Category	Description
Projects under construction	Development projects under active construction or anticipated to commence active construction in the next three months.
Shovel ready development sites	Zoning by-law approval, legal obligations achieved, as well as environmental and tenant encumbrances resolved. Upon financial commitment and site plan approval, project will commence construction.
Zoning approved	Achieved full zoning by-law amendment approval.
Zoning application submitted	Trust has submitted re-zoning application to change municipality zoning designation and / or increase density.
Future developments	Sites identified in key urban markets with potential for mixed-use and residential development. The Trust is actively reviewing redevelopment strategy on these sites including re-zoning and entitlement process to seek incremental density.

Development Pipeline

RioCan's development pipeline on a proportionate share basis in equity-accounted joint ventures as at December 31, 2023 is summarized below:

	Estimated GFA (i)				Investment			
(in thousands of dollars or sq. ft. and at RioCan's interest unless otherwise noted)	Commercial	Residential (ii)	Total (iii)	Residential units at 100% ownership (i)(ii)	Residential inventory cost to date(iv)(v)	PUD cost to date (iv)	Estimated cost to complete	Estimated total
Projects under construction (vi)	232	1,003	1,235	3,096	$ 309,452	$ 380,164	$ 444,554	$ 1,134,170
Shovel ready development sites	904	801	1,705	1,389	3,823	173,151	—	176,974
Zoning approved	1,622	12,883	14,505	17,566	158,194	167,919	—	326,113
Zoning application submitted	200	3,740	3,940	6,029	44,588	69,987	—	114,575
Future developments	1,938	19,177	21,115	16,593	4,267	102,415	—	106,682
Development lands & others	—	—	—	—	—	24,644	—	24,644
Total Development at Cost	**4,896**	**37,604**	**42,500**	**44,673**	**$ 520,324**	**$ 918,280**	**$ 444,554**	**$ 1,883,158**
Total properties under development at fair value						**$ 947,573**		

(i) Estimated GFA and the number of residential units are based on current development plans; final square footage and units may differ.

(ii) Includes residential condominiums, townhouses, and residential rental development.

(iii) Estimated total square footage includes 4.7 million square feet of NLA currently income producing.

(iv) Non-GAAP financial measures are presented at RioCan's Proportionate Share in Equity-Accounted Joint Ventures. Refer to the *Non-GAAP Measures* section in this MD&A for more information.

(v) Residential inventory cost to date includes commissions.

(vi) Estimated NLA on projects under construction approximates 1.1 million square feet by applying a 90% GFA conversion factor.

Completed Developments

For the year ended December 31, 2023, RioCan transferred a total of 599,000 square feet of new development NLA. In Q4 2023, progress continued with the Trust delivering 117,000 square feet of commercial space at The Well, 159 residential units at FourFifty The Well as residential occupancy continued and five completed retail developments totalling 98,000 square feet.

The following table details RioCan’s development completions in the year ended December 31, 2023:

(in thousands and at RioCan's interest unless otherwise noted)

			NLA (in '000 sq. ft.)					
Project / Location	% Ownership	Residential units at 100% ownership	Q1	Q2	Q3	Q4	Total	Tenants
Mixed-use								
Luma, Ottawa, ON	50%	n/a	3	—	—	—	3	Quesada, Pet Valu
5th & THIRD East Village, Calgary, AB	100%	n/a	—	11	—	—	11	Shoppers Drug Mart
The Well, Toronto, ON	50%	n/a	60	97	63	117	337	Shopify, Unity Technologies, Index Exchange, Warner Music Canada, Bank of Montreal, Point Click Care, Indigo, Middlefield, Adidas; Konrad, Sweat & Tonic, Shoppers Drug Mart, Oliver & Bonacini, various tenants
FourFifty The Well, Toronto, ON	50%	395	—	—	72	51	123	Residential rental units
Rhythm, Ottawa, ON	50%	n/a	—	—	—	6	6	TD Bank, Pet Valu, Capital Optical
Subtotal mixed-use		**395**	**63**	**108**	**135**	**174**	**480**	
Retail								
Georgian Mall, Barrie, ON	50%	n/a	3	—	—	—	3	Chick-fil-A
University Plaza, Hamilton, ON	100%	n/a	—	2	—	—	2	Valvoline
RioCan Windfields Phase One, Oshawa, ON	100%	n/a	—	—	16	—	16	Service Canada
Sage Hill Crossing, Calgary, AB	100%	n/a	—	—	—	37	37	Planet Fitness, Value Village
RioCan Windfields Phase Two, Oshawa, ON	100%	n/a	—	—	—	25	25	BMO, Sleep Country, One Planet, Popeye's, Domino's, Subway, various tenants
Yonge Eglinton Centre, Toronto, ON	100%	n/a	—	—	—	24	24	Goodlife Fitness
Five Points Shopping Centre, Oshawa, ON	100%	n/a	—	—	—	9	9	Mr. Lube, Mary Brown's, Rajdhani Restaurant, Pizzeria, Chorizo
East Hills Shopping Centre, Calgary, AB	40%	n/a	—	—	—	3	3	Firehall
Subtotal retail		**—**	**3**	**2**	**16**	**98**	**119**	
Total completed developments		**395**	**66**	**110**	**151**	**272**	**599**	

For the year ended December 31, 2023, RioCan completed a townhouse development delivering 32 residential units, recognizing a total inventory gain of $4.8 million on a total investment of $8.6 million.

The following table details RioCan’s townhouse completions in the year ended December 31, 2023:

(in thousands of dollars and at RioCan's interest unless otherwise noted)

Project / Location	% Ownership	Units at 100% ownership	Revenue	Cost	Commissions	Inventory gain
Townhouses						
U.C. Towns 2, Oshawa, ON (i)	50%	32	$ 13,789	$ 8,602	$ 392	$ 4,795
Total townhouse development		**32**	**$ 13,789**	**$ 8,602**	**$ 392**	**$ 4,795**

(i) Total development is comprised of 65 units, the remaining 33 units are expected to close in the first half of 2024.

2022-2026 Development Deliveries

RioCan's five-year development pipeline from 2022-2026 inclusive is expected to deliver approximately 3 million square feet of GFA The following table details the Trust's development deliveries:

(in thousands of dollars and RioCan's interest unless otherwise noted)	Development Completion (i)					Residential Inventory Completion (i)(ii)		
Completion year	GFA (in sq. ft.)	Residential units at 100% ownership	IFRS cost transfer from PUD to IPP	Net cost transfer from PUD to IPP(iii)(iv)	Stabilized cash NOI(v)	GFA (in sq. ft.)	Residential units at 100% ownership	Total residential inventory sales revenue
2022	721,800	650	$ 565,520	$ 504,967	$ 24,132	254,110	608	$ 118,659
2023 (vi)	653,900	395	530,600	466,800	27,200	25,000	32	13,789
2024	265,500	197	316,900	272,400	10,500	143,400	366	110,000 - 116,000
2025 - 2026	432,200	326	299,500	217,900	9,600	652,800	2,207	670,000 - 676,000
Total	**2,073,400**	**1,568**	**$ 1,712,520**	**$ 1,462,067**	**$ 71,432**	**1,075,300**	**3,213**	**$912,000 - $924,000**

(i) 2022-2023 represents actual completions. Figures for 2024-2026 are estimates and represent forward-looking information.

(ii) Residential inventory includes condominium and townhouse units.

(iii) Net cost transfer is expressed on a cash basis. It excludes vacant land costs and invested costs on retail redevelopment at date of transfer. It is also net of proceeds from land sales, applicable interim income or fee income earned, capitalized interest on invested equity, and fair value on initial amounts transferred into properties under development.

(iv) Refer to the *Non-GAAP Measures* section of this MD&A for further information on net cost transfers from PUD to IPP during 2023 and 2022.

(v) Forward-looking non-GAAP financial measure calculated based on proforma annualized Stabilized NOI. Refer to the *Non-GAAP Measures* section of this MD&A for further information on NOI.

(vi) 2023 completions of 653,900 square feet of GFA represents an estimated 599,000 square feet of NLA.

Development Projects Under Construction

RioCan currently has 11 mixed-use developments and two retail developments under active construction. Upon completion of these projects, the Trust is expected to deliver approximately 232,000 square feet of commercial space and 3,096 residential units, including 2,540 condominium units, and 33 townhouses.

The following table details RioCan's development projects under construction on a proportionate share basis including equity-accounted joint ventures as at December 31, 2023:

(in thousands of dollars and at RioCan's interest unless otherwise noted)			Estimated GFA ('000 sq. ft.) (i)		Investment					
	% Ownership	Estimated Residential units at 100% ownership (i)	Residential	Commercial	Residential inventory cost to date (ii) (iii)	PUD cost to date (ii)	Estimated cost to complete	Estimated total (iii)	Estimated residential inventory sales revenue	Estimated completion period (iv)
Mixed-use										
The Well, Toronto, ON	50 %	—	—	152	$ —	$233,126	$ 23,947	$ 257,073	n/a	2024 Q1 - 2024 Q4
FourFifty The Well, Toronto, ON (Rental)	50 %	197	79	—	—	33,636	21,635	55,271	n/a	2024 Q1 - 2024 Q2
Luma, Ottawa, ON	50 %	—	—	2	—	1,650	118	1,768	n/a	2024 Q2
Rhythm, Ottawa, ON	50 %	—	—	4	—	1,690	2,347	4,037	n/a	2024 Q1- 2024 Q2
U.C. Towns 2, Oshawa, ON (Townhouse)	50 %	33	26	—	5,360	—	3,911	9,271	$13,000 - $15,000	2024 Q1- 2024 Q2
5th & THIRD East Village, Calgary, AB	100 %	—	—	10	—	7,352	29	7,381	n/a	2024 Q3
11 YV, Toronto, ON (Condominium) (v)	38 %	617	176	—	148,726	—	60,845	209,571	$256,000 - $258,00	2024 Q4 - 2025 Q4
11 YV, Toronto, ON (Rental) (v)	38 %	81	21	10	—	23,997	14,774	38,771	n/a	2024 Q4 - 2025 Q4
Queen & Ashbridge, Toronto, ON (Condominium)	50 %	399	144	—	64,863	—	68,074	132,937	$151,000 - $153,000	2025 Q2 - 2026 Q1
Queen & Ashbridge, Toronto, ON (Rental)	50 %	233	104	10	—	37,141	41,630	78,771	n/a	2025 Q2 - 2026 Q1
U.C. Tower 2, Oshawa, ON (Condominium)	50 %	606	228	—	46,309	—	78,742	125,051	$156,000 - $158,000	2024 Q4 - 2025 Q2
U.C. Tower 3, Oshawa, ON (Condominium)	50 %	386	138	—	16,080	—	73,953	90,033	$126,000 - $128,000	2025 Q3 - 2026 Q2
Verge, Toronto, ON (Condominium) (v)	20 %	532	85	—	28,114	—	37,174	65,288	$78,000 - $80,000	2025 Q1 - 2025 Q4
Verge, Toronto, ON (Rental) (v)	20 %	12	2	6	—	2,019	3,852	5,871	n/a	2025 Q1 - 2025 Q4
Subtotal mixed-use		**3,096**	**1,003**	**194**	**$ 309,452**	**$340,611**	**$ 431,031**	**$1,081,094**	**$780,000 - $792,000**	
Retail										
Yonge & Eglinton Centre, Toronto, ON (vi)	100 %	n/a	—	25	n/a	31,764	5,411	37,175	n/a	2024 Q2
RioCan Windfields Phase Two, Oshawa, ON	100 %	n/a	—	13	n/a	7,789	8,112	15,901	n/a	2024 Q1 - 2025 Q2
Subtotal retail		**—**	**—**	**38**	**—**	**39,553**	**13,523**	**53,076**	**—**	
Total projects under construction		**3,096**	**1,003**	**232**	**$ 309,452**	**$380,164**	**$ 444,554**	**$1,134,170**	**$780,000 - $792,000**	

(i) Estimated GFA and residential units are based on current development plans, final square footage and units may differ.

(ii) Non-GAAP financial measures, refer to the *Non-GAAP Measures* section in this MD&A for more information.

(iii) Includes selling commissions which are included in prepaid expenses and other assets. Costs are transferred to cost of sales upon buyer interim closing.

(iv) Estimated completion period on condominium developments represent interim closing period upon occupancy. Final closings are expected to occur approximately 9 to 12 months following the first interim closing.

(v) Equity-accounted investments.

(vi) Total estimated costs include historical carrying amounts of $30.4 million transferred from IPP for redevelopment.

The Well, Toronto, ON

As an extension of the vibrant King West neighbourhood of Toronto, this mixed-use development is expected to deliver at RioCan's share approximately 747,000 square feet of commercial space with a total expected investment of $951.6 million. The total estimated PUD costs for The Well are net of approximately $54.0 million of recoverable costs at RioCan's interest relating to matters such as parking, parkland dedication, and an Enwave thermal energy tank and approximately $75.6 million of completed air rights sales proceeds.

As at December 31, 2023, the Trust has completed 629,000 square feet of commercial space and anticipates full project completion in 2024. Development completions at The Well are transferred at the earlier of cash rent commencement and the date tenants begin operations. The Trust expects development completions to largely coincide with tenants' cash rent commencement dates. In instances where tenants begin operations prior to cash rent commencement, the Trust will recognize straight-line rent from the date of tenant operations. This completion transfer methodology results in the capitalization of development carrying costs up to the end of the fixturing period. As at February 13, 2024, approximately 96% of the total commercial space at The Well has been leased.

As at December 31, 2023	Estimated NLA (sq. ft.)			Investment					
(in thousands of dollars and at RioCan's interest)	Completed	PUD	Total	Completed	PUD cost to date	Estimated cost to complete	Estimated total cost	Adjustments to cash basis	Estimated total net cost (i)
Investment Property	629,000	118,000	747,000	$ 694,517	$ 233,126	$ 23,947	$ 951,590	$ (69,377)	$ 882,213

(i) Non-GAAP financial measure. Net cost transfer is expressed on a cash basis. It excludes vacant land costs and invested costs on retail redevelopment at date of transfer. It is also net of proceeds from land sales, applicable interim income or fee income earned, capitalized interest on invested equity, and fair value on initial amounts transferred into properties under development.

FourFifty The Well, Toronto, ON

FourFifty The Well is a 46-storey luxury residential rental building comprised of 592 units. This building provides its residents with direct access through its retail podium to The Well's superior amenities, which offer a one-stop source for living, shopping, working and entertainment. In Q4 2023, the Trust completed 159 residential rental units, bringing the total number of units completed in 2023 to 395. The remaining 197 units are expected to be completed in early 2024 with a full lease-up by the end of 2024.

As at December 31, 2023	Estimated GFA (sq. ft.)			Investment					
(in thousands of dollars and at RioCan's interest)	Completed	PUD	Total	Completed	PUD cost to date	Estimated cost to complete	Estimated total cost	Adjustments to cash basis	Estimated total net cost (i)
Investment Property	131,000	79,000	210,000	$ 94,595	$ 33,636	$ 21,635	$ 149,866	$ (9,229)	$ 140,637

(i) Non-GAAP financial measure. Net cost transfer is expressed on a cash basis. It excludes vacant land costs and invested costs on retail redevelopment at date of transfer. It is also net of proceeds from land sales, applicable interim income or fee income earned, capitalized interest on invested equity, and fair value on initial amounts transferred into properties under development.

U.C. Towns 2, U.C. Tower 2, and U.C. Tower 3, Oshawa, ON

Located in North Oshawa with close proximity to Ontario Highway 407, this multi-phase condominium and townhouse development is adjacent to RioCan Windfields shopping centre, providing residents convenient access to essential retail and restaurant amenities. Construction is progressing well on all phases. In Q4 2023, the Trust closed on 32 units at U.C. Towns 2. The remaining 33 units are expected to close in the first half of 2024. U.C. Tower 2 and U.C. Tower 3 are under construction. As at December 31, 2023, on a combined basis, 95% of units at U.C. Tower 2 and U.C. Tower 3 have been released to market, of which 78% are pre-sold.

11 YV, Toronto, ON

11 YV is a 65-storey mixed-use development offering 617 luxury condominium units, 81 rental replacement residential units and approximately 34,000 square feet of retail space at 100% ownership. Located in the heart of Toronto's prestigious Yorkville neighbourhood, 11YV provides access to luxury retail shops, upscale dining, museums, and several Toronto Transit Commission (TTC) Subway stations within walking distance. In Q2 2023, zoning was successfully amended resulting in expanded density for a site already underway in the form of three incremental storeys or 30 condominium units. During the year, the Trust sold 25.0% of its interest in RC Yorkville LP or a 12.5% interest in the 11YV project, recognizing a gain of $12.1 million. Subsequent to the year-end, the Trust further reduced its interest in the project to 25.0% by selling an additional 12.5% interest. As at December 31, 2023, above grade construction continues and 95% of condominium units have been released to market of which 99% of units pre-sold. The Trust anticipates interim occupancy of 15% of the condominium units will occur in Q4 2024. Occupancy of the remaining units is expected throughout 2025.

Queen & Ashbridge™, Toronto, ON

Queen & Ashbridge is a mixed-use development offering 233 residential rental units, 399 condominium units and podium retail space. The development is well-located between The Beaches and Leslieville neighbourhoods in Toronto with close proximity to parks, waterfront amenities, boutique retail and restaurants. As at December 31, 2023, above grade construction continues and all condominium units have been released to market with 96% of units pre-sold.

Verge™, Toronto, ON

Verge is a mixed-use development offering 532 condominium units,12 rental units and at-grade retail. Verge is located at the southwest corner of Islington Avenue and The Queensway in Toronto with direct access to the Gardiner Expressway and in close proximity to a GO Station and a TTC Subway station. As at December 31, 2023, above grade construction continues and 100% of condominium units have been released to market, of which 90% of units are pre-sold.

Development Projects in Planning

RioCan continues to unlock high-quality development opportunities in its existing portfolio. The Trust's development pipeline focuses on mixed-use development projects with substantially all of its developments located in Canada's six largest urban markets.

In Q4 2023, the Trust obtained zoning approvals for 0.9 million square feet of mixed-use development at RioCan Hall in downtown Toronto. As of December 31, 2023, RioCan has 15.3 million square feet of zoned mixed-use development sites in planning, of which 0.8 million square feet is shovel ready. Shovel ready sites have achieved necessary zoning designation, legal approvals, and environment and tenant encumbrances have been resolved at which time the Trust is in a position to commence construction once total project capital is finalized and committed. Additionally, the Trust has submitted applications for 3.9 million square feet of mixed-use developments.

The following table details RioCan's development projects in planning including equity-accounted joint ventures as at December 31, 2023:

	(in $ thousands and RioCan's interest unless otherwise noted)	Development type	% Ownership	Potential GFA ('000 sq.ft.) (i) Commercial	Residential	Total	Potential residential units at 100% ownership (i)	Carrying cost (ii)
	Shovel ready development sites							
F5 (v)	Shoppers World Brampton, ON - Phase One	Mixed-use	100 %	—	544	544	759	$ 7,277
	Gloucester, Ottawa, ON	Mixed-use	50 %	10	257	267	630	3,747
	RioCan Windfields, Oshawa, ON	Retail	100 %	548	—	548	—	58,061
	7 projects (vi)	Retail	various	346	—	346	—	107,889
	Subtotal shovel ready sites			**904**	**801**	**1,705**	**1,389**	**$ 176,974**
	Zoning approved development sites							
F5 (v)	Shoppers World Brampton, ON - Future phases	Mixed-use	100 %	429	3,156	3,585	3,969	$ —
F5 (v)	RioCan Hall, Toronto, ON	Mixed-use	100 %	328	530	858	693	40,442
F5 (v)	RioCan Leaside Centre, Toronto, ON (iii)	Mixed-use	100% Rental 25% Condo	178	812	990	1,452	96,665
F5 (v)	RioCan Scarborough Centre, Toronto, ON - Golden Mile Phases One & Two	Mixed-use	100 %	55	1,945	2,000	1,797	29,397
	83 Bloor Street West, Toronto, ON	Mixed-use	50 %	9	374	383	1,118	93,885
	2955 Bloor Street West, Toronto, ON	Mixed-use	100 %	8	98	106	126	1,685
	2323 Yonge Street, Toronto, ON	Mixed-use	50 %	36	130	166	352	1,405
	Dufferin Plaza, Toronto, ON	Mixed-use	50 %	8	240	248	606	19,707
	RioCan Markington, Toronto, ON	Mixed-use	100 %	79	904	983	1,209	1,498
	RioCan Durham, Ajax, ON	Mixed-use	100 %	28	613	641	754	10,425
	Clarkson Village, Mississauga, ON	Mixed-use	100 %	24	480	504	591	20,977
	RioCan Grand Park, Mississauga, ON	Mixed-use	100 %	17	221	238	272	2,748
	RioCan Elmvale, Ottawa, ON	Mixed-use	100 %	113	344	457	848	—
	RioCan Westgate, Ottawa, ON	Mixed-use	100 %	67	524	591	643	—
	East Hills South Block, Calgary, AB	Mixed-use	40 %	—	790	790	2,136	6,641
	RioCan Brentwood, Calgary, AB	Mixed-use	100 %	—	810	810	1,000	—
	Jasper Gates, Edmonton, AB	Mixed-use	100 %	243	912	1,155	—	638
	Subtotal zoning approved sites			**1,622**	**12,883**	**14,505**	**17,566**	**$ 326,113**
	Zoning application submitted development sites							
	2345 Yonge Street, Toronto, ON	Mixed-use	50 %	68	214	282	648	$ 1,254
	2990 Eglinton Avenue East, Toronto, ON	Mixed-use	100 %	6	737	743	935	2,781
	2939 Bloor Street West, Toronto, ON	Mixed-use	50 %	8	69	77	242	18,209
	3180 Dufferin Street, Toronto, ON	Mixed-use	50 %	8	211	219	555	34,872
	Bloor Street West & Lansdowne Avenue, Toronto, ON	Mixed-use	100 %	3	195	198	230	28,895
	Above, Mississauga, ON	Mixed-use	50 %	7	198	205	577	28,249
	Sandalwood Square, Mississauga, ON	Mixed-use	100 %	—	916	916	1,127	—
	1650 - 1660 Carling Avenue, Ottawa, ON	Mixed-use	100 %	100	1,200	1,300	1,715	315
	Subtotal zoning application submitted sites			**200**	**3,740**	**3,940**	**6,029**	**$ 114,575**
	Future developments							
F5 (v)	RioCan Scarborough Centre, Toronto, ON - Golden Mile Future phases (iv)	Mixed-use	100 %	159	2,111	2,270	3,186	$ 1,133
F5 (v)	RioCan Colossus Centre, Vaughan, ON	Mixed-use	100 %	788	9,212	10,000	11,270	19,859
	12 projects	Mixed-use	various	991	7,854	8,845	2,137	85,690
	Subtotal future developments			**1,938**	**19,177**	**21,115**	**16,593**	**$ 106,682**
	Total development projects in planning			**4,664**	**36,601**	**41,265**	**41,577**	**$ 724,344**

(i) Potential GFA and residential units are estimates based on current development plans, final square footage and units may differ.
(ii) Includes residential inventory and properties under development cost to date.
(iii) RioCan owns 970 residential units which include 809 rental units at 100% ownership and 643 condominium units of which the Trust owns 25%.
(iv) Potential GFA achieved through Golden Mile Secondary Plan.
(v) F5 denotes RioCan's Focus Five large scale projects. See project descriptions in the following section.
(vi) Includes historical carrying amounts transferred from IPP for certain redevelopment projects.

RioCan's Focus Five (F5) large scale projects

With many opportunities to advance development opportunities embedded within the existing portfolio, RioCan has prioritized its efforts on five projects. These Focus Five sites are large scale, transit-oriented, mixed-use developments in the GTA that the Trust is currently advancing through the zoning and site plan approval process. The projects will be built in phases and have the potential to deliver 20.2 million square feet and 23,126 residential units. The scale of these projects provides optionality to create value through development, partnerships and air rights sales, driving growth for many years to come. The following are RioCan's Focus Five development projects:

RioCan Hall, Toronto, ON

RioCan Hall is a prime downtown Toronto landmark situated at the southwest corner of John Street and Richmond Street. The current development plan contemplates two mixed-use buildings offering 693 residential units, entertainment, retail and office spaces spanning across 0.9 million square feet. The design also includes a pedestrian-oriented podium and a public park leading into the development, contributing to the enhancement of community spaces and promoting a vibrant and livable community. The Zoning By-law Amendment has been approved by the City of Toronto.

RioCan Leaside Centre, Toronto, ON

RioCan Leaside Centre is an 8.8-acre real estate development situated at the southeast corner of Eglinton East and Laird Drive in the upscale neighbourhood of Leaside. The forthcoming Eglinton Crosstown Light Rapid Transit (LRT) will provide this master-planned community, comprising of eight towers, unparalleled connectivity. When complete, this project will span approximately 1.0 million square feet. The development will offer 1,452 residential units, retail spaces, public parks, community centres, and privately-owned public spaces elevating the urban vibrancy of the neighborhood. The Zoning By-law Amendment has been approved by the City of Toronto and the Trust has submitted Site Plan Application to the City of Toronto.

RioCan Colossus Centre, Vaughan, ON

RioCan Colossus Centre, spanning an approximate area of 61.7 acres, is strategically located at the intersection of Highway 400 and Highway 7 in Vaughan, a rapidly growing municipality in the GTA. The location is situated in close proximity to the Vaughan Metropolitan Centre Station, providing access to the TTC Subway line and York Regional public transit. This project envisions a mixed-use community of approximately 10.0 million square feet comprised of 11,270 residential units, office and retail spaces. This master-planned neighborhood will enhance the public realm through a newly connected street network, parks and pedestrian mews. The Trust will execute the development in a phased manner and has submitted an Official Plan Amendment to the City of Vaughan.

RioCan Scarborough Centre, Toronto, ON - Golden Mile

RioCan's Scarborough Centre is located in The Golden Mile district of Toronto and is set to undergo a significant transformation with the proposed development of an approximately 26.4-acre site located along Eglinton Avenue East. The master plan for this multi-phase, mixed-use community contemplates high-density residential and retail amenities. This transit-oriented site is located directly adjacent to the newly constructed transit stations of the Eglinton Crosstown LRT. RioCan’s development plan includes a total of 4.3 million square feet, and 4,983 residential units. Zoning By-law Amendment was approved for the first two phases of the development totalling approximately 2.0 million square feet. The Trust anticipates Site Plan Application submission to the City of Toronto in the first half of 2024.

Shoppers World Brampton, ON

RioCan’s Shoppers World Brampton is a 52.1-acre site that currently contains an approximate 700,000 square foot community shopping centre located in Brampton, Ontario. The property is located in the GTA within close proximity of major regional and municipal rapid transit, including the proposed Hurontario LRT, and is ideally suited for mixed-use redevelopment. The City of Brampton has targeted the site as the “Uptown Gateway” in its 2040 Vision Report. The project will be a multi-phase development totalling approximately 4.1 million square feet. The Trust has submitted Site Plan Approval for Phase 1A proposing two residential towers with at-grade commercial at the southwest corner of the property with direct frontage onto Steeles Avenue West and in walking distance to the proposed terminus stop of the future LRT.

CAPITAL RESOURCES AND LIQUIDITY

Capital Management Framework

RioCan defines capital as the aggregate of Unitholder and preferred Unitholders’ equity and debt. RioCan's capital is as follows:

(thousands of dollars)	IFRS basis		RioCan's proportionate share (i)	
As at	**December 31, 2023**	December 31, 2022	**December 31, 2023**	December 31, 2022
Total debt	**$ 6,861,113**	$ 6,742,343	**$ 7,251,368**	$ 7,003,630
Total equity	**7,437,770**	7,728,892	**7,437,770**	7,728,892
Total capital	**$ 14,298,883**	$ 14,471,235	**$ 14,689,138**	$ 14,732,522

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

The 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 of Trust;
- complies with debt covenants;
- enables RioCan to achieve target credit ratings; and
- funds the Trust’s business strategies and builds long-term Unitholder value.

The key elements of RioCan’s capital management framework are set out in the Declaration of Trust, and/or approved by the Trust’s Board, through the Board’s annual review of the strategic plan and budget, supplemented by periodic Board and related committee meetings. Management monitors capital adequacy of the Trust by assessing performance against the approved annual plan throughout the year, which is updated accordingly, and by monitoring compliance with investment and debt restrictions contained in the Declaration of Trust and debt covenants. In selecting appropriate funding choices, RioCan’s objective is to diversify its funding sources while minimizing its funding costs and risks. RioCan expects to satisfy all of its financing requirements through the use of some or all of the following: cash on hand, cash generated by operations, refinancing of maturing debt, utilization of its operating line of credit, credit facilities, construction financing facilities, conventional mortgages and CMHC financing, sale of non-core properties or sale of partial interests in developments or air rights, sale of condominium / townhouse units and through public offerings of debt and common equity or preferred units.

RioCan's refined objectives related to managing total debt are to change the weighting of unsecured and secured debt to 70%/30% of total debt respectively and to extend the weighted average term to maturity of the total debt portfolio beyond the current 3.25 years, as market conditions permit. This transition is expected to take time and will be balanced with credit rating implications, cost of debt, debt maturity composition and liquidity needs.

Declaration of Trust and Debt Covenants

As noted above, the Trust is subject to certain investment and debt restrictions. These restrictions include but are not limited to, total indebtedness, secured indebtedness, a debt service coverage ratio, minimum unitholders' equity, a ratio of unencumbered property assets to unsecured indebtedness and properties held for development as a percentage of consolidated gross book value of assets. In addition, the Declaration of Trust limits direct and indirect investments in greenfield developments and development properties held for resale (each net of related mortgage debt but including mezzanine financing which funds the co-owners’ share of such developments) to no more than 15% of Adjusted Unitholders’ Equity of the Trust (herein referred to as the "Basket Ratio" which, along with Adjusted Unitholders' Equity, is defined in the Declaration of Trust). As at December 31, 2023, the Basket Ratio was 7.2%. These and other covenants and restrictions are more fully described in Note 26 of the 2023 Annual Consolidated Financial Statements.

As at December 31, 2023, the Trust was in compliance with all of the restrictions under the Declaration of Trust and all covenants pursuant to its various debt agreements.

Debt Metrics

In addition to financial and non-financial covenants and the restrictions under the Declaration of Trust and various debt agreements, the Trust utilizes management-targeted debt metrics to assess performance against RioCan’s objectives and adherence with its capital management framework. Certain management-targeted debt metrics which were previously disclosed in the table below, including Total Adjusted Debt to Total Adjusted Assets, Debt Service Coverage and Interest Coverage have been removed, as management is solely managing to the corresponding debt covenants that are calculated and presented in accordance with debt agreements. These debt covenants include Total Indebtedness and Debt Service Coverage ratios pursuant to the unsecured credit facility agreements and an Interest Coverage ratio pursuant to Trust Indentures as disclosed in Note 26 of the 2023 Annual Consolidated Financial Statements. As at December 31, 2023, the Trust was in compliance with all debt covenants.

The following table summarizes the Trust's long-term management targets for debt metrics, presented on both an IFRS and RioCan's proportionate share basis:

		Rolling 12 months ended			
		IFRS basis		RioCan's proportionate share (i)	
	Long-term targets	**December 31, 2023**	December 31, 2022	**December 31, 2023**	December 31, 2022
Adjusted EBITDA (i)		**$ 735,665**	$ 704,136	**$ 760,990**	$ 728,543
Adjusted Debt to Adjusted EBITDA (i)	8.0x - 9.0x	**9.19**	9.49	**9.28**	9.51
Ratio of floating rate debt to total debt (ii)	<15.0%	**4.6%**	6.5%	**6.8%**	8.0%
Ratio of Unsecured Debt to Total Contractual Debt (i) (ii)	70.0%	**57.4%**	56.0%	**54.3%**	53.9%
Weighted average term to maturity (in years) (ii)		**3.25**	3.45	**2.97**	3.36
Weighted average effective interest rate (ii) (iii)		**3.74%**	3.40%	**3.87%**	3.47%

(i) This is a non-GAAP financial measure. Refer to the *Non-GAAP Measures* section of this MD&A for more information on each non-GAAP financial measure.
(ii) Information is as of respective period end.
(iii) Inclusive of hedges.

Adjusted EBITDA at RioCan's Proportionate Share increased for the rolling twelve months ended December 31, 2023 when compared to December 31, 2022 as a result of higher NOI mainly from higher in-place occupancy, rent growth and completed developments partially offset by dispositions, higher investment and other income and higher income from equity-accounted investments, net of lower inventory gains.

The decrease in Adjusted Debt to Adjusted EBITDA at RioCan's Proportionate Share for the rolling twelve months ended December 31, 2023 when compared to December 31, 2022 was primarily due to the higher Adjusted EBITDA partially offset by higher Average Total Adjusted Debt.

The floating interest rate debt exposure decreased from December 31, 2022 mainly due to lower drawn amounts on the Trust's revolving unsecured line of credit and hedging of certain floating rate construction facilities, partially offset by maturing interest rate swaps.

The weighted average term to maturity decreased from December 31, 2022, mainly due to a large number of scheduled debt maturities in early 2024. As at February 13, 2024 the Trust has refinanced or repaid $857.9 million of debt maturing in 2024 at a weighted average term of approximately 5.1 years, contributing to an improved weighted average term to maturity of RioCan’s Proportionate Share of debt to approximately 3.5 years.

Credit Ratings

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

The following table summarizes RioCan’s credit ratings as at December 31, 2023:

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

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

Total Debt Profile

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

	Principal maturities and interest rates							
(thousands of dollars, except otherwise noted)	Debentures payable	Weighted average interest rate (ii)	Mortgages payable	Weighted average interest rate (ii)	Lines of credit and other bank loans	Weighted average interest rate (ii)	**Total debt**	**Weighted average interest rate (ii)**
Year of debt maturity								
2024	$ 300,000	3.29%	$ 398,406	4.74%	$ 567,015	4.01%	**$ 1,265,421**	**4.07%**
2025	500,000	2.58%	532,886	3.33%	200,000	4.93%	**1,232,886**	**3.28%**
2026	900,000	3.92%	143,171	3.58%	102,077	6.65%	**1,145,248**	**4.12%**
2027	550,000	3.54%	201,882	2.59%	—	—%	**751,882**	**3.29%**
2028	450,000	2.83%	405,559	3.17%	—	—%	**855,559**	**2.99%**
Thereafter	550,000	5.36%	1,071,941	3.83%	12,195	3.07%	**1,634,136**	**4.34%**
Total Contractual Debt (i) (ii)	$ 3,250,000	3.68%	$ 2,753,845	3.66%	$ 881,287	4.51%	**$ 6,885,132**	**3.78%**
Unamortized debt financing costs, premiums and discounts on origination and debt assumed, and modifications	(9,057)		(12,921)		(2,041)		**(24,019)**	
Total debt (iii)	**$ 3,240,943**	**3.65 %**	**$ 2,740,924**	**3.59%**	**$ 879,246**	**4.52 %**	**$ 6,861,113**	**3.74 %**

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

(ii) For hedged floating rate debt, the weighted average contractual interest rate per annum reflects the fixed rate in the interest swap. Including the benefit of bond forward hedges, the weighted average contractual interest rate for total debentures is 3.54%, total mortgages is 3.34% and total debt is 3.66%.

(iii) Weighted average interest rate reflects the effective interest rate, inclusive of the benefit of bond forward hedges.

The Total Contractual Debt continuity schedule for the year ended December 31, 2023 is as follows:

(thousands of dollars, except otherwise noted) Year ended December 31, 2023	Debentures Payable	Mortgages Payable	Lines of Credit and Other Bank Loans	**Total**
Total Contractual Debt, beginning of year	$ 2,950,000	$ 2,664,640	$ 1,143,336	**$ 6,757,976**
Borrowings	800,000	217,157	320,872	**1,338,029**
Debt assumed and vendor take-back mortgage	—	45,017	—	**45,017**
Scheduled amortization	—	(49,421)	—	**(49,421)**
Repayments	(500,000)	(123,548)	(471,136)	**(1,094,684)**
Transfer to equity-accounted investments (i)	—	—	(111,785)	**(111,785)**
Total Contractual Debt, end of year	**$ 3,250,000**	**$ 2,753,845**	**$ 881,287**	**$ 6,885,132**
Interest rates of new borrowings, debt assumed and vendor take-back mortgage				
Weighted average contractual interest rate (ii)	6.07%	4.53%	6.40%	**5.85%**
Weighted average effective interest rate (iii)	5.83%	4.80%	6.40%	**5.76%**

(i) Related to the 11YV transaction. Refer to the *Joint Arrangements* section in this MD&A for further details.

(ii) For hedged floating rate debt, the contractual interest rate per annum reflects the fixed rate in the interest rate swap. Including the benefit of bond forward hedges, the weighted average contractual interest rate for new debentures is 5.71% and total contractual debt is 5.64%. For floating rate new borrowings the interest rate reflects the floating rate at the end of the period.

(iii) Weighted average interest rate reflects the effective interest rate, inclusive of the benefit of bond forward hedges.

Debentures Payable

(thousands of dollars, except otherwise noted)		
As at	**December 31, 2023**	December 31, 2022
Debentures payable (i)	**$ 3,240,943**	$ 2,942,051
Weighted average effective interest rate (ii)	**3.65 %**	3.06 %
Weighted average term to maturity (years)	**3.1**	3.2

(i) Amount outstanding deducts a total of $9.1 million as at December 31, 2023 (December 31, 2022 - $7.9 million) in unamortized financing costs.

(ii) Inclusive of the benefit of bond forward hedges.

Issuance

On March 6, 2023, RioCan issued $200.0 million of Series AG senior unsecured debentures. These debentures were issued at a coupon rate of 5.611% per annum and will mature on October 6, 2027. Inclusive of the benefit of bond forward hedges, the all-in rate is 5.184%.

On June 26, 2023, RioCan issued $300.0 million of Series AH senior unsecured debentures. These debentures were issued at a coupon rate of 5.962% per annum and will mature on October 1, 2029. Inclusive of the benefit of bond forward hedges, the all-in rate is 5.284%.

On September 29, 2023, RioCan issued $300.0 million of Series AI senior unsecured debentures. These debentures were issued at a coupon rate of 6.488% per annum and will mature on September 29, 2026. RioCan will have the option to repay Series AI debentures at par, in whole or in part, on or after September 29, 2024.

Subsequent to year end, on February 12, 2024, RioCan issued $300.0 million Series AJ senior unsecured debentures. These debentures were issued at a coupon rate 5.470% per annum and will mature on March 1, 2030. Inclusive of the benefit of bond forward hedges, the all-in rate is 5.452%.

Redemption

On April 18, 2023, RioCan redeemed, in full, its $200.0 million, 3.725% Series T unsecured debentures upon maturity.

On September 29, 2023, RioCan redeemed, in full, its $300.0 million, 3.210% Series AA unsecured debentures upon maturity.

Subsequent to year end, on February 12, 2024, RioCan repaid, in full, its $300.0 million, 3.29% Series W unsecured debenture upon maturity.

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

(thousands of dollars)
As at

Series	Maturity date	Coupon rate	Interest payment frequency	**December 31, 2023**	December 31, 2022
T	April 18, 2023	3.73%	Semi-annual	**$ —**	$ 200,000
AA	September 29, 2023	3.21%	Semi-annual	**—**	300,000
W	February 12, 2024	3.29%	Semi-annual	**300,000**	300,000
AB	February 12, 2025	2.58%	Semi-annual	**500,000**	500,000
I	February 6, 2026	5.95%	Semi-annual	**100,000**	100,000
AD	June 15, 2026	1.97%	Semi-annual	**500,000**	500,000
AI	September 29, 2026	6.49%	Semi-annual	**300,000**	—
AC	March 10, 2027	2.36%	Semi-annual	**350,000**	350,000
AG	October 6, 2027	5.61%	Semi-annual	**200,000**	—
AE	November 8, 2028	2.83%	Semi-annual	**450,000**	450,000
AF	May 1, 2029	4.63%	Semi-annual	**250,000**	250,000
AH	October 1, 2029	5.96%	Semi-annual	**300,000**	—
Contractual obligations				**$ 3,250,000**	$ 2,950,000
Unamortized debt financing costs				**(9,057)**	(7,949)
Balance, end of year				**$ 3,240,943**	$ 2,942,051

The Series I debentures, which are due in 2026 and are $100 million in aggregate, have an additional provision that provides RioCan with the right, at any time, to convert these debentures to mortgage debt, subject to the acceptability of the security given to the debenture holders. In such an event, the covenants relating to the 60% leverage limit, and minimum Adjusted Unitholders' Equity ratio would be eliminated for this series of debentures.

Mortgages Payable

Mortgages payable consist of the following:

(thousands of dollars, except otherwise noted)

As at			**December 31, 2023**	December 31, 2022
	Weighted average effective interest rate (i)(iv)	**Weighted average term to maturity (years)(i)**	**Total**	Total
Fixed rate mortgages - Conventional (ii) (iii)	**3.42%**	**3.9**	**$ 2,210,175**	$ 2,422,295
Fixed rate mortgages - CMHC (iii)	**3.30%**	**7.7**	**379,957**	236,885
Floating rate mortgages - Conventional	**6.80%**	**0.1**	**150,792**	—
Total (iii)			**$ 2,740,924**	$ 2,659,180
Weighted average effective interest rate (iv)(ii)			**3.59 %**	3.29 %
Weighted average term to maturity (years)			**4.2**	4.9

(i) Information presented as at December 31, 2023.

(ii) Includes hedged floating rate mortgages, interest rate reflects the fixed rate in the interest rate swaps.

(iii) Amount outstanding deducts a total of $12.9 million as at December 31, 2023 (December 31, 2022 - $5.5 million) in unamortized financing costs, net of unamortized differential between contractual and market interest rates on liabilities assumed at the acquisition of properties and unamortized debt modification losses.

(iv) Inclusive of the bond forward hedges.

At the outset of 2023, RioCan had $320.2 million of mortgage principal maturing in 2023 at a weighted average contractual interest rate of 3.55%. For the year ended December 31, 2023, RioCan completed new term mortgage borrowings of $217.2 million and mortgage renewals of $8.4 million at a combined weighted average interest rate of 4.90% and a weighted average term of nine years; assumed contractual debt and a vendor take-back mortgage of $45.0 million at a weighted average interest rate of 2.67% and a remaining weighted average term of eight years; and repaid $173.0 million of mortgage balances and scheduled amortization.

Maximizing Canada Mortgage and Housing Corporation (CMHC) insured mortgages is a key component of the Trust's debt strategy as they provide access to an alternative source of financing and lowers the overall cost of debt.

The majority of our mortgage debt provides recourse to the assets of the Trust or certain subsidiaries of the Trust, as opposed to only having recourse to the specific property charged. The Trust follows this policy as it generally results in lower interest rates for the Trust.

Subsequent to year end, $146.5 million of floating rate conventional mortgages were refinanced with fixed rate mortgages, reducing the floating rate exposure, and improving the weighted average term to maturity of the Trust's mortgage portfolio.

Lines of Credit and Other Bank Loans

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

(thousands of dollars, except otherwise noted)

As at				**December 31, 2023**	December 31, 2022
	Available facility (i)	**Weighted average interest rate (i)(iii)**	**Maturity Date (i)**	**Amounts drawn**	Amounts drawn
Revolving unsecured operating line of credit (ii)(v) (vii)	**$1,250,000**	**6.68 %**	**May 31, 2028**	**$ —**	$ 133,649
Non-revolving unsecured credit facilities (ii) (vi)	**200,000**	**4.93 %**	**February 3, 2025**	**200,000**	—
Non-revolving unsecured credit facilities (ii)	**350,000**	**3.59 %**	**February 7, 2024**	**350,000**	350,000
Non-revolving unsecured credit facilities (ii)	**150,000**	**3.68 %**	**June 27, 2024**	**150,000**	150,000
Non-revolving unsecured credit facilities (ii)	**—**	**— %**	**January 31, 2023**	**—**	200,000
Construction lines and other bank loans (iv)	**567,000**	**6.51 %**	**January 2024 to March 2033**	**181,287**	309,688
Total Contractual	**$2,517,000**			**$ 881,287**	$ 1,143,337
Unamortized debt financing costs, premiums and discounts on origination and debt assumed, and modifications				**(2,041)**	(2,225)
Total	**$2,517,000**			**$ 879,246**	$ 1,141,112
Weighted average effective interest rate (iii)				**4.52 %**	4.54 %

(i) Information presented as at December 31, 2023.

(ii) The underlying rates on amounts drawn under the revolving unsecured operating line of credit are based on floating rates while the underlying rates on the non-revolving unsecured credit facilities are all fixed through interest rate swaps. The credit spreads for the revolving unsecured operating line of credit and the non-revolving unsecured credit facilities are based on the Trust's credit rating.

(iii) Inclusive of interest rate swaps used to hedge floating rate debt.

(iv) Includes $63.0 million construction facilities that are fixed rate or have been hedged to a fixed rate, of which $12.2 million have been drawn at a weighted average fixed interest of 3.07%. Decrease in construction lines and other bank loan amounts drawn compared to Q4 2022 includes the impact of the 11YV transaction. Refer to the *Joint Arrangements* section in this MD&A for further details.

(v) On May 4, 2023, the maturity of the revolving unsecured operating line of credit was extended to May 31, 2028. All material terms and conditions remain the same.

(vi) The Trust has the option to extend this term loan to January 30, 2026.

(vii) The weighted average interest rate represents the one-month Banker's Acceptance (BA) rate as at December 31, 2023 plus credit spread.

On January 31, 2023, RioCan refinanced its $200 million non-revolving unsecured credit facility with two Schedule I financial institutions, with a weighted average annual all-in fixed rate of 4.93% through interest rate swaps and a maturity date of February 3, 2025 with an option to extend to January 30, 2026. All other terms were similar to the facility it replaced.

On February 24, 2023, RioCan, along with its partner Context Development, locked in the interest rate on a $126.0 million ($63.0 million at RioCan's share) construction (converting to term upon stabilization) loan provided by CMHC for the rental component of the Queen & Ashbridge development in Toronto. The interest rate on both the construction advances and the term component was fixed at 3.07%. The term of the loan is 10 years and the amortization period upon conversion to a term loan is 50 years. In addition to the CMHC construction loan, a $188.0 million non-revolving construction facility ($94.0 million at RioCan's share) for the condominium component of the project was closed in Q3 2023.

On February 7, 2024, RioCan repaid its $350.0 million non-revolving unsecured credit facility upon maturity, in accordance with its terms.

Liquidity

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

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

Liquidity risk is the risk that the Trust may not have access to sufficient debt and equity capital to meet its financial obligations as they become due. The Trust mitigates its liquidity risk by staggering the maturity dates of its long-term debt, actively renewing expiring credit arrangements, utilizing undrawn operating lines of credit, maintaining a large number of assets unencumbered by debt, and issuing equity when considered appropriate.

As at December 31, 2023, RioCan had $2.0 billion of Liquidity as summarized in the following table:

(thousands of dollars)	IFRS basis		RioCan's proportionate share (i)	
As at	**December 31, 2023**	December 31, 2022	**December 31, 2023**	December 31, 2022
Undrawn revolving unsecured operating line of credit	**$ 1,250,000**	$ 1,116,351	**$ 1,250,000**	$ 1,116,351
Undrawn construction lines and other bank loans	**385,715**	267,562	**575,278**	337,656
Cash and cash equivalents	**124,234**	86,229	**138,740**	94,230
Liquidity (i)	**$ 1,759,949**	$ 1,470,142	**$ 1,964,018**	$ 1,548,237

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

The $415.8 million increase in Liquidity on a proportionate share basis over the prior year end was primarily due to a higher undrawn revolving line of credit balance and undrawn construction lines. Our liquidity improved as a result of issuing $800.0 million senior unsecured debentures, while repaying $500.0 million senior unsecured debentures upon maturity, arranging new construction facilities for two projects and higher cash on hand as a result of asset dispositions.

Unencumbered Assets

Through its unencumbered investment properties, RioCan has the potential to obtain additional mortgages to bolster liquidity, if needed, and preserve credit availability under its revolving unsecured line of credit, while maintaining compliance with debt covenants under various credit facilities. Unencumbered investment property assets as at December 31, 2023 were as follows:

(thousands of dollars, except where otherwise noted)		IFRS basis		RioCan's proportionate share (i)	
As at	Targeted Ratios	**December 31, 2023**	December 31, 2022	**December 31, 2023**	December 31, 2022
Unencumbered Assets		**$ 8,030,541**	$ 8,200,280	**$ 8,089,927**	$ 8,256,508
Percentage of Normalized NOI Generated from Unencumbered Assets (i)	> 50.0%	**57.3%**	57.4%	**55.8%**	55.9%

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

Consistent with the discussion regarding management-targeted ratios in the *Debt Metrics* section of this MD&A, the management-targeted ratio Unencumbered Assets to Unsecured Debt previously presented in the table above has been removed as the Trust is solely managing to the corresponding Unencumbered Assets to Unsecured Debt ratio calculated pursuant to unsecured credit facility agreements. Refer to Note 26 of the 2023 Annual Consolidated Financial Statements. As at December 31, 2023, the Trust was in compliance with all financial covenants.

Compared to December 31, 2022, Unencumbered Assets decreased by $166.6 million mainly from dispositions, mortgage financing obtained on formerly unencumbered assets and fair value changes, partially offset by repayment of certain maturing mortgages and acquisition of Unencumbered Assets during the year. Excluding the fair value changes, Unencumbered Assets would have remained relatively unchanged on a year-over-year basis.

Compared to Q3 2023, Unencumbered Assets decreased by $459.5 million mainly from investment property dispositions in addition to the aforementioned mortgage financing of an unencumbered asset.

Contractual Commitments

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

(thousands of dollars)	2024	2025	2026	2027	2028	Thereafter	**Total**
Contractual obligations:							
Lines of credit and other bank loans	$ 567,015	$ 200,000	$ 102,077	$ —	$ —	$ 12,195	**$ 881,287**
Mortgages payable	398,406	532,886	143,171	201,882	405,559	1,071,941	**2,753,845**
Debentures payable	300,000	500,000	900,000	550,000	450,000	550,000	**3,250,000**
Lease liabilities (i)	6,793	1,758	1,824	1,930	1,980	20,765	**35,050**
Other operating lease obligations	588	272	179	60	30	6	**1,135**
Total Contractual Obligations	$1,272,802	$1,234,916	$1,147,251	$ 753,872	$ 857,569	$ 1,654,907	**$ 6,921,317**
Total estimated cost-to-complete projects under construction (ii) (iii)	248,120	166,686	28,963	785	—	—	**444,554**
Total Commitments (iv)	**$1,520,922**	**$1,401,602**	**$1,176,214**	**$ 754,657**	**$ 857,569**	**$ 1,654,907**	**$ 7,365,871**

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

(ii) This includes RioCan's Proportionate Share in Equity-Accounted Joint Ventures. Refer to the *Development Program - Development Projects Under Construction* section of this MD&A.

(iii) Includes costs that do not have committed construction contracts.

(iv) The table above excludes unfunded investment commitments of $84.7 million relating to equity-accounted investments for which timing is unknown.

The Trust's contractual debt obligations and total estimated cost-to-complete projects under construction can be funded by existing cash on hand, net proceeds from the sale of assets (including, but not limited to, sale of excess land and development density), proceeds from mortgage refinancing, the revolving unsecured operating line of credit, proceeds from the issuance of unsecured debentures and other similar debt instruments or issuance of equity Units.

RioCan has also entered into firm purchase obligations to acquire interests in certain investment properties in future periods as further described in Note 3 of the 2023 Annual Consolidated Financial Statements.

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

Off-Balance Sheet Arrangements

Guarantees

As at December 31, 2023, the maximum exposure to credit loss resulting from the Trust's debt guarantees, on behalf of certain of our co-owners' interests and mortgages assumed by purchasers on property dispositions, is $341.2 million (December 31, 2022 - $284.7 million), with expiries between 2024 and 2033. The maximum exposure to credit risk relating to a guarantee is the maximum risk of loss if there was a total default, without consideration of recoveries under recourse provisions against the aforementioned parties or the properties secured.

As at and for the year ended December 31, 2023, there have been no defaults by the primary obligors for debts on which we have provided guarantees and no provision for expected losses on these guarantees has been recognized in our 2023 Annual Consolidated Financial Statements.

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

(thousands of dollars)				
As at		**December 31, 2023**		December 31, 2022
Partners and co-owners				
Woodbourne	**$**	**76,740**	$	122,770
Metropia and Capital Developments		**163,619**		79,945
Bayfield		**19,600**		21,700
Other		**81,286**		30,988
	$	**341,245**	$	255,403
Assumption of mortgages by purchasers on property dispositions		**—**		29,286
	$	**341,245**	$	284,689

Letter of Credit Facilities and Surety Bonds

The Trust has aggregate letter of credit facilities with certain Schedule I banks totalling $91.3 million (December 31, 2022 - $111.6 million). As at December 31, 2023, the Trust's outstanding letters of credit under these facilities was $40.2 million (December 31, 2022 - $53.0 million).

The Trust is contingently liable for surety bonds that have been provided to support condominium developments and warranties in the amount of $184.4 million (December 31, 2022 - $147.7 million).

Hedging Activities

Interest Rate Risk

The Trust is exposed to interest rate risk on its borrowings and could be adversely affected if it were unable to obtain cost-effective financing. The majority of the Trust's debt is financed at fixed rates with maturities staggered over a number of years, thereby mitigating its exposure to changes in interest rates and financing risk. As at December 31, 2023, approximately 4.6% (December 31, 2022 - 6.5%) of the Trust's debt is financed at variable rates (including mortgage debt related to properties held for sale, if applicable, and excluding debt that has been hedged to fixed rates), exposing the Trust to interest rate risk. In addition, the Trust is exposed to interest rate risk on fixed rate debt upon refinancing at maturity. The current portion of fixed rate long-term debt is $1.0 billion as at December 31, 2023.

From time to time, the Trust may enter into floating-for-fixed interest rate swaps as part of its strategy for managing its exposure to interest rate risk on debt with floating interest rates. The Trust may also enter into bond forward contracts to hedge its exposure to movements in interest rates from the time it determines it will refinance or issue a fixed rate debt and the time the fixed rate debt is issued. The intent is to use the bond forwards to manage the change in cash flows of the future interest payments on the anticipated fixed rate debt. The Trust will generally consider entering into bond forward contracts to reduce interest rate risk during periods of interest rate volatility. For the $500.0 million bond forward contracts settled during the year ended December 31, 2023 (December 31, 2022 - $500.0 million), the Trust has realized $19.6 million of gains (December 31, 2022 - $37.9 million), of which $16.8 million (December 31, 2022 - $37.1 million) was considered effective and will offset interest expense over the term of the hedged debt, and $2.8 million (December 31, 2022 - $0.7 million) was considered ineffective and was immediately recognized in other income. The $500.0 million of settled bond forward contracts were comprised of $200.0 million of bond forward contracts entered into on November 24, 2022, which were settled on March 6, 2023 in conjunction with the offering of the Series AG Debenture, and $300.0 million of bond forward contracts entered into on March 13, 2023, which were settled on June 26, 2023 in conjunction with the offering of the Series AH debenture.

As at December 31, 2023, the outstanding notional amount of floating-to-fixed interest rate swaps was $0.8 billion (December 31, 2022 – $1.0 billion) with the term to maturity of these swap agreements ranging from February 2024 to November 2028; and the outstanding notional amount of bond forwards was $150.0 million with a maturity in February 2024 (December 31, 2022 - $200 million, with a maturity in April 2023). The fair value of the interest rate swaps and bond forwards is, in aggregate, a net financial asset of approximately $6.8 million (December 31, 2022 - net financial asset of approximately $27.2 million).

On January 11, 2024, in conjunction with the offering of the Series AJ debenture, the Trust settled $150.0 million of bond forward contracts entered into on December 14, 2023 generating a $0.3 million realized bond forward gain which will be recognized through lower interest expense over the term of the debenture.

The Trust assesses the effectiveness of its continuing hedging relationships on a quarterly basis and has determined all such designated hedging relationships were effective as at December 31, 2023. Refer to Note 25 of the 2023 Annual Consolidated Financial Statements for further details.

Trust Units

As at December 31, 2023, there are 300.5 million Units outstanding, including exchangeable limited partnership units. All Units outstanding have equal rights and privileges and entitle the holder to one vote for each Unit at all meetings of Unitholders. During the three months and years ended December 31, 2023 and 2022, we issued and repurchased Units as follows:

	Three months ended December 31		Years ended December 31	
(in thousands)	**2023**	2022	**2023**	2022
Units outstanding, beginning of period (i)	**300,405**	303,912	**300,359**	309,797
Units issued:				
Unit-based compensation exercises, net of Units repurchased for settlement of Unit exercises	**47**	—	**85**	88
Direct purchase plan	**3**	4	**11**	14
Units repurchased and cancelled	**—**	(3,557)	**—**	(9,540)
Units outstanding, end of period (i)	**300,455**	300,359	**300,455**	300,359

(i) Included in Units outstanding are exchangeable limited partnership units of three limited partnerships that are subsidiaries of the Trust (the LP units) which were issued to vendors, as partial consideration for investment properties acquired by RioCan (December 31, 2023 – 499,754 LP units, December 31, 2022 – 499,754 LP units).

As of February 13, 2024, there are 300.5 million Units issued and outstanding. In addition, 4.7 million Unit options were issued under the Trust's incentive Unit option plan and 0.6 million deferred Units were issued and outstanding under the Trust's Trustee deferred Unit plan. The convertible securities are convertible into, or exercisable for, Units of the Trust, of which 4.4 million Unit options were exercisable at December 31, 2023, at a weighted average exercise price of $25.03.

As at December 31, 2023, the Trust also had 0.5 million Senior Executive Restricted Equity Units (REU), 0.5 million Employee REUs, and 0.5 million Performance Equity Units (PEU) that are outstanding, which upon vesting will be settled by delivery of an equivalent number of Units purchased on the secondary market, and if elected, net of applicable withholding taxes.

Further information regarding the incentive Unit option plan, Trustee deferred Unit plan, Senior Executive REUs, Employee REUs, PEUs and the related performance metrics and other terms attributable to plans are set out in the Trust's Management Information Circular.

Normal Course Issuer Bid (NCIB)

On November 3, 2022, RioCan received TSX approval of its notice of intention to renew its NCIB (the 2022/2023 NCIB), to acquire up to a maximum of 30,247,803 Units, or approximately 10% of the public float as at October 31, 2022, for cancellation or to satisfy RioCan's obligation to deliver Units under the REU and PEU Plans, over the next 12 months, effective November 7, 2022.

On November 7, 2023, RioCan received TSX approval of its notice of intention to renew its NCIB (the 2023/2024 NCIB), to acquire up to a maximum of 29,895,017 Units, or approximately 10% of the public float as of October 31, 2023, for cancellation or to satisfy RioCan's obligation to deliver Units under the REU and PEU Plans, over the next 12 months, effective November 9, 2023.

The number of Units that can be purchased pursuant to the 2023/2024 NCIB is subject to a current daily maximum of 117,050 Units (which is equal to 25% of 468,202, being the average daily trading volume of Units on TSX during the last six months), subject to RioCan's ability to make one block purchase of Units per calendar week that exceeds such limits. RioCan intends to fund the purchases out of its available cash and undrawn credit facilities.

RioCan has an automatic securities purchase plan (ASPP) in connection with the 2023/2024 NCIB applicable to its outstanding Units. The ASPP is intended to allow for the purchase of Units under the NCIB at times when RioCan would ordinarily not be permitted to purchase Units due to regulatory restrictions and customary self-imposed blackout periods. Pursuant to the ASPP, purchases will be made by RioCan's designated broker based on periodically pre-established purchasing parameters, in accordance with the rules of the TSX and applicable securities laws. Outside of pre-determined blackout periods, Units may be purchased under the NCIB at such times as RioCan determines to be appropriate in compliance with TSX rules and applicable securities laws.

During the year ended December 31, 2023, the Trust did not acquire and cancel any Units.

Distributions to Unitholders

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

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

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

The Trust's monthly distribution, effective February 2023, was $0.09 per unit, which increased from $0.085 in 2022. Distributions declared to Unitholders were as follows:

	Three months ended December 31		Years ended December 31	
(thousands of dollars)	**2023**	2022	**2023**	2022
Distributions declared to Unitholders	**$ 81,114**	$ 76,890	**$ 322,924**	$ 310,163

Total distributions declared increased for the three months and year ended December 31, 2023 when compared to the same period in the prior year due to the distribution increase effective February 2023, partially offset by the reduction in average Units outstanding as a result of NCIB purchases in 2022.

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

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

	Three months ended December 31		Years ended December 31	
(thousands of dollars)	**2023**	2022	**2023**	2022
Cash flows provided by operating activities	**$ 122,416**	$ 170,362	**$ 385,516**	$ 506,124
Add / (deduct) the decrease / (increase) in non-cash working capital items	**(11,185)**	(49,055)	**109,098**	26,470
Cash flows provided by operating activities, excluding non-cash working capital items	**111,231**	121,307	**494,614**	532,594
Less: Distributions declared to Unitholders	**(81,114)**	(76,890)	**(322,924)**	(310,163)
Excess cash flows provided by operating activities excluding non-cash working capital, net of distributions declared (i)	**$ 30,117**	$ 44,417	**$ 171,690**	$ 222,431

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

For the three months ended December 31, 2023, cash flows provided by operating activities, excluding non-cash working capital items, were higher than distributions declared to Unitholders during the period by $30.1 million. For the year ended December 31, 2023, cash flows provided by operating activities, excluding non-cash working capital items, were higher than distributions declared to Unitholders during the period by $171.7 million.

Included in the change of the non-cash working capital items for the three months and year ended December 31, 2023, are $4.0 million and $63.1 million decreases in non-cash working capital from residential inventory related changes, respectively ($44.8 million increase and $7.2 million decrease for the three months and year ended December 31, 2022, respectively).

Distribution increase effective February 2023 and February 2024

RioCan's Board of Trustees approved a 6% increase to its monthly distributions to Unitholders from $0.085 to $0.09 per unit which commenced with the February 2023 distribution, payable in March 2023, bringing RioCan's annualized distribution to $1.08 per unit. Subsequent to year end, RioCan's Board of Trustees has approved a 2.8% increase to the monthly distribution to Unitholders from $0.09 to $0.0925 per unit commencing with the February 2024 distribution, payable on March 7, 2024 to Unitholders of record as at February 29, 2024. This brings RioCan's annualized distribution to $1.11 per unit. These increases are in keeping with the Trust's objectives to provide sustainable distribution increases supported by FFO per unit growth while maintaining a consistent FFO Payout Ratio of approximately 55% to 65% over the long-term. The retained cash flow will be used to support future growth and to pay down debt. The Trust expects to achieve its payout ratio objective.

The Trust does not use net income in accordance with IFRS as the basis to establish the level of Unitholders' distributions as net income includes, among other items, non-cash fair value adjustments related to its investment property portfolio.

The Board continuously reevaluates the distribution based on various factors. In determining the level of distributions to Unitholders, the Board considers, among other factors, cash flow from operating activities, forward-looking cash flow information including forecasts and budgets and the future business prospects of the Trust, the interest rate environment and cost of capital, estimated development completions and development spending, the impact of future acquisitions and dispositions, maintenance capital expenditures and leasing expenditures related to our income producing portfolio, taxable income and debt covenants.

OTHER DISCLOSURES

Related Party Transactions

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

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

- Associates, joint ventures, or entities which are controlled or significantly influenced by the Trust; and
- Key management personnel including the Trustees and those persons having the authority and responsibility for planning, directing and controlling the activities of RioCan, directly or indirectly.

Activity and transactions with associates and joint ventures are disclosed in Note 4 of the 2023 Annual Consolidated Financial Statements and *Asset Profile - Joint Arrangements* section of this MD&A.

As at December 31, 2023 and 2022, the Trust’s key management personnel include each of the Trustees and the following officers: President and Chief Executive Officer, Chief Financial Officer, Chief Investment Officer, and Chief Operating Officer.

Effective February 1, 2024, Mr. Guy Metcalfe was appointed to RioCan’s Board as a Trustee.

Remuneration of the Trust’s Trustees and Key Executives during the three months and years ended December 31, 2023 and 2022 is as follows:

	Three months ended December 31				Years ended December 31			
	Trustees		Key Executives		Trustees		Key Executives	
(thousands of dollars)	**2023**	2022	**2023**	2022	**2023**	2022	**2023**	2022
Compensation and benefits	**$ 107**	$ 107	**$ 1,260**	$ 1,123	**$ 429**	$ 420	**$ 5,119**	$ 4,597
Unit-based compensation	**328**	289	**1,022**	826	**2,239**	2,058	**3,927**	3,500
Post-employment benefit costs	**—**	—	**41**	46	**—**	—	**156**	176
	$ 435	$ 396	**$ 2,323**	$ 1,995	**$ 2,668**	$ 2,478	**$ 9,202**	$ 8,273

Selected Quarterly Results and Trend Analysis

(millions of dollars, except where otherwise noted)	2023				2022			
As at and for the quarter ended (i)	**Q4**	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Revenue	**$ 297**	$ 271	$ 276	$ 280	$ 306	$ 305	$ 308	$ 294
Net income (loss) attributable to Unitholders	**$ (118)**	$ (74)	$ 112	$ 118	$ (5)	$ 3	$ 78	$ 160
NOI (ii)	**$ 176**	$ 175	$ 175	$ 170	$ 166	$ 171	$ 171	$ 167
FFO (ii)	**$ 133**	$ 135	$ 132	$ 131	$ 128	$ 135	$ 132	$ 131
FFO Adjusted (ii)	**$ 133**	$ 136	$ 132	$ 132	$ 128	$ 135	$ 135	$ 131
AFFO (ii)	**$ 114**	$ 117	$ 114	$ 114	$ 111	$ 120	$ 116	$ 114
AFFO Adjusted (ii)	**$ 114**	$ 118	$ 114	$ 115	$ 112	$ 120	$ 119	$ 115
Unitholder distributions	**$ 81**	$ 81	$ 81	$ 80	$ 77	$ 77	$ 78	$ 77
Weighted average Units outstanding – diluted (in thousands)	**300,417**	300,471	300,500	300,547	302,423	304,005	308,537	310,114
Per unit basis (diluted)								
Net income (loss) attributable to Unitholders	**$ (0.39)**	$ (0.24)	$ 0.37	$ 0.39	$ (0.02)	$ 0.01	$ 0.25	$ 0.52
FFO (ii)	**$ 0.44**	$ 0.45	$ 0.44	$ 0.44	$ 0.42	$ 0.44	$ 0.43	$ 0.42
FFO Adjusted (ii)	**$ 0.44**	$ 0.45	$ 0.44	$ 0.44	$ 0.42	$ 0.44	$ 0.44	$ 0.42
Unitholder distributions	**$ 0.27**	$ 0.27	$ 0.27	$ 0.27	$ 0.26	$ 0.26	$ 0.26	$ 0.25
Net book value per unit	**$ 24.76**	$ 25.49	$ 26.00	$ 25.83	$ 25.73	$ 25.92	$ 26.15	$ 25.96
Closing market price per unit	**$ 18.62**	$ 18.07	$ 19.28	$ 20.39	$ 21.13	$ 18.62	$ 20.02	$ 25.23
Key Performance Indicator Ratios								
FFO Payout Ratio (ii)	**60.5%**	60.4%	59.7%	59.3%	59.0%	56.7%	57.3%	57.3%
FFO Payout Ratio Adjusted (ii)	**60.3%**	60.1%	59.6%	58.8%	58.5%	55.9%	56.5%	56.8%
AFFO Payout Ratio (ii)	**70.0%**	69.5%	68.3%	67.5%	67.1%	64.0%	65.1%	65.1%
AFFO Payout Ratio Adjusted (ii)	**69.7%**	69.2%	68.1%	66.9%	66.4%	63.0%	64.0%	64.5%
Total assets	**$ 14,842**	$ 15,086	$ 15,523	$ 15,179	$ 15,102	$ 15,324	$ 15,474	$ 15,346
Total debt	**$ 6,861**	$ 6,889	$ 7,087	$ 6,816	$ 6,742	$ 6,842	$ 6,878	$ 6,710
Adjusted Debt to Adjusted EBITDA (RioCan's Proportionate Share) (ii)	**9.28**	9.45	9.49	9.48	9.51	9.28	9.41	9.48
Other								
Total portfolio NLA (in thousands)	**32,586**	33,583	33,545	33,498	33,627	34,791	35,930	36,193
Number of properties	**188**	192	193	191	193	198	202	204
Number of employees (iii)	**568**	565	581	570	563	550	557	581
Residency of Unitholders (iv)								
– Canadian	**68.4%**	67.3%	68.3%	65.0%	66.7%	68.4%	64.8%	66.9%
– Non-resident	**31.6%**	32.7%	31.7%	35.0%	33.3%	31.6%	35.2%	33.1%

(i) Refer to RioCan's respective annual and interim MD&As issued for a discussion and analysis relating to those periods.
(ii) This is a non-GAAP financial measure. Refer to the *Non-GAAP Measures* section of this MD&A for more information on each non-GAAP financial measure.
(iii) The number of employees reported excludes individuals working exclusively with the third-party residential rental property managers. As at December 31, 2023, there are 44 individuals who work exclusively with third-party residential rental property managers.
(iv) Estimates based on Unitholder mailing addresses on record at the end of each reporting period.

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

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

Net income (loss) was further impacted by the changes in the fair values of investment properties.

Fourth Quarter Unaudited Consolidated Statements of Loss

(thousands of dollars, except per unit amounts)

Three months ended December 31		**2023**		2022
Revenue				
Rental revenue	**$**	**276,510**	$	268,864
Residential inventory sales		**13,789**		33,873
Property management and other service fees		**6,611**		3,450
		296,910		306,187
Operating costs				
Rental operating costs				
Recoverable under tenant leases		**94,445**		95,258
Non-recoverable costs		**7,397**		9,060
Residential inventory cost of sales		**8,994**		26,448
		110,836		130,766
Operating income		**186,074**		175,421
Other income (loss)				
Interest income		**6,401**		6,272
Loss from equity-accounted investments		**(7,190)**		(3,864)
Fair value loss on investment properties, net		**(222,921)**		(115,507)
Investment and other income		**4,459**		240
		(219,251)		(112,859)
Other expenses				
Interest costs, net		**58,940**		48,320
General and administrative		**15,459**		12,845
Internal leasing costs		**3,156**		3,306
Transaction and other costs		**6,945**		3,236
		84,500		67,707
Loss before income taxes		**(117,677)**		(5,145)
Current income tax recovery		**(18)**		(184)
Net loss	**$**	**(117,659)**	$	(4,961)
Net loss				
Unitholders	**$**	**(117,659)**	$	(4,961)
	$	**(117,659)**	$	(4,961)
Net loss per unit				
Basic	**$**	**(0.39)**	$	(0.02)
Diluted	**$**	**(0.39)**	$	(0.02)
Weighted average number of units (in thousands):				
Basic		**300,417**		302,321
Diluted		**300,417**		302,423

Accounting Policies and Estimates

Our material accounting policies are described in Note 2 of RioCan's 2023 Annual Consolidated Financial Statements. The preparation of financial statements requires management to make estimates and judgments that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results may differ from those estimates under different assumptions and conditions.

Estimation Uncertainty

In the preparation of RioCan’s 2023 Annual Consolidated Financial Statements, the Trust has incorporated the potential impact of the current macroeconomic environment into its significant estimates and assumptions that affect the reported amounts of its assets, liabilities, net income and related disclosures using available information as at December 31, 2023. Estimates and assumptions that are most subject to increased uncertainty caused by the current macroeconomic environment relate to the valuation of investment properties, refer to Note 3 of the 2023 Annual Consolidated Financial Statements. Due to the continuing risks and uncertainties arising from the current macroeconomic environment, actual results may differ from these estimates and assumptions.

Adoption of New Accounting Standards

Effective January 1, 2023, the Trust adopted the following amended standards as issued by the International Accounting Standards Board (IASB). As a result, significant accounting policies, estimates and judgments most affected by the adoption of the new pronouncements have been updated as applicable as indicated in Note 2 of the 2023 Annual Consolidated Financial Statements and further described below.

Amendments to IAS 1 and IFRS Practice Statement 2

In February 2021, the IASB issued amendments to IAS 1 and IFRS Practice Statement 2 in which it provided guidance and examples to help entities apply materiality judgments to accounting policy disclosures. The amendments require the disclosure of material accounting policy information rather than disclosing significant accounting policies and provided guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments are applicable for annual periods beginning on or after January 1, 2023, with early adoption permitted. Since the amendments to IFRS Practice Statement 2 provide non-mandatory guidance, an effective date for these amendments is not necessary.

The amendments have resulted in the disclosure of only material accounting policy information in the Trust’s disclosures, but did not impact the measurement, recognition or presentation of any items in the Trust’s consolidated financial statements.

Amendments to IAS 8, Definition of Accounting Estimates

In February 2021, the IASB issued amendments to IAS 8, in which it introduced a definition of "accounting estimates". The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates. The amendments are effective for annual periods beginning on or after January 1, 2023, with early adoption permitted. The amendments had no impact on the Trust's consolidated financial statements.

Critical Accounting Judgements and Estimates

Our critical accounting judgements and estimates relate to the following areas: fair value, contractual rents and other tenant receivables - allowance for doubtful accounts, the net realizable value of residential inventory, the determination of the type of lease where we are the lessor and income taxes.

Fair Value

Fair value is the amount at which an item could be bought or sold in a current transaction between independent, knowledgeable and 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 consolidated financial statements are affected by the fair value based method of accounting, the most significant areas of which are as follows:

- Investment properties are initially measured at cost, including all amounts related to the acquisition and costs associated with improving and/or extending the life of the asset. Judgement is required in determining whether certain costs represent additions to the carrying amount of the property, in distinguishing between tenant incentives and capital improvements and for capitalization of costs to properties under development, when the project commences active development and when it is substantially complete. The investment properties are subsequently measured at fair value. 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 fairly value its income properties. Under this valuation method, a capitalization rate is applied to Stabilized NOI to yield a fair value. The Trust uses an internal valuation process to estimate the fair value of certain properties under development that consist of undeveloped land on a land value per acre or per buildable square foot 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 and meets certain thresholds, the direct capitalization method is applied to capitalize the pro forma Net Operating Income, stabilized with market allowances, from which the costs to complete the development are deducted. RioCan has involved third-party appraisers in its valuation process. For the year ended December 31, 2023, RioCan had 26 properties including 2 land parcels (year ended December 31, 2022 - 29 properties including 3 land parcels) valued by experienced valuation professionals having the required qualifications in property appraisals. Going forward, our plan is to select a sample of investment properties (approximately five each quarter) on a rotational basis for external appraisal. Refer to the *Property Valuations* section of this MD&A for further discussion of fair values of investment property.

- IFRS 9, *Financial Instruments* (IFRS 9) establishes the standard for recognizing and measuring financial assets, financial liabilities and non-financial derivatives. 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 the classification of the financial instrument.

Control

When determining whether the Trust should consolidate an investment in entity, the Trust makes judgments in its assessment of whether it has control over an entity considering the power to direct the relevant activities of the entity, its exposure or rights to the variable returns of the entity and its ability to use its power to affect its returns.

Net Realizable Value of Residential Inventory

Residential inventory is stated at the lower of cost and net realizable value. In calculating the net realizable value of residential inventory and assessing for impairment of condominium sales receivables, the Trust estimates the selling prices based on prevailing market prices, estimated cost to complete and selling costs.

Leases - Classification, RioCan as Lessor

The Trust makes judgments in determining whether certain leases, in particular tenant leases where the Trust is the lessor, are either operating or finance leases. When RioCan has determined, based on an evaluation of terms and conditions of the lease arrangements, that the Trust retains all of the significant risks and rewards of ownership of these properties, it accounts for these arrangements as operating leases.

Leases - Determination of lease term of contracts

The Trust determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised by the lessee, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised by the lessee, including purchase options. The Trust determines the lease commencement date as the date on which the underlying asset is made available for use by the lessee, which is based on the terms of the lease contract, the type and extent of tenant improvements, and, for properties under development, the state of completion of the property. At commencement date, the Trust determines as lessee or as lessor whether there is reasonable certainty that options to extend or cancel a lease will be exercised. To perform this analysis, the Trust takes into account the extension terms of the contract including whether the extension is likely to be below market rent, the cost to cancel a lease and significant investments made on the property. After the commencement date, the Trust revises the lease term when an extension or termination option is exercised and it was not previously included in the lease term.

Income Taxes

The Trust uses judgment to interpret income tax rules and regulations and to determine the appropriate rates and amounts in recording current and deferred income taxes, giving consideration to timing and probability. Actual income taxes could significantly vary from these estimates as a result of future events, including changes in income tax law or the outcome of reviews by tax authorities and related appeals. To the extent that the final tax outcome is different from the amounts that were initially recorded, such difference would impact the income tax provision in the period in which such determination is made.

The recognition of deferred income tax assets and liabilities also requires significant judgment as the recognition is dependent on RioCan's projection of future taxable profits and income tax rates that are expected to be in effect in the period the asset will be realized or the liability settled. Any changes to this projection will result in changes in the amount of deferred tax assets and liabilities on the consolidated balance sheets and the deferred tax expense in the consolidated statements of income.

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 2023 Annual Consolidated Financial Statements for the year ended December 31, 2023, are described below. This description is of standards and interpretations issued, which we reasonably expect to be applicable at a future date. We intend to adopt these standards when they become effective.

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

In January 2020 and October 2022, the IASB issued amendments to paragraphs 69-76 of IAS 1 to clarify the requirements for classifying liabilities as current or non-current. The amendments specify that the conditions that exist at the end of a reporting period are those that will be used to determine if a right to defer settlement of a liability exists. The amendments also clarify the situations that are considered a settlement of a liability. The amendments are effective January 1, 2024, with early adoption permitted. The amendments are to be applied retrospectively. Management is currently assessing the impact of these amendments.

Controls and Procedures

Disclosure Controls and Procedures (DCP)

The CEO and CFO of the Trust have designed or caused to be designed under their direct supervision the Trust’s DCP to provide reasonable assurance that: (i) material information relating to the Trust is made known to management by others, particularly during the period in which the annual and interim filings are being prepared; and (ii) information required to be disclosed by the Trust in its annual and interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time period specified in securities legislation. The CEO and CFO are assisted in this responsibility by a Disclosure Committee, which is composed of RioCan senior management. The Disclosure Committee has established disclosure controls and procedures to ensure that material information affecting RioCan is communicated to management of the Trust, including the CEO and CFO, as appropriate, and the appropriateness and timing of any required disclosure is determined. As required by National Instrument *52-109 – Certification of Disclosure in Issuers’ Annual and Interim Filings* (NI 52-109), an evaluation of the effectiveness of the Trust’s DCP was conducted, under the supervision of management, including RioCan’s CEO and CFO, as at December 31, 2023. The evaluation included documentation review, enquiries and other procedures considered by management to be appropriate in the circumstances. It was determined, as at December 31, 2023, that the design and operation of RioCan’s DCP were effective.

Internal Controls over Financial Reporting (ICFR)

RioCan has established adequate ICFR 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. In accordance with NI 52-109, management, including RioCan’s CEO and CFO, has assessed or caused an assessment under their direct supervision, of the design and operating effectiveness of the Trust’s ICFR as at December 31, 2023 based 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 at December 31, 2023, RioCan’s ICFR were appropriately designed and were operating effectively based on the criteria established in the Internal Control - Integrated Framework (2013).

There were no changes in the Trust’s ICFR during the three and twelve months ended December 31, 2023 that have materially affected, or are reasonably likely to materially affect, the Trust’s ICFR.

Inherent Limitations

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

Canadian REIT Status and Monitoring

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

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

Climate-Related Financial Disclosures

Commitment to Climate Change

Climate change poses environmental, social and business risks. RioCan understands that investing in climate-resilient real estate is essential to growing responsibly, reducing climate-related risks and enhancing enterprise value. Since 2020, we have used the recommendations of the Financial Stability Board’s (FSB) Task Force on Climate-Related Financial Disclosures (TCFD) to guide us in addressing our climate change-related risks and opportunities. We also continue to monitor the development of applicable laws in this area and the evolution of disclosure requirements for public issuers such as RioCan, including the International Sustainability Standards Board’s sustainability disclosure standards: IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Disclosures and IFRS S2 Climate-related Disclosures.

This section provides a summary of our approach to managing our climate risk and opportunities in alignment with TCFD during 2023, unless otherwise noted. In 2023, RioCan conducted an assessment to identify gaps between our existing climate disclosures and the IFRS S1 and S2 disclosure requirements. For additional details related to our climate program, please refer to RioCan’s 2023 ESG report, available on our website.

Governance

<u>Board Oversight</u>

The Board of Trustees has ultimate oversight for risk management and receives updates, at least annually, on ESG-related issues, including climate change. The Board of Trustees has delegated the responsibility of overseeing ESG management including climate change and resilience to the Nominating, Environmental, Social and Governance Committee (the NESGC). The charter of the NESGC sets out that the mandate of the NESGC includes overseeing the Trust’s policies and practices with respect to corporate social responsibility matters, including environmental and sustainability issues. During 2023, the NESGC received climate-related and other ESG updates at three of its meetings.

Significant and emerging risks, including those related to climate change, are escalated to the Audit Committee, which also oversees environmental compliance. The People, Culture and Compensation Committee emphasizes the importance of incorporating ESG factors including climate objectives and metrics into executive compensation. Additionally, it considers human capital retention and development, succession planning, talent development, pay equity, benefits and compensation.

<u>Management</u>

Our President and Chief Executive Officer holds overall senior executive accountability for ESG, risk management and climate change. Our SVP, General Counsel, ESG & Corporate Secretary is responsible for reporting on ESG goals, plans and performance, including those related to climate change and resiliency. 20% of RioCan’s Executive Management Bonus Plan (EBMP) payout is weighted toward ESG-specific goals, which focuses on objectives like organizational environmental goals, employee engagement, progress towards RioCan’s s Diversity, Equity and Inclusion (DEI) action plan and related initiatives.

In 2016, RioCan established an ESG Council to oversee its ESG strategy implementation and drive performance improvements. The Council is comprised of members of our executive and senior leadership teams from key functional areas of our business. Council members ensure that ESG considerations including climate change are systematically embedded in RioCan’s decision making and enable performance evaluation.

In 2021, RioCan established a Climate Committee that reports to the ESG Council and consists of subject matter experts from different business functions. The objective of this committee is to advance climate change considerations within RioCan’s objectives for resource efficient and climate-resilient current and future growth.

Strategy

<u>Approach and Progress</u>

Our climate strategy helps guide our approach to managing risks and opportunities related to climate change. Climate-related risks include both physical and transitional risks. Physical risks are described as chronic and acute physical impacts of climate change, including as a result of extreme weather events such as flooding and storms. Transition risks are related to transitioning the business to a low-carbon economy, such as climate-related policy actions, technological advancements, and market shifts in demand for products.

Our climate strategy supports responsible growth by integrating climate initiatives across our organization. RioCan’s approach involves building resilience and net zero criteria into our tools, accountabilities and decision making – from asset management and operations to developments, investments, procurement and leasing processes. This will enable us to protect asset value, enhance governance and disclosures, and meet evolving stakeholder expectations.

Our climate objectives are:

- Strengthen resilience and protect assets: Protect our operations, portfolio and developments against the physical effects of climate change
- Reduce emissions and advance towards net-zero: Decarbonize operations, portfolio and developments to support transition to a low-carbon economy
- Enhance climate governance and disclosure. Create accountability and oversight and ensure strong communication practices to stakeholders

To accelerate our efforts towards transitioning to a net-zero economy, we took the following steps in 2023:

- Understanding the climate-related objectives and targets of our tenants
- Exploring opportunities to embed climate considerations in our decision-making
- Supporting education and awareness on climate
- Further enhancing lease clauses to embed climate-related objectives

<u>Climate Assessment</u>

RioCan has conducted a detailed climate assessment to identify our climate-related risks and opportunities. We continuously manage and monitor our climate-related risks and opportunities to understand their impact on RioCan's business and strategy. For further details on our climate-related risks and opportunities, please refer to RioCan's 2023 ESG report.

Physical risk

In 2023, we expanded our assessment of potential climate change impacts to physical assets to the remaining properties not assessed in 2022. The results have identified properties susceptible to physical damage resulting from pluvial (rainfall) flooding, with limited exposure to fluvial (river) flooding.

Transition risk

We used the results of the climate scenario analysis conducted in 2022 to inform our strategic decision-making. To accelerate our efforts towards transitioning to a net-zero economy, we took the following steps in 2023:

- Developed near-term GHG emissions reduction and long-term net-zero targets
- Submitted targets and associated supporting documentation to SBTi for approval and worked through the validation process. Our targets were validated by the SBTi in December 2023
- Developed an environmental data management plan to establish clear practices for calculating, quality checking and reporting environmental performance data in line with standards and best practices. This will contribute to high-quality and decision useful data needed to track progress against targets
- Continued to engage with our tenants to understand their climate-related objectives and targets
- Further enhanced lease clauses to embed climate considerations
- Supported education and awareness on climate change

Risk Management

Management has identified climate change as an external enterprise risk. As a result, we have integrated climate-related risks into our Enterprise Risk Management approach. Plans to address the risks are prepared and monitored by the team managing the risk.

Our risk management approach considers both physical and transition climate risks. We are taking steps to address these risks:

- Our environmental due-diligence checklist for acquisitions now includes collecting information related to topics such as climate, resilience, greenhouse gas emissions and resource efficiency
- Our developments follow development sustainability guidelines to embed sustainability and climate-related considerations in our design and construction of new developments
- For income producing properties, we have drafted an environmental criteria for renovations and capital expenditure projects that include considerations for resource efficiency, choice of materials and embodied carbon.

Metrics and Targets

RioCan tracks key performance indicators related to transitional risks, such as Scope 1 and Scope 2 emissions, as well as select Scope 3 emissions and physical risks, such as total floor area of properties located in 100-year floodplain zones. For our 2022 performance, please refer to our 2023 ESG Supplement, available on our website. Our 2023 performance will be disclosed in our 2024 ESG Supplement, which will be available in Q3 2024.

In 2023, RioCan established the following GHG emissions reduction targets which were approved by the SBTi:

Near-term targets:

- Absolute Scope 1 and 2 emissions to be reduced 46.2% by 2030 from using 2019 as the baseline year.
- Absolute Scope 3 emissions from downstream-leased assets to be reduced 28.0% by 2030 from using 2019 as the baseline year.
- Scope 3 emissions from capital goods to be reduced 55.0% per square foot by 2030 from using 2019 as the baseline year.

Long-Term Targets:

- RioCan commits to reduce absolute scope 1, 2 and 3 GHG emissions by 90.0% by 2050 from using 2019 as the baseline year.

NON-GAAP MEASURES

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

Non-GAAP Financial Measure	**Description**	**Quantitative Reconciliation**
RioCan's Proportionate Share	All references to “RioCan's Proportionate Share” refer to a non-GAAP financial measure representing RioCan’s proportionate interest of the financial condition and results of operations of its entire portfolio, including equity-accounted investments. Management considers certain results presented on a proportionate share basis to be a meaningful measure because it is consistent with how RioCan and its partners assess the operating performance of each of its co-owned and equity-accounted properties. The Trust currently accounts for its investments in joint ventures and associates using the equity method of accounting. The remaining definitions outlined below pertain to measures that are key metrics that we use to manage capital and to assess our liquidity, borrowing capacity and cost of capital. Certain measures identified in the definitions that follow in this section are calculated on the basis of both a RioCan's Proportionate Share basis and using IFRS reported amounts to convey a more meaningful measure of financial performance with respect to the periods reported.	*(i) RioCan's Proportionate Share*
RioCan's Proportionate Share in Equity-Accounted Joint Ventures (EAI JV) *or* *RioCan's Proportionate Share in EAI JV*	All references to “RioCan's Proportionate Share in Equity-Accounted Joint Ventures” refers to a non-GAAP financial measure representing RioCan’s proportionate interest of the financial condition and results of operations of its portfolio, including Equity-Accounted Investments in Joint Ventures (EAI JV). Management considers certain results presented on a proportionate share basis including EAI JV to be meaningful, because it is consistent with how RioCan operates and manages its development program. The Trust currently accounts for its investments in joint ventures using the equity method of accounting.	*Asset Profile-Joint Arrangements* and *Development Program* sections

<table>
<tr><th>Non-GAAP Financial Measure</th><th>Description</th><th>Quantitative Reconciliation</th></tr>
<tr><td>Net Operating Income (NOI), Stabilized NOI,

NOI (RioCan's Proportionate Share)</td><td>NOI is a non-GAAP financial measure and is defined by RioCan as rental revenue from income properties less property operating costs.

NOI at RioCan's Proportionate Share is a non-GAAP financial measure and includes RioCan's proportionate interest in NOI of its entire portfolio, including equity-accounted investments.

Stabilized NOI is a forward-looking non-GAAP financial measure based on budgeted rents and expenses and is supported by the terms of any existing lease, other contracts or external evidence such as current market rents for similar properties, adjusted to incorporate allowances for estimated vacancy rates, and management fees based on current and expected future market conditions after expiry of any current lease. The resulting capitalized value is then adjusted for non-recoverable capital expenditures as well as other costs, including leasing costs, inherent in achieving and maintaining Stabilized NOI.

For the calculation of NOI, rental revenue includes all amounts earned from tenants related to lease agreements, including property tax and operating cost recoveries, to the extent recoverable under tenant leases. Amounts payable by tenants to terminate their lease prior to the contractual expiry date (lease cancellation fees) are included in rental revenue for the calculation of NOI.

Management believes that NOI is a useful non-GAAP financial measure of operating performance of the Trust's income producing properties in addition to the most comparable IFRS measure, which we believe is operating income. The IFRS measure of operating income also includes residential inventory gains and losses as well as property and asset management fees earned from co-owners. While management considers its residential inventory and portfolio management activities part of its business operations, and thus operating income, such revenues are not part of how we evaluate the operating performance of our income producing properties. As such, we report NOI as a useful non-GAAP financial measure to report the operating performance of our income producing properties.

NOI is an important measure of the income generated from the income producing properties and is used by the Trust in evaluating the performance of the portfolio, as well as being a key input in determining the value of the income producing properties portfolio.</td><td>(ii) NOI</td></tr>
<tr><td>Same Property NOI (SPNOI)

Commercial Same Property NOI,

Residential Same Property NOI

and

Adjusted Commercial Same Property NOI</td><td>Same Property NOI is comprised of Commercial Same Property NOI and Residential Same Property NOI.

Commercial Same Property NOI is a non-GAAP financial measure used by RioCan to assess the period-over-period performance of the commercial properties owned and operated by RioCan in both periods. In calculating Commercial Same Property NOI growth, NOI for the period is adjusted to remove the impact of lease cancellation fees and straight-line rent revenue in order to highlight the 'cash impact' of rent-free periods and contractual rent increases embedded in the underlying lease agreements. Commercial Same Property NOI also excludes NOI for a limited number of properties undergoing significant de-leasing in preparation for redevelopment or intensification.

Residential Same Property NOI is a non-GAAP financial measure used by RioCan to assess the period-over-period performance of the stabilized residential rental properties owned and operated by RioCan in both periods. A property is considered to have reached stabilization upon the earlier of (i) achieving 95% occupancy or (ii) 24 months after first occupancy in both periods.

Commercial Same Property NOI and Residential Same Property NOI are meaningful measures of operating performance because they allow management to assess rent growth and leasing activity of its portfolio on a same property basis and the impact of capital investments.

Adjusted Commercial Same Property NOI starts with Same Property NOI but adds back (deducts) same property provision for credit losses (recovery) and excludes legal and CAM/property tax settlements.</td><td>(iii) Same Property NOI</td></tr>
</table>

Non-GAAP Financial Measure	Description	Quantitative Reconciliation
Funds From Operations (FFO) *and* *FFO Adjusted*	FFO is a non-GAAP financial measure of operating performance widely used by the Canadian real estate industry based on the definition set forth by REALPAC. It is RioCan's view that IFRS net income does not necessarily provide a complete measure of RioCan's recurring operating performance. This is primarily because IFRS net income includes items such as fair value changes of investment property that are subject to market conditions and capitalization rate fluctuations, unrealized gains or losses on marketable securities, gains and losses on the disposal of investment properties, including associated transaction costs, and ERP implementation costs (net of amortization) which are not representative of recurring operating performance. RioCan’s method of calculating FFO is in compliance with REALPAC’s definition of FFO except that RioCan excludes unrealized fair value gains or losses on marketable securities and ERP implementation costs (net of amortization) in its calculation of FFO. The Trust believes that including such unrealized fair value gains or losses on marketable securities and ERP implementation costs (net of amortization) in FFO does not represent the recurring operating performance of the Trust. FFO Adjusted starts with FFO but adds back net debt prepayment costs, one-time compensation and restructuring costs, to normalize FFO. Debt prepayment costs include yield maintenance, write-off of deferred financing costs and discounts/premiums, and related swap settlements that are not related to investment properties dispositions. One-time compensation costs include the acceleration of certain unit-based compensation amortization expenses. Restructuring costs are related to elimination of certain positions including those related to the outsourcing of the property management of the Trust's Quebec portfolio. RioCan regards FFO as a key measure of operating performance and as a key measure for determining the level of employee incentive based compensation. RioCan also uses FFO in assessing its distribution paying capacity. FFO should not be construed as an alternative to net income or cash flows provided by or used in operating activities determined in accordance with IFRS.	*(iv) FFO*
Adjusted Funds From Operations (AFFO) *and* *AFFO Adjusted*	AFFO is non-GAAP financial measure of operating performance widely used by the real estate industry in Canada. AFFO is calculated as FFO less straight-line rent, normalized capital expenditures and leasing costs. RioCan calculates AFFO in accordance with the recommendations of REALPAC's January 2022 guidance, except RioCan excludes unrealized fair value gains or losses on marketable securities and ERP implementation costs (net of amortization) from FFO and by extension AFFO. Management considers AFFO a meaningful measure of recurring economic earnings and relevant in understanding RioCan's ability to service its debt, fund capital expenditures and determine an appropriate level of sustainable common unitholder distributions over the long run. AFFO Adjusted starts with AFFO but adds back net debt prepayment costs, one-time compensation and restructuring costs, to normalize AFFO. Debt prepayment costs, one-time compensation and restructuring costs are described in FFO above.	*(v) AFFO*
FFO and AFFO Payout Ratios *and* *FFO and AFFO Payout Ratios Adjusted*	FFO and AFFO Payout Ratios, and FFO and AFFO Payout Ratios Adjusted are supplementary non-GAAP measures of a REIT's distribution paying capacity. These payout ratios are computed on a rolling twelve-month basis by dividing total Unitholder distributions paid (including distributions paid under RioCan's distribution reinvestment program) by FFO and AFFO and FFO Adjusted and AFFO Adjusted, respectively, over the same period. RioCan management uses the FFO Payout Ratio and AFFO Payout Ratio in assessing its distribution paying capacity.	*(iv) FFO* and *(v) AFFO*

Non-GAAP Financial Measure	Description	Quantitative Reconciliation
Adjusted G&A Expense and Adjusted G&A Expense as a percentage of rental revenue	Adjusted G&A Expense is a non-GAAP financial measure calculated as total general and administrative expense less ERP implementation costs, restructuring costs and one-time compensation costs. Adjusted G&A Expense as a percentage of rental revenue is a non-GAAP ratio calculated as Adjusted G&A Expense divided by rental revenue. This ratio is a useful measure of the Trust's ongoing general and administrative expenses as a percentage of rental revenue.	*(vi) Adjusted G&A Expense*
Normalized Capital Expenditures	Normalized Capital Expenditures are an estimate made by management of the amount of ongoing capital investment required to maintain the condition of the physical property and current rental revenues. Management considers a number of factors in estimating Normalized Capital Expenditures relative to the growth in the age and size of the Trust's property portfolio. Such factors include, but are not limited to, a portfolio assessment to prioritize assets and the type of capital expenditures, a review and analysis of historical capital spending, comparison of each quarter's annualized actual spending activity to the annual budgeted capital expenditures as approved by our Board of Trustees at the beginning of each year and management's expectations and/or plans for the properties. Property capital expenditures that are generally expected to add to the overall earnings capacity of the property are considered revenue enhancing capital expenditures by management and are also excluded in determining the Normalized Capital Expenditures estimate. RioCan does not obtain support from independent sources for its Normalized Capital Expenditures but relies on internal diligence and expertise in arriving at this management estimate. RioCan's long-tenured management team has extensive experience in commercial real estate and in-depth knowledge of the property portfolio. As a result, RioCan believes that management is best suited to make the assessment of Normalized Capital Expenditures without independent third-party sources. Since actual capital expenditures can vary widely from quarter-to-quarter depending on a number of factors, management believes that Normalized Capital Expenditures is a more relevant input than actual capital expenditures in assessing a REIT's distribution payout ratio and for determining an appropriate level of sustainable distributions over the long run. For 2023, the Trust determined that $55.0 million was a reasonable estimate for its Normalized Capital Expenditures. The Trust's Normalized Capital Expenditures for 2024 reflects its pursuit of its strategic objectives of resilient retail and better serving its tenants. The Trust has determined that $55.0 million is a reasonable Normalized Capital Expenditures estimate for 2024, although quarterly fluctuations between the $13.8 million quarterly Normalized Capital Expenditures spend and actual spend are expected. Normalized Capital Expenditures does not include estimated capital expenditures for mixed-use residential projects given that these are newly constructed buildings.	*Asset Profile-Capital Expenditures on Income Properties* section
Total joint operations and equity-accounted investments - Income properties, PUD, Residential inventory, Other, Total assets, Total NOI	This is a non-GAAP measure which represents the sum of RioCan's interest of joint operations and proportionate share of equity-accounted investments. This is a useful measure indicating the amount of Income properties, PUD, Residential inventory, Other, Total assets and Total NOI that are jointly controlled or where RioCan has significant influence.	*Asset Profile-Joint Arrangements* section
Development Spending	Development Spending is a non-GAAP financial measure defined as the sum of total development expenditures incurred for various properties under development and for residential inventory and RioCan's proportionate share of Development Spending from equity-accounted joint ventures. Development Spending is disaggregated into mixed-use (typically the complete or partial redevelopment of a property, that consists of retail, office, residential rental and/or residential condominiums) and construction of retail projects (typically, add-on pad/building or repurposing a section of an existing retail property). Development Spending is a useful measure of development progress and investment in properties under development and residential inventory.	*(vii) Development Spending*

Non-GAAP Financial Measure	Description	Quantitative Reconciliation
Net Cost Transfer from PUD to IPP	Net Cost Transfer from PUD to IPP is a non-GAAP financial measure defined as IFRS cost transfer from PUD to IPP, net of adjustments to cash basis. It excludes vacant land costs and invested costs on retail redevelopment at date of transfer. It is also net of proceeds from land sales, applicable interim income or fee income earned, capitalized interest on invested equity, and fair value on initial amounts transferred into properties under development. Net Cost Transfer from PUD to IPP is a useful measure of cash investment in the development projects.	*(viii) Net Cost Transfer from PUD to IPP*
Total Development at Cost	Total Development at Cost is a non-GAAP financial measure defined as the sum of the cost of residential inventory and related prepaid selling commissions, and properties under development, and the cost of RioCan's proportionate share of residential inventory and related prepaid selling commissions, and properties under development from equity-accounted joint ventures. This metric is a useful measure in determining RioCan's development costs incurred.	*(ix) Total Development at Cost*
Total Acquisitions	Total Acquisitions is a non-GAAP financial measure defined as the sum of total acquisitions incurred for investment properties, residential inventory and RioCan's proportionate share of investment property and residential inventory acquisitions from equity-accounted joint ventures. Total Acquisitions is a useful measure of RioCan's total acquisition activity.	*(x) Total Acquisitions*
Total Contractual Debt *and* *Total Debt (RioCan's Proportionate Share) and Total Contractual Debt (RioCan's Proportionate Share)*	Total Contractual Debt is a non-GAAP financial measure defined as the sum of contractual obligations (excluding unamortized deferred financing costs and discounts/premiums) of mortgages payable, lines of credit and other bank loans, mortgages on properties held for sale and debentures payable. Total Debt (RioCan's Proportionate Share) and Total Contractual Debt (RioCan's Proportionate Share) are non-GAAP financial measures that include RioCan's proportionate interest in the total debt and Total Contractual Debt of its entire portfolio, including equity-accounted investments. These measures are useful in measuring leverage.	*(xi) Total Debt and Total Contractual Debt*
Adjusted EBITDA *and* *Adjusted EBITDA (RioCan's Proportionate Share)*	Adjusted EBITDA and Adjusted EBITDA (RioCan's Proportionate Share) are non-GAAP financial measures that are used by management as an input in a key debt metric that we use in measuring our debt profile and assessing our ability to service our debt. Adjusted EBITDA (RioCan's Proportionate Share) includes RioCan's proportionate interest in Adjusted EBITDA of its entire portfolio, including equity-accounted investments. Adjusted EBITDA and Adjusted EBITDA (RioCan's Proportionate Share) are used as an alternative to IFRS net income, because they exclude major non-cash items (including, but not limited to, depreciation and amortization expense, unit-based compensation costs, fair value gains and losses on investment properties, the change in unrealized gains and losses on marketable securities), interest costs, income tax expenses and recoveries, transaction gains and losses on the disposition of investment properties, transaction costs, ERP implementation costs and other items that management considers either non-operating in nature or related to the capital cost of our investment properties, net debt prepayment costs, one-time cash compensation costs and restructuring costs.	*(xv) Adjusted EBITDA and Coverage Ratios*

Non-GAAP Financial Measure	Description	Quantitative Reconciliation
Average Total Adjusted Debt, *Adjusted Debt to Adjusted EBITDA* *and* *Adjusted Debt to Adjusted EBITDA (RioCan's Proportionate Share)*	Adjusted Debt to Adjusted EBITDA is a non-GAAP ratio of our financial leverage calculated on a trailing twelve-month basis and is defined as our quarterly average Total Adjusted Debt (Average Total Adjusted Debt) divided by Adjusted EBITDA. Adjusted Debt to Adjusted EBITDA (RioCan's Proportionate Share) is a non-GAAP ratio calculated on a trailing twelve-month basis that uses RioCan's Proportionate Share in Average Total Adjusted Debt of RioCan's entire portfolio, including equity-accounted investments, divided by Adjusted EBITDA (RioCan's Proportionate Share). These ratios are useful measures of the Trust's ability to satisfy debt obligations.	*(xv) Adjusted EBITDA and Coverage Ratios*
Ratio of Floating Rate Debt to Total Debt (RioCan's Proportionate Share) *and* *Ratio of Fixed Rate Debt to Total Debt (RioCan's Proportionate Share)*	Ratio of Floating Rate Debt to Total Debt (RioCan's Proportionate Share) is a non-GAAP ratio calculated as RioCan's Proportionate Share in total floating rate debt of RioCan's entire portfolio, including equity-accounted investments divided by Total Debt (RioCan's Proportionate Share). Ratio of Fixed Rate Debt to Total Debt (RioCan's Proportionate Share) is a non-GAAP ratio calculated as RioCan's Proportionate Share in total fixed rate debt of RioCan's entire portfolio, including equity-accounted investments divided by Total Debt (RioCan's Proportionate Share). These ratios are useful measures of the Trust's relative exposure to fixed and floating rate debt.	*(xii) Floating Rate Debt and Fixed Rate Debt*
Liquidity *and* *Liquidity (RioCan's Proportionate Share)*	Liquidity is a non-GAAP measure calculated based on the sum of total cash and cash equivalents, undrawn revolving unsecured operating lines of credit and undrawn construction lines and other bank loans. Liquidity (RioCan's Proportionate Share) is a non-GAAP measure that includes RioCan's Proportionate Share in the sum of total cash and cash equivalents, undrawn revolving unsecured operating lines of credit and undrawn construction lines and other bank loans of RioCan's entire portfolio, including equity-accounted investments. These measures are useful measures of the Trust's cash resources and credit available under committed credit facilities.	*(xiv) Liquidity*
Ratio of Unsecured Debt to Total Contractual Debt and Ratio of Secured Debt to Total Contractual Debt *and* *Ratio of Unsecured Debt to Total Contractual Debt (RioCan's Proportionate Share) and Ratio of Secured Debt to Total Contractual Debt (RioCan's Proportionate Share)*	Ratio of Unsecured Debt to Total Contractual Debt is a non-GAAP ratio calculated as Total Unsecured Debt (contractual amount of unsecured debt) divided by Total Contractual Debt. Ratio of Secured Debt to Total Contractual Debt is a non-GAAP ratio calculated as total Secured Debt (contractual amount of secured debt) divided by Total Contractual Debt. Ratio of Unsecured Debt to Total Contractual Debt (RioCan's Proportionate Share) is a non-GAAP ratio calculated as RioCan's Proportionate Share in Total Unsecured Debt of RioCan's entire portfolio, including equity-accounted investments, divided by Total Contractual Debt (RioCan's Proportionate Share). Ratio of Secured Debt to Total Contractual Debt (RioCan's Proportionate Share) is a non-GAAP ratio calculated as RioCan's Proportionate Share in total Secured Debt of RioCan's entire portfolio, including equity-accounted investments, divided by Total Contractual Debt (RioCan's Proportionate Share). These ratios are useful measures of the Trust's relative exposure to secured and unsecured Debt.	*(xiii) Unsecured Debt and Secured Debt*

Non-GAAP Financial Measure	Description	Quantitative Reconciliation
Unencumbered Assets *and* *Ratio of Unencumbered Assets to total investment properties* *and* *Ratio of Unencumbered Assets to total investment properties (RioCan's Proportionate Share)*	Ratio of Unencumbered Assets to total investment properties is a non-GAAP ratio calculated as the carrying value of all investment properties that have not been pledged as security for debt (Unencumbered Assets) divided by total fair value of investment properties. Ratio of Unencumbered Assets to total investment properties (RioCan's Proportionate Share) is a non-GAAP ratio calculated as Unencumbered Assets divided by total fair value of investment properties, both at RioCan's Proportionate Share (RioCan's proportionate interest of its entire portfolio, including equity-accounted investments). These ratios are useful measures of investment properties that can be mortgaged to increase Liquidity.	*(xvi) Unencumbered Assets*
Percentage of Normalized NOI Generated from Unencumbered Assets *and* *Percentage of Normalized NOI Generated from Unencumbered Assets (RioCan's Proportionate Share)*	Percentage of Normalized NOI Generated from Unencumbered Assets is a non-GAAP ratio defined as NOI for the current quarter excluding lease cancellation fees, miscellaneous revenue and percentage rent multiplied by a factor of four (Annual Normalized NOI) from Unencumbered Assets as of the end of a reporting period divided by total Annual Normalized NOI as of the end of the same reporting period. Unencumbered Assets are investment properties that have not been pledged as security for debt. Percentage of Normalized NOI Generated from Unencumbered Assets (RioCan's Proportionate Share) is a non-GAAP ratio defined as the Annual Normalized NOI from Unencumbered Assets as of the end of a reporting period divided by total Annual Normalized NOI as of the end of the same reporting period, both at RioCan's Proportionate Share (RioCan's proportionate interest of its entire portfolio, including equity-accounted investments). These ratios are useful measures of the NOI that is not subject to debt servicing obligations.	*(xvi) Unencumbered Assets*
Excess cash flows provided by operating activities excluding non-cash working capital, net of distributions declared	This is a non-GAAP measure calculated as total cash flows provided by operating activities excluding non-cash working capital items less the distributions declared to Unitholders. This is a useful measure of the excess cash the Trust has retained after distributions to fund operations, investments and capital activities.	*Distributions to Unitholders* section

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

(i) RioCan's Proportionate Share

The following table reconciles the consolidated balance sheets from IFRS to RioCan's proportionate share basis as at December 31, 2023 and 2022:

As at	**December 31, 2023**			December 31, 2022		
(thousands of dollars)	IFRS basis	Equity-accounted investments	RioCan's proportionate share	IFRS basis	Equity-accounted investments	RioCan's proportionate share
Assets						
Investment properties	**$ 13,561,718**	**$ 411,811**	**$ 13,973,529**	$ 13,807,740	$ 398,701	$ 14,206,441
Equity-accounted investments	**383,883**	**(383,883)**	**—**	364,892	(364,892)	—
Mortgages and loans receivable	**289,533**	**(6,707)**	**282,826**	269,339	—	269,339
Residential inventory	**217,186**	**407,946**	**625,132**	272,005	214,536	486,541
Assets held for sale	**19,075**	**—**	**19,075**	42,140	—	42,140
Receivables and other assets	**246,652**	**50,681**	**297,333**	259,514	37,779	297,293
Cash and cash equivalents	**124,234**	**14,506**	**138,740**	86,229	8,001	94,230
Total assets	**$ 14,842,281**	**$ 494,354**	**$ 15,336,635**	$ 15,101,859	$ 294,125	$ 15,395,984
Liabilities						
Debentures payable	**$ 3,240,943**	**$ —**	**$ 3,240,943**	$ 2,942,051	$ —	$ 2,942,051
Mortgages payable	**2,740,924**	**158,292**	**2,899,216**	2,659,180	172,100	2,831,280
Lines of credit and other bank loans	**879,246**	**231,963**	**1,111,209**	1,141,112	89,187	1,230,299
Accounts payable and other liabilities	**543,398**	**104,099**	**647,497**	630,624	32,838	663,462
Total liabilities	**$ 7,404,511**	**$ 494,354**	**$ 7,898,865**	$ 7,372,967	$ 294,125	$ 7,667,092
Equity						
Unitholders' equity	**7,437,770**	**—**	**7,437,770**	7,728,892	—	7,728,892
Total liabilities and equity	**$ 14,842,281**	**$ 494,354**	**$ 15,336,635**	$ 15,101,859	$ 294,125	$ 15,395,984

RioCan's Proportionate Share (continued)

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

As at	December 31, 2021		
(in thousands of dollars)	IFRS basis	Equity-accounted investments	RioCan's proportionate share
Assets			
Investment properties	$ 14,021,338	$ 409,794	$ 14,431,132
Equity-accounted investments	327,335	(327,335)	—
Mortgages and loans receivable	237,790	—	237,790
Residential inventory	217,043	121,291	338,334
Assets held for sale	47,240	—	47,240
Receivables and other assets	248,959	35,367	284,326
Cash and cash equivalents	77,758	9,113	86,871
Total assets	$ 15,177,463	$ 248,230	$ 15,425,693
Liabilities			
Debentures payable	$ 2,990,692	$ —	$ 2,990,692
Mortgages payable	2,334,016	166,368	2,500,384
Lines of credit and other bank loans	1,285,910	48,049	1,333,959
Accounts payable and other liabilities	655,501	33,813	689,314
Total liabilities	$ 7,266,119	$ 248,230	$ 7,514,349
Equity			
Unitholders' equity	7,911,344	—	7,911,344
Total liabilities and equity	$ 15,177,463	$ 248,230	$ 15,425,693

RioCan's Proportionate Share (continued)

The following tables reconcile the consolidated statements of income (loss) from IFRS to RioCan's proportionate share basis for the three months and years ended December 31, 2023 and December 31, 2022 and year ended December 31, 2021:

	Three months ended December 31, 2023			Three months ended December 31, 2022		
(thousands of dollars)	IFRS basis	Equity-accounted investments	RioCan's proportionate share	IFRS basis	Equity-accounted investments	RioCan's proportionate share
Revenue						
Rental revenue	**$ 276,510**	**$ 8,124**	**$ 284,634**	$ 268,864	$ 7,516	$ 276,380
Residential inventory sales	**13,789**	**11,365**	**25,154**	33,873	—	33,873
Property management and other service fees	**6,611**	**—**	**6,611**	3,450	—	3,450
	296,910	**19,489**	**316,399**	306,187	7,516	313,703
Operating costs						
Rental operating costs						
Recoverable under tenant leases	**94,445**	**881**	**95,326**	95,258	836	96,094
Non-recoverable costs	**7,397**	**605**	**8,002**	9,060	606	9,666
Residential inventory cost of sales	**8,994**	**9,117**	**18,111**	26,448	—	26,448
	110,836	**10,603**	**121,439**	130,766	1,442	132,208
Operating income	**186,074**	**8,886**	**194,960**	175,421	6,074	181,495
Other income (loss)						
Interest income	**6,401**	**618**	**7,019**	6,272	599	6,871
Income (loss) from equity-accounted investments	**(7,190)**	**7,190**	**—**	(3,864)	3,864	—
Fair value loss on investment properties, net	**(222,921)**	**(13,506)**	**(236,427)**	(115,507)	(8,404)	(123,911)
Investment and other income (loss)	**4,459**	**(25)**	**4,434**	240	324	564
	(219,251)	**(5,723)**	**(224,974)**	(112,859)	(3,617)	(116,476)
Other expenses						
Interest costs, net	**58,940**	**3,108**	**62,048**	48,320	2,394	50,714
General and administrative	**15,459**	**23**	**15,482**	12,845	23	12,868
Internal leasing costs	**3,156**	**—**	**3,156**	3,306	—	3,306
Transaction and other costs	**6,945**	**32**	**6,977**	3,236	40	3,276
	84,500	**3,163**	**87,663**	67,707	2,457	70,164
Loss before income taxes	**$ (117,677)**	**$ —**	**$ (117,677)**	$ (5,145)	$ —	$ (5,145)
Current income tax recovery	**(18)**	**—**	**(18)**	(184)	—	(184)
Net loss	**$ (117,659)**	**$ —**	**$ (117,659)**	$ (4,961)	$ —	$ (4,961)

RioCan's Proportionate Share (continued)

	Year ended December 31, 2023			Year ended December 31, 2022		
(thousands of dollars)	IFRS basis	Equity-accounted investments	RioCan's proportionate share	IFRS basis	Equity-accounted investments	RioCan's proportionate share
Revenue						
Rental revenue	**$ 1,091,105**	**$ 33,609**	**$ 1,124,714**	$ 1,074,192	$ 29,221	$ 1,103,413
Residential inventory sales	**13,789**	**63,222**	**77,011**	118,659	936	119,595
Property management and other service fees	**18,977**	**—**	**18,977**	20,996	—	20,996
	1,123,871	**96,831**	**1,220,702**	1,213,847	30,157	1,244,004
Operating costs						
Rental operating costs						
Recoverable under tenant leases	**374,149**	**3,549**	**377,698**	376,914	2,889	379,803
Non-recoverable costs	**26,320**	**2,338**	**28,658**	27,955	2,394	30,349
Residential inventory cost of sales	**8,994**	**49,476**	**58,470**	96,286	422	96,708
	409,463	**55,363**	**464,826**	501,155	5,705	506,860
Operating income	**714,408**	**41,468**	**755,876**	712,692	24,452	737,144
Other income (loss)						
Interest income	**25,131**	**2,559**	**27,690**	20,902	2,326	23,228
Income from equity-accounted investments	**18,383**	**(18,383)**	**—**	2,349	(2,349)	—
Fair value loss on investment properties, net	**(450,408)**	**(14,123)**	**(464,531)**	(241,128)	(16,208)	(257,336)
Investment and other (loss) income	**8,501**	**(339)**	**8,162**	(1,842)	277	(1,565)
	(398,393)	**(30,286)**	**(428,679)**	(219,719)	(15,954)	(235,673)
Other expenses						
Interest costs, net	**208,948**	**11,339**	**220,287**	180,365	8,242	188,607
General and administrative	**60,367**	**56**	**60,423**	54,437	74	54,511
Internal leasing costs	**11,919**	**—**	**11,919**	12,204	—	12,204
Transaction and other costs	**9,344**	**(213)**	**9,131**	8,274	182	8,456
	290,578	**11,182**	**301,760**	255,280	8,498	263,778
Income before income taxes	**$ 25,437**	**$ —**	**$ 25,437**	$ 237,693	$ —	$ 237,693
Current income tax (recovery) expense	**(13,365)**	**—**	**(13,365)**	921	—	921
Net income	**$ 38,802**	**$ —**	**$ 38,802**	$ 236,772	$ —	$ 236,772

RioCan's Proportionate Share (continued)

	Year ended December 31, 2021		
(thousands of dollars)	IFRS basis	Equity-accounted investments	RioCan's proportionate share
Revenue			
Rental revenue	$ 1,066,562	$ 26,836	$ 1,093,398
Residential inventory sales	93,727	6,474	100,201
Property management and other service fees	14,772	—	14,772
	1,175,061	33,310	1,208,371
Operating costs			
Rental operating costs			
Recoverable under tenant leases	367,297	2,089	369,386
Non-recoverable costs	40,753	2,544	43,297
Residential inventory cost of sales	65,346	2,371	67,717
	473,396	7,004	480,400
Operating income	701,665	26,306	727,971
Other income (loss)			
Interest income	13,666	2,160	15,826
Income from equity-accounted investments	19,189	(19,189)	—
Fair value gain (loss) on investment properties, net	124,052	(1,113)	122,939
Investment and other income (loss)	2,743	(806)	1,937
	159,650	(18,948)	140,702
Other expenses			
Interest costs, net	171,521	7,026	178,547
General and administrative	51,400	60	51,460
Internal leasing costs	11,807	—	11,807
Transaction and other costs	17,343	272	17,615
Debt prepayment costs, net	10,914	—	10,914
	262,985	7,358	270,343
Income before income taxes	$ 598,330	$ —	$ 598,330
Current income tax recovery	(59)	—	(59)
Net income	$ 598,389	$ —	$ 598,389

(ii) NOI

The following table reconciles operating income to NOI for the three months ended December 31, 2023 and 2022 and years ended December 31, 2023, 2022 and 2021:

	Three months ended December 31		Years ended December 31		
(thousands of dollars, except where otherwise noted)	**2023**	2022	**2023**	2022	2021
Operating Income	**$ 186,074**	$ 175,421	**$ 714,408**	$ 712,692	$ 701,665
Adjusted for the following:					
Property management and other service fees	**(6,611)**	(3,450)	**(18,977)**	(20,996)	(14,772)
Residential inventory gains	**(4,795)**	(7,425)	**(4,795)**	(22,373)	(28,381)
Operational lease revenue from ROU assets	**1,638**	1,516	**6,717**	5,666	4,799
NOI	**$ 176,306**	$ 166,062	**$ 697,353**	$ 674,989	$ 663,311

NOI at RioCan's Proportionate Share

The following table reconciles operating income to NOI for equity-accounted investments for the three months ended December 31, 2023 and 2022 and years ended December 31, 2023, 2022 and 2021:

	Three months ended December 31		Years ended December 31		
(thousands of dollars)	**2023**	2022	**2023**	2022	2021
NOI at IFRS basis	**$ 176,306**	$ 166,062	**$ 697,353**	$ 674,989	$ 663,311
Add equity-accounted investments:					
Operating Income	**$ 8,886**	$ 6,074	**$ 41,468**	$ 24,452	$ 26,306
Adjusted for the following:					
Residential inventory gains	**(2,248)**	—	**(13,746)**	(514)	(4,103)
Operational lease expenses from ROU assets	**(222)**	(202)	**(858)**	(809)	(777)
NOI from equity-accounted investments	**$ 6,416**	$ 5,872	**$ 26,864**	$ 23,129	$ 21,426
NOI at RioCan's proportionate share	**$ 182,722**	$ 171,934	**$ 724,217**	$ 698,118	$ 684,737

(iii) Same Property NOI

The following table reconciles Same Property NOI to NOI for the three months and years ended December 31, 2023 and 2022:

	Three months ended December 31		Years ended December 31	
(thousands of dollars)	**2023**	2022	**2023**	2022
Commercial:				
Commercial Same Property NOI	**$ 150,698**	$ 142,019	**$ 596,558**	$ 569,416
NOI from income producing properties:				
Acquired (i)	**566**	8	**2,010**	462
Disposed (i)	**2,494**	8,830	**15,351**	46,709
	3,060	8,838	**17,361**	47,171
NOI from completed commercial developments	**9,181**	4,878	**31,964**	16,948
NOI from properties under de-leasing (ii)	**4,213**	5,111	**18,842**	20,829
Lease cancellation fees	**70**	391	**5,253**	5,119
Straight-line rent adjustment	**2,638**	806	**5,898**	1,884
NOI from commercial properties	**169,860**	162,043	**675,876**	661,367
Residential:				
Residential Same Property NOI	**4,088**	3,507	**7,123**	6,260
NOI from income producing properties:				
Acquired (i)	**401**	—	**2,975**	1,667
Disposed (i)	**—**	—	**48**	(7)
	401	—	**3,023**	1,660
NOI from completed residential developments	**1,957**	512	**11,331**	5,702
NOI from residential rental	**6,446**	4,019	**21,477**	13,622
NOI (iii)	**$ 176,306**	$ 166,062	**$ 697,353**	$ 674,989

(i) Includes properties acquired or disposed of during the periods being compared.
(ii) NOI from limited number of properties undergoing significant de-leasing in preparation for redevelopment or intensification.
(iii) Refer to *(ii) NOI* of this *Non-GAAP Measures* section of this MD&A for reconciliation from NOI to operating income.

	Three months ended December 31		Years ended December 31	
(thousands of dollars)	**2023**	2022	**2023**	2022
Commercial Same Property NOI	**$ 150,698**	$ 142,019	**$ 596,558**	$ 569,416
Residential Same Property NOI	**4,088**	3,507	**7,123**	6,260
Same Property NOI	**$ 154,786**	$ 145,526	**$ 603,681**	$ 575,676

Adjusted Commercial Same Property NOI

	Three months ended December 31		Years ended December 31	
(thousands of dollars)	**2023**	2022	**2023**	2022
Commercial Same Property NOI	**$ 150,698**	$ 142,019	**$ 596,558**	$ 569,416
Add (exclude):				
Same property (recovery) provisions for credit losses	**(801)**	1,325	**(5,571)**	1,185
Legal and CAM/property tax settlements	**(1,606)**	1,022	**(6,119)**	(520)
Adjusted Commercial Same Property NOI	**$ 148,291**	$ 144,366	**$ 584,868**	$ 570,081

(iv) FFO

The following table reconciles net income (loss) attributable to Unitholders to FFO for the three months and years ended December 31, 2023 and 2022:

	Three months ended December 31		Years ended December 31	
(thousands of dollars, except where otherwise noted)	**2023**	2022	**2023**	2022
Net income (loss) attributable to Unitholders	**$ (117,659)**	$ (4,961)	**$ 38,802**	$ 236,772
Add back/(Deduct):				
Fair value losses, net	**222,921**	115,507	**450,408**	241,128
Fair value losses included in equity-accounted investments	**13,506**	8,404	**14,124**	16,207
Internal leasing costs	**3,156**	3,306	**11,919**	12,204
Transaction losses on investment properties, net (i)	**1,147**	560	**1,182**	1,027
Transaction gains on equity-accounted investments	**(14)**	—	**(83)**	—
Transaction costs on sale of investment properties	**5,094**	2,652	**5,601**	5,734
ERP implementation costs	**3,503**	—	**12,032**	—
Change in unrealized fair value on marketable securities	**(1,846)**	382	**865**	3,782
Current income tax (recovery) expense	**(18)**	(184)	**(13,365)**	921
Operational lease revenue from ROU assets	**1,283**	1,120	**5,116**	4,086
Operational lease expenses from ROU assets in equity-accounted investments	**(16)**	(12)	**(55)**	(46)
Capitalized interest related to equity-accounted investments (ii)	**1,833**	869	**4,735**	2,863
FFO	**$ 132,890**	$ 127,643	**$ 531,281**	$ 524,678
Add back:				
Restructuring costs	**24**	510	**1,368**	4,289
FFO Adjusted	**$ 132,914**	$ 128,153	**$ 532,649**	$ 528,967
FFO per unit - basic	**$ 0.44**	$ 0.42	**$ 1.77**	$ 1.71
FFO per unit - diluted	**$ 0.44**	$ 0.42	**$ 1.77**	$ 1.71
FFO Adjusted per unit - diluted	**$ 0.44**	$ 0.42	**$ 1.77**	$ 1.73
Weighted average number of Units - basic (in thousands)	**300,417**	302,321	**300,392**	306,069
Weighted average number of Units - diluted (in thousands)	**300,417**	302,423	**300,479**	306,247

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

(ii) Refer to table below.

FFO from equity-accounted investments

The following table reconciles income from equity-accounted investments to FFO from equity-accounted investments for the three months and years ended December 31, 2023 and 2022:

	Three months ended December 31		Years ended December 31	
(thousands of dollars)	**2023**	2022	**2023**	2022
Income from equity-accounted investments	**$ (7,190)**	$ (3,864)	**$ 18,383**	$ 2,349
Fair value losses included in equity-accounted investments	**13,506**	8,404	**14,124**	16,207
Transaction gains on equity-accounted investments	**(14)**	—	**(83)**	—
Transaction costs/(gains) on sale of investment properties	**—**	—	**—**	2
Operational lease expenses from ROU assets in equity-accounted investments	**(16)**	(12)	**(55)**	(46)
Capitalized interest related to equity-accounted investments (i)	**1,833**	869	**4,735**	2,863
FFO from equity-accounted investments	**$ 8,119**	$ 5,397	**$ 37,104**	$ 21,375

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

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

The following tables reconcile quarterly net income (loss) attributable to Unitholders to FFO for the years ended December 31, 2023, 2022 and 2021:

(thousands of dollars, except where otherwise noted)	**Q4 2023**	Q3 2023	Q2 2023	Q1 2023	**Twelve months ended December 31, 2023**
Net income (loss) attributable to Unitholders	**$ (117,659)**	$ (73,510)	$ 111,967	$ 118,004	**$ 38,802**
Add back/(Deduct):					
Fair value losses, net	**222,921**	199,528	10,594	17,365	**450,408**
Fair value losses (gains) included in equity-accounted investments	**13,506**	167	1,072	(621)	**14,124**
Internal leasing costs	**3,156**	3,020	3,018	2,725	**11,919**
Transaction losses (gains) on investment properties, net	**1,147**	(77)	176	(64)	**1,182**
Transaction gains on equity-accounted investments	**(14)**	(69)	—	—	**(83)**
Transaction costs (recoveries) on sale of investment properties	**5,094**	(4)	344	167	**5,601**
ERP implementation costs	**3,503**	2,121	2,454	3,954	**12,032**
Change in unrealized fair value on marketable securities	**(1,846)**	1,898	(173)	986	**865**
Current income tax (recovery) expense	**(18)**	20	31	(13,398)	**(13,365)**
Operational lease revenue from ROU assets	**1,283**	1,283	1,196	1,354	**5,116**
Operational lease expenses from ROU assets in equity-accounted investments	**(16)**	(14)	(13)	(12)	**(55)**
Capitalized interest related to equity-accounted investments	**1,833**	1,059	966	877	**4,735**
FFO	**$ 132,890**	$ 135,422	$ 131,632	$ 131,337	**$ 531,281**
Add back:					
Restructuring costs	**24**	720	11	613	**1,368**
FFO Adjusted	**$ 132,914**	$ 136,142	$ 131,643	$ 131,950	**$ 532,649**
Distribution paid	**$ 81,109**	$ 81,110	$ 81,101	$ 78,094	**$ 321,414**
FFO for last 4 quarters	**$ 531,281**	$ 526,034	$ 525,415	$ 525,440	
FFO Adjusted for last 4 quarters	**$ 532,649**	$ 527,888	$ 526,549	$ 529,733	
Distributions for last 4 quarters	**$ 321,414**	$ 317,500	$ 313,887	$ 311,603	
FFO Payout Ratio					**60.5%**
FFO Payout Ratio Adjusted					**60.3%**

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

(thousands of dollars, except per unit amounts)	Q4 2022	Q3 2022	Q2 2022	Q1 2022	Twelve months ended December 31, 2022
Net income (loss) attributable to Unitholders	$ (4,961)	$ 3,215	$ 78,460	$ 160,058	$ 236,772
Add back/(Deduct):					
Fair value losses (gains), net	115,507	118,783	42,270	(35,432)	241,128
Fair value losses included in equity-accounted investments	8,404	3,537	3,476	790	16,207
Internal leasing costs	3,306	3,088	2,825	2,985	12,204
Transaction losses (gains) on investment properties, net	560	(270)	353	384	1,027
Transaction costs on sale of investment properties	2,652	1,769	713	600	5,734
Change in unrealized fair value on marketable securities	382	1,999	1,401	—	3,782
Current income tax (recovery) expense	(184)	834	452	(181)	921
Operational lease revenue from ROU assets	1,120	1,035	985	946	4,086
Operational lease expenses from ROU assets in equity-accounted investments	(12)	(12)	(11)	(11)	(46)
Capitalized interest related to equity-accounted investments	869	825	733	436	2,863
FFO	$ 127,643	$ 134,803	$ 131,657	$ 130,575	$ 524,678
Add back:					
Restructuring costs	510	—	3,170	609	4,289
FFO Adjusted	$ 128,153	$ 134,803	$ 134,827	$ 131,184	$ 528,967
Distribution paid	$ 77,195	$ 77,497	$ 78,817	$ 75,907	$ 309,416
FFO for last 4 quarters	$ 524,678	$ 543,556	$ 535,661	$ 531,521	
FFO Adjusted for last 4 quarters	$ 528,967	$ 551,231	$ 543,336	$ 536,237	
Distributions for last 4 quarters	$ 309,416	$ 308,221	$ 306,986	$ 304,433	
FFO Payout Ratio					59.0%
FFO Payout Ratio Adjusted					58.5%

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

(thousands of dollars, except per unit amounts)	Q4 2021	Q3 2021	Q2 2021	Q1 2021	Twelve months ended December 31, 2021
Net income attributable to Unitholders	$ 208,776	$ 137,610	$ 145,274	$ 106,729	$ 598,389
Add back/(Deduct):					
Fair value gains, net	(72,255)	(20,002)	(22,929)	(8,866)	(124,052)
Fair value (gains) losses included in equity-accounted investments	(1,480)	1,386	695	512	1,113
Internal leasing costs	2,982	3,206	2,767	2,852	11,807
Transaction losses (gains) on investment properties, net	901	234	(888)	155	402
Transaction costs on sale of investment properties	6,324	2,751	1,678	3,638	14,391
Current income tax (recovery) expense	(68)	479	(307)	(163)	(59)
Operational lease revenue from ROU assets	887	834	824	763	3,308
Operational lease (expenses) from ROU assets in equity-accounted investments	(11)	(11)	(11)	(9)	(42)
Capitalized interest on equity-accounted investments	465	421	414	425	1,725
FFO	$ 146,521	$ 126,908	$ 127,517	$ 106,036	$ 506,982
Add back:					
Debt prepayment costs, net	3,896	—	—	7,018	10,914
One-time compensation costs	—	—	211	5,846	6,057
FFO Adjusted	$ 150,417	$ 126,908	$ 127,728	$ 118,900	$ 523,953
Distribution paid	$ 76,000	$ 76,262	$ 76,264	$ 88,971	$ 317,497
FFO Payout Ratio					62.6%
FFO Payout Ratio Adjusted					60.6%

(v) AFFO

The following table reconciles FFO to AFFO for the three months and years ended December 31, 2023 and 2022:

	Three months ended December 31		Years ended December 31	
(thousands of dollars)	**2023**	2022	**2023**	2022
FFO (i)	**$ 132,890**	$ 127,643	**$ 531,281**	$ 524,678
Add back (deduct):				
Straight-line rent	**(2,638)**	(806)	**(5,898)**	(1,884)
Straight-line rent in equity-accounted investments	**(258)**	(295)	**(1,180)**	(1,461)
Normalized capital expenditures:				
Leasing commissions and tenant improvements	**(7,075)**	(5,625)	**(28,300)**	(22,500)
Capital expenditures on recoverable from tenants	**(5,875)**	(5,625)	**(23,500)**	(22,500)
Capital expenditures not recoverable from tenants	**(800)**	(1,250)	**(3,200)**	(5,000)
Internal leasing costs	**(3,156)**	(3,306)	**(11,919)**	(12,204)
Internal leasing costs related to development properties	**582**	610	**2,199**	2,252
AFFO	**113,670**	111,346	**459,483**	461,381
Add back:				
Restructuring costs	**24**	510	**1,368**	4,289
AFFO Adjusted	**$ 113,694**	$ 111,856	**$ 460,851**	$ 465,670

(i) Refer to *(iv) FFO* of this *Non-GAAP Measures* section of this MD&A for reconciliation from net income to FFO.

Quarterly AFFO, AFFO Payout Ratio and AFFO Payout Ratio Adjusted

The following tables reconcile FFO to AFFO for the years ended December 31, 2023, 2022 and 2021:

(thousands of dollars, except where otherwise noted)	**Q4 2023**	Q3 2023	Q2 2023	Q1 2023	**Twelve months ended December 31, 2023**
FFO (i)	**$ 132,890**	$ 135,422	$ 131,632	$ 131,337	**$ 531,281**
Add back (deduct):					
Straight-line rent	**(2,638)**	(1,660)	(1,027)	(573)	**(5,898)**
Straight-line rent in equity-accounted investments	**(258)**	(262)	(353)	(307)	**(1,180)**
Normalized capital expenditures:					
Leasing commissions and tenant improvements	**(7,075)**	(7,075)	(7,075)	(7,075)	**(28,300)**
Capital expenditures on recoverable from tenants	**(5,875)**	(5,875)	(5,875)	(5,875)	**(23,500)**
Capital expenditures not recoverable from tenants	**(800)**	(800)	(800)	(800)	**(3,200)**
Internal leasing costs	**(3,156)**	(3,020)	(3,018)	(2,725)	**(11,919)**
Internal leasing costs related to development properties	**582**	557	557	503	**2,199**
AFFO	**$ 113,670**	$ 117,287	$ 114,041	$ 114,485	**$ 459,483**
Add back:					
Restructuring costs	**24**	720	11	613	**1,368**
AFFO Adjusted	**$ 113,694**	$ 118,007	$ 114,052	$ 115,098	**$ 460,851**
Distributions paid	**$ 81,109**	$ 81,110	$ 81,101	$ 78,094	**$ 321,414**
AFFO last 4 quarters	**$ 459,483**	$ 457,159	$ 459,483	$ 461,530	
AFFO Adjusted for last 4 quarters	**$ 460,851**	$ 459,013	$ 460,617	$ 465,823	
Distributions last four quarters	**$ 321,414**	$ 317,500	$ 313,887	$ 311,603	
AFFO Payout Ratio					**70.0 %**
AFFO Payout Ratio Adjusted					**69.7 %**

(i) Refer to *(iv) FFO* of this *Non-GAAP Measures* section of this MD&A for reconciliation from net income to FFO.

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

(thousands of dollars, except where otherwise noted)	Q4 2022	Q3 2022	Q2 2022	Q1 2022	Twelve months ended December 31, 2022
FFO (i)	$ 127,643	$ 134,803	$ 131,657	$ 130,575	$ 524,678
Add back (deduct):					
Straight-line rent	(806)	196	(359)	(915)	(1,884)
Straight-line rent in equity-accounted investments	(295)	(370)	(406)	(390)	(1,461)
Normalized capital expenditures:					
Leasing commissions and tenant improvements	(5,625)	(5,625)	(5,625)	(5,625)	(22,500)
Capital expenditures on recoverable from tenants	(5,625)	(5,625)	(5,625)	(5,625)	(22,500)
Capital expenditures not recoverable from tenants	(1,250)	(1,250)	(1,250)	(1,250)	(5,000)
Internal leasing costs	(3,306)	(3,088)	(2,825)	(2,985)	(12,204)
Internal leasing costs related to development properties	610	570	521	551	2,252
AFFO	$ 111,346	$ 119,611	$ 116,088	$ 114,336	$ 461,381
Add back:					
Restructuring costs	510	—	3,170	609	4,289
AFFO Adjusted	$ 111,856	$ 119,611	$ 119,258	$ 114,945	$ 465,670
Distributions paid	$ 77,195	$ 77,497	$ 78,817	$ 75,907	$ 309,416
AFFO last 4 quarters	$ 461,381	$ 481,410	$ 471,858	$ 467,635	
AFFO Adjusted for last 4 quarters	$ 465,670	$ 489,085	$ 479,533	$ 472,351	
Distributions last four quarters	$ 309,416	$ 308,221	$ 306,986	$ 304,433	
AFFO Payout Ratio					67.1%
AFFO Payout Ratio Adjusted					66.4%

(i) Refer to *(iv) FFO* of this *Non-GAAP Measures* section of this MD&A for reconciliation from net income to FFO.

(thousands of dollars, except where otherwise noted)	Q4 2021	Q3 2021	Q2 2021	Q1 2021	Twelve months ended December 31, 2021
FFO (i)	$ 146,521	$ 126,908	$ 127,517	$ 106,036	$ 506,982
Add back (deduct):					
Straight-line rent	(1,050)	(2,544)	(1,648)	(1,686)	(6,928)
Straight-line rent in equity-accounted investments	(414)	(441)	(498)	(413)	(1,766)
Normalized capital expenditures:					
Leasing commissions and tenant improvements	(6,750)	(6,750)	(6,750)	(6,750)	(27,000)
Capital expenditures on recoverable from tenants	(3,000)	(3,000)	(3,000)	(3,000)	(12,000)
Capital expenditures not recoverable from tenants	(1,500)	(1,500)	(1,500)	(1,500)	(6,000)
Internal leasing costs	(2,982)	(3,206)	(2,767)	(2,852)	(11,807)
Internal leasing costs related to development properties	550	592	511	526	2,179
AFFO	$ 131,375	$ 110,059	$ 111,865	$ 90,361	$ 443,660
Add back:					
Debt prepayment costs, net	3,896	—	—	7,018	10,914
One-time compensation costs	—	—	211	5,846	6,057
AFFO Adjusted	$ 135,271	$ 110,059	$ 112,076	$ 103,225	$ 460,631
Distributions paid	$ 76,000	$ 76,262	$ 76,264	$ 88,971	$ 317,497
AFFO Payout Ratio					71.6 %
AFFO Payout Ratio Adjusted					68.9 %

(i) Refer to *(iv) FFO* of this *Non-GAAP Measures* section of this MD&A for reconciliation from net income to FFO.

(vi) Adjusted G&A Expense

Adjusted G&A Expense for the three months and years ended December 31, 2023 and 2022 are as follows:

(thousands of dollars, except where otherwise noted)	Three months ended December 31			Years ended December 31		
	2023	2022	Change	**2023**	2022	Change
Total G&A expense	**$ 15,459**	$ 12,845	$ 2,614	**$ 60,367**	$ 54,437	$ 5,930
Deduct:						
Restructuring costs	**24**	510	(486)	**1,368**	4,289	(2,921)
ERP implementation costs	**3,503**	—	3,503	**12,032**	—	12,032
Adjusted G&A Expense	**$ 11,932**	$ 12,335	$ (403)	**$ 46,967**	$ 50,148	$ (3,181)
Rental revenue	**276,510**	268,864	7,646	**1,091,105**	1,074,192	16,913
Adjusted G&A Expense as a percentage of rental revenue	**4.3%**	4.6%	(0.3)%	**4.3%**	4.7%	(0.4)%

(vii) Development Spending

Total Development Spending for the three months and years ended December 31, 2023 and 2022 are as follows:

	Three months ended December 31		Years ended December 31	
(thousands of dollars)	**2023**	2022	**2023**	2022
Development expenditures on balance sheet:				
Properties under development	**$ 52,267**	$ 78,282	**$ 244,260**	$ 298,409
Residential inventory	**26,875**	33,631	**127,118**	112,597
RioCan's share of Development Spending from equity-accounted joint ventures	**15,223**	2,639	**28,568**	16,062
Total Development Spending	**$ 94,365**	$ 114,552	**$ 399,946**	$ 427,068

	Three months ended December 31		Years ended December 31	
(thousands of dollars)	**2023**	2022	**2023**	2022
Mixed-use projects	**$ 83,271**	$ 88,642	**$ 346,956**	$ 394,926
Retail projects	**11,094**	25,910	**52,990**	32,142
Total Development Spending	**$ 94,365**	$ 114,552	**$ 399,946**	$ 427,068

(viii) Net Cost Transfer from PUD to IPP

	Years ended December 31	
(thousands of dollars)	**2023**	2022
IFRS cost transfer from PUD to IPP	**$ 530,600**	$ 565,520
Adjustments to cash basis (i)	**(63,800)**	(60,553)
Net Cost Transfer from PUD to IPP	**$ 466,800**	$ 504,967

(i) Includes vacant land costs, invested costs on retail redevelopment at date of transfer, proceeds from land sales, applicable interim income or fee income earned, capitalized interest on invested equity, and fair value on initial amounts transferred into properties under development.

(ix) Total Development at Cost

Total Development at Cost as at December 31, 2023 is as follows:

	Residential inventory cost to date				PUD cost to date			Total Residential inventory and PUD cost to date
	IFRS basis							
(thousands of dollars)	Cost	Commissions (i)	Adjustments for EAI JV (ii)	Total	IFRS basis	Adjustments for EAI JV	Total	
Projects under construction	$125,369	$ 7,242	$ 176,841	**$309,452**	$ 366,308	$ 13,856	**$ 380,164**	**$ 689,616**
Shovel ready development sites	3,823	—	—	**3,823**	173,151	—	**173,151**	**176,974**
Zoning approved	56,229	—	101,965	**158,194**	165,789	2,130	**167,919**	**326,113**
Zoning application submitted	27,498	655	16,435	**44,588**	67,956	2,031	**69,987**	**114,575**
Future developments	4,267	—	—	**4,267**	102,415	—	**102,415**	**106,682**
Development lands & others	—	—	—	**—**	24,644	—	**24,644**	**24,644**
Total Development at Cost	**$217,186**	**$ 7,897**	**$ 295,241**	**$520,324**	**$ 900,263**	**$ 18,017**	**$ 918,280**	**$ 1,438,604**
Total properties under development at fair value							**$ 947,573**	

(i) Includes selling commissions which are included in prepaid expenses and other assets.

(ii) Includes $7.7 million in commissions for EAI JV.

(x) Total Acquisitions

Total Acquisitions for the three months and years ended December 31, 2023 and 2022 are as follows:

	Three months ended December 31		Years ended December 31	
(thousands of dollars)	**2023**	2022	**2023**	2022
Income producing properties	**$ —**	$ 5,011	**$ 75,473**	$ 96,031
Properties under development	**—**	—	**34,583**	11,946
Residential inventory	**—**	—	**—**	19,440
RioCan's share of acquisitions from equity-accounted joint ventures	**—**	—	**—**	66,497
Total Acquisitions	**$ —**	$ 5,011	**$ 110,056**	$ 193,914

(xi) Total Debt and Total Contractual Debt

RioCan uses both debt and equity in its capital structure, which is summarized as follows as at December 31, 2023 and December 31, 2022:

As at	**December 31, 2023**			December 31, 2022		
(thousands of dollars)	IFRS basis	Equity-accounted investments	RioCan's proportionate share	IFRS basis	Equity-accounted investments	RioCan's proportionate share
Debentures payable	**$ 3,240,943**	**$ —**	**$ 3,240,943**	$ 2,942,051	$ —	$ 2,942,051
Mortgages payable	**2,740,924**	**158,292**	**2,899,216**	2,659,180	172,100	2,831,280
Lines of credit and other bank loans	**879,246**	**231,963**	**1,111,209**	1,141,112	89,187	1,230,299
Total debt	**$ 6,861,113**	**$ 390,255**	**$ 7,251,368**	$ 6,742,343	$ 261,287	$ 7,003,630
Total equity	**7,437,770**	**—**	**7,437,770**	7,728,892	—	7,728,892
Total capital	**$ 14,298,883**	**$ 390,255**	**$ 14,689,138**	$ 14,471,235	$ 261,287	$ 14,732,522

As at	**December 31, 2023**			December 31, 2022		
(thousands of dollars)	IFRS basis	Equity-accounted investments	RioCan's proportionate share	IFRS basis	Equity-accounted investments	RioCan's proportionate share
Total debt	**$ 6,861,113**	**$ 390,255**	**$ 7,251,368**	$ 6,742,343	$ 261,287	$ 7,003,630
Less:						
Unamortized debt financing costs, premiums and discounts on origination and debt assumed, and modifications	**(24,019)**	**(484)**	**(24,503)**	(15,634)	(690)	(16,324)
Total Contractual Debt	**$ 6,885,132**	**$ 390,739**	**$ 7,275,871**	$ 6,757,977	$ 261,977	$ 7,019,954

(xii) Floating Rate Debt and Fixed Rate Debt

As at	**December 31, 2023**			December 31, 2022		
(thousands of dollars, except where otherwise noted)	IFRS basis	Equity-accounted investments	RioCan's proportionate share	IFRS basis	Equity-accounted investments	RioCan's proportionate share
Total fixed rate debt	**$ 6,543,106**	**$ 212,554**	**$ 6,755,660**	$ 6,301,054	$ 141,720	$ 6,442,774
Total floating rate debt	**318,007**	**177,701**	**495,708**	441,289	119,567	560,856
Total debt	**$ 6,861,113**	**$ 390,255**	**$ 7,251,368**	$ 6,742,343	$ 261,287	$ 7,003,630
Ratio of floating rate debt to total debt	**4.6%**		**6.8%**	6.5%		8.0%

(xiii) Unsecured Debt and Secured Debt

The following table reconciles Total Unsecured and Secured Debt to Total Contractual Debt as at December 31, 2023 and December 31, 2022:

As at	**December 31, 2023**			December 31, 2022		
(thousands of dollars, except where otherwise noted)	IFRS basis	Equity-accounted investments	RioCan's proportionate share	IFRS basis	Equity-accounted investments	RioCan's proportionate share
Total Unsecured Debt	**$ 3,950,000**	**$ —**	**$ 3,950,000**	$ 3,783,649	$ —	$ 3,783,649
Total Secured Debt	**2,935,132**	**390,739**	**3,325,871**	2,974,328	261,977	3,236,305
Total Contractual Debt	**$ 6,885,132**	**$ 390,739**	**$ 7,275,871**	$ 6,757,977	$ 261,977	$ 7,019,954
Percentage of Total Contractual Debt:						
Unsecured Debt	**57.4%**		**54.3%**	56.0%		53.9%
Secured Debt	**42.6%**		**45.7%**	44.0%		46.1%

(xiv) Liquidity

As at December 31, 2023, RioCan had $2.0 billion of Liquidity as summarized in the following table:

As at	**December 31, 2023**			December 31, 2022		
(thousands of dollars)	IFRS basis	Equity-accounted investments	RioCan's proportionate share	IFRS basis	Equity-accounted investments	RioCan's proportionate share
Undrawn revolving unsecured operating line of credit	**$ 1,250,000**	**$ —**	**$ 1,250,000**	$ 1,116,351	$ —	$ 1,116,351
Undrawn construction lines and other bank loans	**385,715**	**189,563**	**575,278**	267,562	70,094	337,656
Cash and cash equivalents	**124,234**	**14,506**	**138,740**	86,229	8,001	94,230
Liquidity	**$ 1,759,949**	**$ 204,069**	**$ 1,964,018**	$ 1,470,142	$ 78,095	$ 1,548,237

(xv) Adjusted EBITDA and Coverage Ratios

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

Year ended	**December 31, 2023**			December 31, 2022		
(thousands of dollars)	IFRS basis	Equity-accounted investments	RioCan's proportionate share	IFRS basis	Equity-accounted investments	RioCan's proportionate share
Net income attributable to Unitholders	**$ 38,802**	**$ —**	**$ 38,802**	$ 236,772	$ —	$ 236,772
Add (deduct) the following items:						
Income tax (recovery) expense:						
Current	**(13,365)**	**—**	**(13,365)**	921	—	921
Fair value losses on investment properties, net	**450,408**	**14,123**	**464,531**	241,128	16,208	257,336
Change in unrealized fair value on marketable securities (i)	**865**	**—**	**865**	3,783	—	3,783
Internal leasing costs	**11,919**	**—**	**11,919**	12,204	—	12,204
Non-cash unit-based compensation expense	**10,154**	**—**	**10,154**	9,056	—	9,056
Interest costs, net	**208,948**	**11,339**	**220,287**	180,365	8,242	188,607
Restructuring costs	**1,368**	**—**	**1,368**	4,289	—	4,289
ERP implementation costs	**12,032**	**—**	**12,032**	—	—	—
Depreciation and amortization	**2,632**	**—**	**2,632**	4,774	—	4,774
Transaction losses (gains) on the sale of investment properties, net (ii)	**1,180**	**(83)**	**1,097**	1,024	—	1,024
Transaction costs on investment properties	**5,606**	**1**	**5,607**	5,734	3	5,737
Operational lease revenue (expenses) from ROU assets	**5,116**	**(55)**	**5,061**	4,086	(46)	4,040
Adjusted EBITDA	**$ 735,665**	**$ 25,325**	**$ 760,990**	$ 704,136	$ 24,407	$ 728,543

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

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

Year ended	December 31, 2021		
(thousands of dollars)	IFRS basis	Equity-accounted investments	RioCan's proportionate share
Net income attributable to Unitholders	$ 598,389	$ —	$ 598,389
Add (deduct) the following items:			
Income tax recovery:			
Current	(59)	—	(59)
Fair value (gains) losses on investment properties, net	(124,052)	1,113	(122,939)
Internal leasing costs	11,807	—	11,807
Non-cash unit-based compensation expense	12,546	—	12,546
Interest costs, net	171,521	7,026	178,547
Debt prepayment costs, net	10,914	—	10,914
One-time cash compensation costs	1,932	—	1,932
Depreciation and amortization	4,022	—	4,022
Transaction losses on the sale of investment properties, net (ii)	402	—	402
Transaction costs on investment properties	14,363	28	14,391
Operational lease revenue (expenses) from ROU assets	3,308	(42)	3,266
Adjusted EBITDA	$ 705,093	$ 8,125	$ 713,218

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

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

Adjusted EBITDA Ratios

Adjusted Debt to Adjusted EBITDA ratio is calculated as follows:

	12 months ended					
As at	**December 31, 2023**			December 31, 2022		
(thousands of dollars, except where otherwise noted)	IFRS basis	Equity-accounted investments	RioCan's proportionate share	IFRS basis	Equity-accounted investments	RioCan's proportionat e share
Adjusted Debt to Adjusted EBITDA						
Average total debt outstanding	**$ 6,879,087**	**$ 317,231**	**$ 7,196,318**	$ 6,756,628	$ 251,888	$ 7,008,516
Less: average cash and cash equivalents	**(120,952)**	**(11,408)**	**(132,360)**	(74,871)	(8,791)	(83,662)
Average Total Adjusted Debt	**$ 6,758,135**	**$ 305,823**	**$ 7,063,958**	$ 6,681,757	$ 243,097	$ 6,924,854
Adjusted EBITDA	**$ 735,665**	**$ 25,325**	**$ 760,990**	$ 704,136	$ 24,407	$ 728,543
Adjusted Debt to Adjusted EBITDA	**9.19**		**9.28**	9.49		9.51

As at 12 months ended	December 31, 2021		
(thousands of dollars, except where otherwise noted)	IFRS basis	Equity-accounted investments	RioCan's proportionat e share
Adjusted Debt to Adjusted EBITDA			
Average total debt outstanding	$ 6,773,147	$ 192,804	$ 6,965,951
Less: average cash and cash equivalents	(119,400)	(5,639)	(125,039)
Average Total Adjusted Debt	$ 6,653,747	$ 187,165	$ 6,840,912
Adjusted EBITDA	$ 705,093	$ 8,125	$ 713,218
Adjusted Debt to Adjusted EBITDA	9.44		9.59

(xvi) Unencumbered Assets

The table below summarizes RioCan's Unencumbered Assets and Percentage of Normalized NOI Generated from Unencumbered Assets as at December 31, 2023 and December 31, 2022:

As at		**December 31, 2023**			December 31, 2022		
(thousands of dollars, except where otherwise noted)	Targeted Ratios	IFRS basis	Equity-accounted investments	RioCan's proportionate share	IFRS basis	Equity-accounted investments	RioCan's proportionate share
Investment Properties		**$ 13,561,718**	**$ 411,811**	**$ 13,973,529**	$ 13,807,740	$ 398,701	$ 14,206,441
Less: Encumbered Investment Properties		**5,531,177**	**352,425**	**5,883,602**	5,607,460	342,473	5,949,933
Unencumbered Assets		**$ 8,030,541**	**$ 59,386**	**$ 8,089,927**	$ 8,200,280	$ 56,228	$ 8,256,508
Annual Normalized NOI - total portfolio (i)		**$ 692,092**	**$ 25,664**	**$ 717,756**	$ 646,540	$ 23,488	$ 670,028
Annual Normalized NOI - Unencumbered Assets (i)		**$ 396,888**	**$ 3,736**	**$ 400,624**	$ 370,804	$ 3,440	$ 374,244
Percentage of Normalized NOI Generated from Unencumbered Assets	> 50.0%	**57.3%**		**55.8%**	57.4%		55.9%

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

	Three months ended December 31, 2023			Three months ended December 31, 2022		
(thousands of dollars)	IFRS basis	Equity-accounted investments	RioCan's proportionate share	IFRS basis	Equity-accounted investments	RioCan's proportionate share
NOI (i)	**$ 176,306**	**$ 6,416**	**$ 182,722**	$ 166,062	$ 5,872	$ 171,934
Adjust the following:						
Miscellaneous revenue	**(874)**	**—**	**(874)**	(802)	—	(802)
Percentage rent	**(2,339)**	**—**	**(2,339)**	(3,234)	—	(3,234)
Lease cancellation fees	**(70)**	**—**	**(70)**	(391)	—	(391)
Normalized NOI - total portfolio	**$ 173,023**	**$ 6,416**	**$ 179,439**	$ 161,635	$ 5,872	$ 167,507
Annual Normalized NOI - total portfolio (ii)	**$ 692,092**	**$ 25,664**	**$ 717,756**	$ 646,540	$ 23,488	$ 670,028
NOI from Unencumbered Assets	**$ 101,349**	**$ 934**	**$ 102,283**	$ 94,957	$ 860	$ 95,817
Adjust the following for Unencumbered Assets:						
Miscellaneous revenue	**(796)**	**—**	**(796)**	(518)	—	(518)
Percentage rent	**(1,331)**	**—**	**(1,331)**	(1,430)	—	(1,430)
Lease cancellation fees	**—**	**—**	**—**	(308)	—	(308)
Normalized NOI - Unencumbered Assets	**$ 99,222**	**$ 934**	**$ 100,156**	$ 92,701	$ 860	$ 93,561
Annual Normalized NOI - Unencumbered Assets (ii)	**$ 396,888**	**$ 3,736**	**$ 400,624**	$ 370,804	$ 3,440	$ 374,244

(i) Refer to *(ii) NOI* of this *Non-GAAP Measures* section of this MD&A for reconciliation from NOI to operating income.

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

Selected Quarterly Non-GAAP measures

NOI

(thousands of dollars)	**2023**				2022			
Three months ended	**Q4**	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Operating Income	**$ 186,074**	$ 176,255	$ 178,836	$ 173,243	$ 175,421	$ 182,492	$ 180,912	$ 173,868
Adjusted for the following:								
Property management and other service fees	**(6,611)**	(2,408)	(5,139)	(4,819)	(3,450)	(5,553)	(6,112)	(5,882)
Residential inventory gains	**(4,795)**	—	—	—	(7,425)	(7,767)	(5,148)	(2,033)
Operational lease revenue from ROU assets	**1,638**	1,650	1,571	1,858	1,516	1,419	1,386	1,346
NOI	**$ 176,306**	$ 175,497	$ 175,268	$ 170,282	$ 166,062	$ 170,591	$ 171,038	$ 167,299

Adjusted Debt to Adjusted EBITDA at RioCan's proportionate share

Twelve months ended	2023				2022			
(thousands of dollars, except where otherwise noted)	**Q4**	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Net income (loss) attributable to Unitholders	**$ 38,802**	$ 151,500	$ 228,225	$ 194,718	$ 236,772	$ 450,509	$ 584,904	$ 651,718
Add (deduct) the following items:								
Income tax (recovery) expense:								
Current	**(13,365)**	(13,531)	(12,717)	(12,296)	921	1,037	682	(77)
Fair value losses (gains) on investment properties, net	**450,408**	342,994	262,249	293,925	241,128	53,366	(85,419)	(150,618)
Change in unrealized fair value on marketable securities	**865**	3,094	3,195	4,769	3,783	3,400	1,401	—
Internal leasing costs	**11,919**	12,069	12,137	11,944	12,204	11,880	11,998	11,940
Non-cash unit-based compensation expense	**10,154**	10,002	9,766	9,269	9,056	8,729	8,254	7,575
Interest costs, net	**208,948**	198,328	192,897	186,582	180,365	174,448	170,184	169,363
Debt prepayment costs, net	**—**	—	—	—	—	3,896	3,896	3,896
Restructuring costs	**1,368**	1,854	1,134	4,293	4,289	3,779	3,779	609
ERP implementation costs	**12,032**	8,530	6,408	3,954	—	—	—	—
Depreciation and amortization	**2,632**	2,712	4,201	4,461	4,774	5,050	3,897	3,986
Transaction losses (gains) on the sale of investment properties, net	**1,180**	594	400	576	1,024	1,367	1,871	631
Transaction costs on investment properties	**5,606**	3,162	4,935	5,305	5,734	9,379	10,360	11,323
Operational lease revenue from ROU assets	**5,116**	4,955	4,706	4,494	4,086	3,851	3,651	3,491
Adjusted EBITDA - IFRS basis	**$ 735,665**	$ 726,263	$ 717,536	$ 711,994	$ 704,136	$ 730,691	$ 719,458	$ 713,837
Add:equity-accounted investments								
Fair value losses on investment properties, net	**14,123**	9,023	12,393	14,797	16,208	6,321	4,172	1,391
Interest costs, net	**11,339**	10,624	9,812	8,895	8,242	7,667	7,303	7,327
Transaction gains on equity-accounted investments	**(83)**	(69)	—	—	—	—	—	—
Transaction costs on investment properties	**1**	(1)	—	—	3	29	30	30
Operational lease expenses from ROU assets	**(55)**	(51)	(48)	(47)	(46)	(46)	(46)	(44)
Adjusted EBITDA- RioCan's proportionate share	**$ 760,990**	$ 745,789	$ 739,693	$ 735,639	$ 728,543	$ 744,662	$ 730,917	$ 722,541
IFRS basis:								
Average total debt outstanding	**$ 6,879,087**	$ 6,875,311	$ 6,872,987	$ 6,797,665	$ 6,756,628	$ 6,756,065	$ 6,740,402	$ 6,729,616
Less: average cash and cash equivalents	**(120,952)**	(106,768)	(112,497)	(78,746)	(74,871)	(78,168)	(87,182)	(88,746)
Average Total Adjusted Debt	**$ 6,758,135**	$ 6,768,543	$ 6,760,490	$ 6,718,919	$ 6,681,757	$ 6,677,897	$ 6,653,220	$ 6,640,870
Add: equity-accounted investments								
Average total debt outstanding	**$ 317,231**	$ 292,517	$ 268,708	$ 263,022	$ 251,888	$ 241,176	$ 228,546	$ 216,840
Less: average cash and cash equivalents	**(11,408)**	(10,343)	(10,092)	(9,339)	(8,791)	(8,346)	(7,288)	(7,110)
Average Total Adjusted Debt- Equity-accounted investments	**$ 305,823**	$ 282,174	$ 258,616	$ 253,683	$ 243,097	$ 232,830	$ 221,258	$ 209,730
Average Total Adjusted Debt - RioCan's proportionate share	**$ 7,063,958**	$ 7,050,717	$ 7,019,106	$ 6,972,602	$ 6,924,854	$ 6,910,727	$ 6,874,478	$ 6,850,600
Adjusted Debt to Adjusted EBITDA - RioCan's proportionate share	**9.28**	9.45	9.49	9.48	9.51	9.28	9.41	9.48

RISKS AND UNCERTAINTIES

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

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

Financial and Liquidity Risk

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 our flexibility in conducting our operations and breaches of these covenants could result in defaults under the instruments governing the applicable indebtedness.

Diversifying funding sources, maintaining a strong liquidity position, and maintaining a well-distributed debt maturity profile mitigate (re)financing risk. RioCan's $1.25 billion revolving unsecured line of credit acts as a backstop to refinance maturing debt, provides financial flexibility to execute the strategic plan, provides a low cost bridge to "permanent" financing, and safeguards against a liquidity/financial crisis. Limiting floating rate debt exposure and maintaining a well-distributed debt maturity profile also help to mitigate interest rate risk.

RioCan's operations are also impacted by increases in interest rates, as interest expense represents a significant cost in the ownership of real estate investments. In an attempt to combat inflation through cooling demand, the Bank of Canada tightened monetary policy in 2023 by increasing the overnight lending rate by 75 basis points over the course of the year. Although the Bank of Canada has held rates steady since July 2023, a continued increase in interest rates may result in a significant increase in the amount paid by the Trust to service debt, which could in turn adversely affect RioCan's financial condition and results of operations. Further, in a rising interest rate environment, the cost of acquiring, financing, developing, expanding and renovating investment property also increases, and together with upward pressure on capitalization rates and decreased investment property demand, the Trust's investment property values may decline as a result.

RioCan has proactively employed a variety of financial tactics to protect against rising interest rates. The Trust seeks to reduce 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. As at December 31, 2023, 6.8% of our total debt was at floating interest rates on RioCan's proportionate basis. From time to time, the Trust may enter into floating-for-fixed interest rate swaps as part of its strategy for managing its exposure to interest rate risk on debt with floating interest rates. The Trust may also enter into bond forward contracts to hedge its exposure to movements in interest rates from the time it determines it will refinance or issue a fixed rate debt and the time the fixed rate debt is issued. The intent is to use the bond forwards to manage the change in cash flows of the future interest payments on the anticipated fixed rate debt. As at December 31, 2023, the carrying value of our floating rate debt, not subject to a hedging strategy, is $318.0 million. A 50 basis point increase in market interest rates would result in a $1.6 million decrease in our net income.

Inflation Risk

The rate of inflation impacts the general economic and business environment in which the Trust operates. Canada's inflation rate increased to 3.4% in December 2023. Continued inflationary pressures experienced domestically and globally, tight labour markets and strong demand for goods and resources, together with the imposition by governments of higher interest rates or wage and price controls as a means of curbing inflationary increases, will put pressure on RioCan's development, financing, operation and labour costs and could negatively impact levels of demand for real property. Accordingly, continued inflationary pressures and the resulting economic impacts may adversely affect RioCan's financial condition and results of operations.

RioCan's use of fixed price contracts allows for the Trust's existing development projects to be insulated from fluctuations in inflation. For the majority of RioCan's next tranche of planned development projects, the Trust will be developing on lands that are already owned by RioCan with in-place income, which affords the Trust with the ability to maintain discipline in a challenging economic environment. Nonetheless, if inflation at elevated levels persists and interest rates continue to climb, an economic contraction could be possible. Higher inflation and the prospect of moderated growth also negatively impacts the debt and equity markets in which RioCan seeks capital, and in turn might impact RioCan's ability to obtain capital in the future on favourable terms, or at all. While RioCan's portfolio and market position, as well as its strong and stable tenant base, provide the Trust flexibility to navigate volatile economic conditions, there can be no assurances regarding the impact of a significant economic contraction on the business, operations, and financial performance of RioCan and its tenants.

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.

As at December 31, 2023, RioCan's total debt on a proportionate share basis had a 2.97 year weighted average term to maturity, bearing interest at a weighted average contractual interest rate of 3.91% per annum.

Credit Ratings

Real or anticipated changes in credit ratings on our debentures or preferred units may affect the market value thereof. In addition, such changes can affect the cost at which we can access the debenture or preferred unit market, and the credit spreads on unsecured lines of credit, as applicable.

Joint Ventures and Co-ownerships

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 our 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, our 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 we may be required to take actions that are in the interest of the partners collectively, but not in RioCan's sole best interests. Accordingly, we may not be able to favourably resolve issues with respect to such decisions, or we could become engaged in a dispute with any of them that might affect our ability to operate the business or assets in question.

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 acquisitions and seeks through contract to ensure that risks lie with the appropriate party.

Ownership of Real Estate

Tenant Concentration

In the event tenants experience financial difficulty as a result of the difficulties presented by the macro-economic environment, or otherwise, and are unable to fulfill their lease commitments, a given geographical area suffers an economic decline, or changing consumer/retail trends result in less demand for rental space, we 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 of Trust noted above, is that no individual tenant contributes a significant percentage of its gross revenue and that a considerable portion of our revenue is earned from national and anchor tenants. RioCan attempts to lease to credit worthy tenants, will conduct credit assessments for new tenants when considered appropriate and generally is provided security by 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 commercial leases with base terms between five and 10 years, and by negotiating longer-term commercial 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 Declaration of Trust 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. As of December 31, 2023, RioCan was in compliance with this restriction.

It is common practice for a major tenant, such as Canadian Tire or Loblaws/Shoppers Drug Mart, to lease space from other landlords similar to RioCan in addition to owning real estate either within a controlled publicly traded REIT or within its own operating entity. Past experience and industry practice indicate that it is the strength of a location more than the ownership of the property that drives the business decisions of RioCan's tenants. Despite this, there may be instances where a tenant may forgo the competitive advantage of RioCan's property location in order to better utilize its own real estate. RioCan does not consider the collective impact of this risk to be significant.

Tenant Bankruptcies

Several of RioCan's properties are anchored by large national tenants. The value of some of our 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 a number of factors, including, but not limited to, increased competition, internet sales, changing population demographics, poor economic conditions, rising costs and changing shopping trends and/or perceptions. Confirmed closures represent 1.0% and 0.02% of the total portfolio in 2023 and 2022, respectively, on a total annualized contractual gross rent basis.

Nonetheless, tenant bankruptcies or restructurings remain a risk that RioCan closely manages. 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 us to maintain existing occupancy levels of our properties. It is possible that we 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.

As at December 31, 2023, RioCan had a commercial NLA, at its interest, of 30,937,000 square feet of income producing properties and a portfolio in-place occupancy rate of 97.1%. Based on our current annualized portfolio weighted average commercial rental revenue of approximately $35.27 per square foot including CAM and tax recoveries, for every fluctuation in occupancy by a differential of 1%, our operations would be impacted by approximately $10.9 million annually.

RioCan's aggregate net rental revenue from leases expiring over the next five years is $403.7 million based on current contractual rental rates, excluding CAM and tax recoveries. If the leases associated with these expiring net rents are renewed upon maturity at an aggregate rental rate differential of 100 basis points, the Trust's net income would be impacted by approximately $4.0 million annually.

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 our 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 we are entitled to receive from tenants could be reduced.

Relative Liquidity of Real Property

Real estate investments are relatively illiquid. 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 our 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 we would realize sale proceeds of less than the current book value of our 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.

Regulatory Risk

Any reintroduction of rent control legislation in the future and/or prolonged rent freezes, could impact the Trust's existing residential rental operations and also certain mixed-use development projects' future NOI growth potential. Thus, there can be no assurance that all of our proposed residential projects as described herein would be undertaken, and if so, with what mix of residential and commercial development and at what costs. There could also be changes to the mix of condominium versus residential rental units or air rights sales for certain projects. As at January 1, 2024, the guideline on rent increases for 2024 in Ontario is 2.5%.

Inclusionary zoning is a land-use planning tool in the Province of Ontario which permits municipalities to require new developments or redevelopments to dedicate or maintain a portion of new residential units as affordable housing. The City of Toronto approved its inclusionary zoning framework in 2021. Based on the City of Toronto's framework, RioCan's existing held developmental lands and projects in the City of Toronto located within identified Protected Major Transit Station Areas, intended for development or re-development, will be subject to the City of Toronto's inclusionary zoning requirements unless (i) complete applications for zoning by-law amendment and site plan approval for the lands are filed with the City of Toronto, or (ii) a Section 37 Agreement is executed with the City of Toronto in regard to the lands, prior to the later of September 18, 2022 or the date of the approval of an applicable Protected Major Transit Station Area ("PMTSA") by the Minister of Municipal Affairs and Housing (the "Minister"). The City of Toronto inclusionary zoning policy is being phased in, based on each project's application status. At this time, the Minister has not approved any PMTSAs in the City of Toronto and therefore inclusionary zoning is not in force in the

City of Toronto as of the date hereof. The financial impact of the new requirements on the originally contemplated development plans remains unknown, particularly as other municipalities move forward with their own inclusionary zoning frameworks. Further, recent legislative changes have been proposed that would potentially impact the inclusionary zoning requirements imposed by municipalities by imposing a cap on the number of units required and limiting the affordability period for each unit.

In response to legislative changes to the *Planning Act*, particularly Bill 109 which put in place specific time related application fee refund requirements, municipalities, including the City of Toronto, are in the process of revamping their *Planning Act* application review process, including their pre-consultation and complete application requirements at the Official Plan level. This has resulted in changes to the planning application process which front end application review and often results in resubmissions being required prior to applications being deemed complete to avoid the required refund of application fees. Delays related to the filing of complete Site Plan applications have the potential to impact the calculation of Development Charges payable in relation to a development, Inclusionary Zoning transition requirements, and the application of costly green building application related requirements such as the City of Toronto Green Standards. RioCan has appealed related Official Plan Amendments made in the City of Toronto and the City of Vaughan in regard to such matters and the appeals are currently in process.

The Province of Ontario has also passed Bill 150, the *Planning Statute Law Amendment Act, 2023*, which provides that specified decisions by the Minister to modify certain official plans pursuant to s.17(34) of the Planning Act are deemed to have never been made. The reversal of these modifications could have a negative impact on proposed development in impacted municipalities. At this time, Bill 150 does not apply to the City of Toronto but does apply to specific Official Plans in the Greater Toronto Area including the Regional Official Plans of York, Peel and Halton Regions. As this is a very new development, the impact of the removal of these Provincial modifications is still being determined.

Development Risk

As discussed in the *Our Business and Our Business Environment* section of this MD&A, after many years of development and housing booms in Canada's major markets, there are a number of emerging factors that are affecting development risks that the Trust faces. Such factors include, but are not limited to, rising construction costs and development charges, shortage of experienced labour in certain construction related trades and rising interest rates. The pandemic imposed additional risks and uncertainties on development, some of which continue to be relevant even as the economy strives for a return to normalcy, including, but not limited to, potential development or construction delays or shutdowns, rising costs in some cases and lower costs in other cases, slower pace of property lease-up or condominium pre-sale, lower residential rent or condominium sales price, and lower property valuation. The impact of development risk factors will be further assessed and observed in terms of broader market reactions. These factors could impact certain of the Trust's mixed-use development projects' future NOI growth potential, and profit margin or development yield potential. As a result, there can be no assurance that all of our proposed mixed-use projects as described herein will be undertaken, and if so, with what mix of residential and commercial development, at what costs, and generating what profit margin or development yield. There could also be changes to the mix of condominium versus residential rental units or density sales for those projects in early stages. In regard to development charges specifically, the City of Toronto passed a new development charge by-law in 2022 which increased the development charges payable on new residential development by 46%, with the increase phased in through May of 2024. The Province of Ontario subsequently passed legislation (Bill 23) which imposed a phased in reduction in the development charges imposed under existing and future Development Charge By-laws across the province with a 20% reduction during the first year a by-law is in force, followed by a 15% reduction the second year, a 10% reduction in the third year, and 5% reduction in the fourth year. Although these reductions mitigate against development charge increases, the cost of development charges continue to rise, particularly in the City of Toronto.

Residential Rental Business Risk

RioCan 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 home buyers, interest rates, demographic trends, housing supply and housing demand. As a landlord of its properties that include rental apartments, RioCan is subject to the risks inherent in the multi-unit residential rental business, including, but not limited to, fluctuations in occupancy levels, individual credit risk, heightened reputation risk, tenant privacy concerns, potential changes to rent control regulations, increases in operating costs including the costs of utilities and the imposition of new taxes or increased property taxes.

Other Risks

Environmental Matters

Environmental and ecological related policies have become increasingly important in recent years. Under various Federal, Provincial, 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 our 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. We maintain insurance to cover a sudden and/or accidental environmental mishap.

Climate Change Risk

Climate change poses environmental, social and business risks. RioCan believes that climate-related risks and opportunities should be identified, assessed and managed. To that end, RioCan has aligned our climate change strategy and disclosures with TCFD. For details, refer to the *Climate-Related Financial Disclosures* section of this MD&A.

Cyber Security Risk

Cyber security continues to be an increasing area of focus as reliance on digital technologies to conduct business operations has grown significantly. Work from home arrangements for the Trust's employees has heightened the importance of cyber security risk management. Cyber attacks can include but are not limited to intrusions into operating systems, cyber extortion, social engineering fraud, theft of personal or other sensitive data and may cause disruptions to normal operations. Such cyber attacks could compromise the Trust's confidential information as well as that of the Trust's employees, tenants and third parties with whom the Trust interacts and may result in negative consequences, including remediation costs, loss of revenue, additional regulatory scrutiny, litigation and reputational damage.

As a result, the Trust has developed a cyber security program focused across a spectrum of preventative protective and detective measures. These measures include, but are not limited to, active monitoring of security events, security awareness programs for employees, regular vulnerability testing performed by both internal and external parties, establishing and maintaining a robust disaster recovery program, implementation of a formal incident response program and enhancing email security. The Trust continues to evolve its security tactics and defenses in response to emerging threats. The Trust also follows certain protocols when it engages technology vendors concerning data security and access control.

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. 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 our 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.

Uninsured Losses

RioCan carries comprehensive general liability, environmental, fire, flood, extended coverage and rental loss insurance with policy specifications, limits and deductibles customarily carried for similar properties. There are, however, certain types of risks (including, but not limited to, environmental contamination or catastrophic events such as war, insurrection, rebellion, revolution, civil war, usurped power, or action taken by a government authority in hindering, combating or defending against such an event, nuclear reaction or nuclear radiation or radioactive contamination or acts of terrorism) which are either uninsurable, in whole or in part, or not insurable on an economically viable basis. Should an uninsured or underinsured loss occur, the Trust could lose its investment in, and anticipated profits and cash flows from, one or more of its properties, and the Trust would continue to be obliged to repay any recourse mortgage indebtedness on such properties.

Key Personnel

RioCan’s executive and other senior officers have a significant role in our success and oversee the execution of RioCan’s strategy. Our ability to retain our 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 we 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 our financial condition and cash flow.

We rely on the services of key personnel on our executive team, including our President and Chief Executive Officer, Jonathan Gitlin, our Chief Financial Officer, Dennis Blasutti, our Chief Operating Officer, John Ballantyne and our Chief Investment Officer, Andrew Duncan, and the loss of their services could have an adverse effect on RioCan. We mitigate key personnel risk through succession planning, but do not maintain key personnel 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 statutes by a Unitholder could be successfully challenged on jurisdictional or other grounds.

Income Taxes

RioCan currently qualifies as a mutual fund trust and for the REIT Exemption for income tax purposes. RioCan expects to distribute the Trust’s taxable income to Unitholders such that it will not be subject to tax. From time to time, RioCan may retain some taxable income and net capital gains in order to utilize the capital gains refund available to mutual fund trusts without incurring any income taxes. 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 was to cease to qualify as a mutual fund trust, or for the REIT Exemption for income tax purposes, the consequences could be material and adverse.

No assurance can be given that the provisions of the Tax Act regarding mutual fund trusts and the REIT Exemption will not be changed in a manner that adversely affects RioCan and its Unitholders. From year to year, there is a risk that the taxable allocation to Unitholders can change depending upon the Trust’s activities.

RioCan is of the view that the expenses it has claimed by it and its subsidiaries will be reasonable and deductible, that the cost amount and capital cost allowance claims of the Trust and entities directly or indirectly owned by the Trust will have been correctly determined, and the calculation of its tax disposition gains will be appropriate. However, there can be no assurance that the Tax Act, or the interpretation of the Tax Act, will not change, or that the Canada Revenue Agency (the “CRA”) will agree. If the CRA successfully challenges the deductibility and positions taken or the allocation of such income, RioCan's taxable income, and indirectly the taxable income of Unitholders, will increase or change.

REAL VISION, SOLID GROUND.

Audited Annual Consolidated Financial Statements for the Years Ended December 31, 2023 and 2022

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MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The management of RioCan Real Estate Investment Trust (the Trust or 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 annual consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

The annual 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 given 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. The annual consolidated financial statements have been properly prepared within reasonable limits of materiality and in light of information available up to February 13, 2024.

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 consolidated 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, 2023, our Chief Executive Officer and 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. The Audit Committee reviews RioCan's annual consolidated financial statements and MD&A with both management and the independent auditor before such statements are approved by the Board of Trustees. Other key responsibilities of the Audit Committee include selecting RioCan's independent auditor, reviewing and approving, with the delegated authority from the Trustees, the consolidated financial statements and MD&A, and monitoring RioCan's existing systems of internal controls.

Ernst & Young LLP, the independent auditor appointed by the Unitholders of RioCan upon the recommendation of the Board of Trustees, has examined our 2023 and 2022 annual consolidated financial statements and has expressed their opinion upon the completion of such examination in the following report to the Unitholders. The auditor has full and free access to, and meets at least quarterly with, the Audit Committee to discuss their audits and related matters.

(signed) Jonathan Gitlin

Jonathan Gitlin
President & Chief Executive Officer

(signed) Dennis Blasutti

Dennis Blasutti
Chief Financial Officer

Toronto, Canada
February 13, 2024

INDEPENDENT AUDITOR'S REPORT

To the Unitholders of RioCan Real Estate Investment Trust

Opinion

We have audited the consolidated financial statements of RioCan Real Estate Investment Trust and its subsidiaries (the Trust), which comprise the consolidated balance sheets as at December 31, 2023 and 2022, and the consolidated statements of income, consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the years then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Trust as at December 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Trust in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the consolidated financial statements of the current period. These matters were addressed in the context of the audit of the consolidated financial statements as a whole, and in forming the auditor's opinion thereon, and we do not provide a separate opinion on these matters. For the matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to this matter. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matter below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

INDEPENDENT AUDITOR'S REPORT (continued)

Key audit matter	How our audit addressed the key audit matter
Valuation of investment properties The Trust's investment property portfolio comprises income-producing properties and properties under development with a fair value of $13.6B which represents 91% of total assets at December 31, 2023. The Trust measures the vast majority of its investment properties using valuations prepared by an internal valuations team, consisting of individuals with specialized industry experience in real estate valuations. The valuation methodology for these investment properties is primarily based on an income approach, utilizing the direct capitalization method. Properties under development - undeveloped land is measured using a comparable sales approach on a land value per acre or a per buildable square foot basis. Depending on the property asset type and location, the Trust may also obtain independent third-party valuations from firms that employ qualified appraisers. Note 2.8 of the consolidated financial statements describes the accounting policy for investment properties, and Note 3 describes the valuation method and key valuation inputs. Note 3 of the consolidated financial statements discloses the sensitivity of the fair value of investment properties to a change in capitalization rates and stabilized net operating income. The valuation of the Trust's investment property portfolio is a key audit matter given the inherently subjective nature of significant assumptions including capitalization rates, and stabilized net operating income including occupancy and rental rate assumptions. These assumptions are influenced by property-specific characteristics including location, type and quality of the properties and tenancy agreements. For properties under development, depending on the complexity and stage of completion, costs to complete construction as well as leasing and construction risk are additional significant assumptions that impact the final valuation.	With the assistance of our real estate valuation specialists, we obtained an understanding of the valuation process, evaluated the appropriateness of the underlying valuation methodology, and performed the following audit procedures, among others: We assessed the competence and objectivity of management's internal valuations team, and any third-party appraisers engaged, by considering the qualifications and expertise of the individuals involved in the preparation and review of the valuations. We selected a sample of properties where either the fair value change from prior year or significant assumptions fell outside our expectations, based on our understanding of the geographical real estate market for the specific asset type. For this sample of investment properties, we evaluated the significant assumptions by comparison to the expected real estate market benchmark range for similar assets and tenancies, in similar locations. We also considered whether there were any additional asset-specific characteristics that may impact the significant assumptions utilized and that these were appropriately considered in the overall assessment of fair value. We performed a look-back analysis to assess the accuracy of management's historical fair value estimates through comparison to transactions to acquire and dispose of interests in investment properties completed by the Trust during the year. For properties under development, in addition to the procedures performed above, we compared construction budgets to actual expenditures and evaluated estimated costs to complete by comparing to contractual arrangements or reference to third party data, as applicable, on a sample basis. We also evaluated whether the capitalization rate used to value properties under development considered the complexity of the development, stage of completion, and timing of cashflows. We evaluated the Trust's critical accounting policies and related disclosures in the consolidated financial statements to assess appropriateness and conformity with IFRS.

Other information

Management is responsible for the other information. The other information comprises:

- Management's Discussion and Analysis
- The information, other than the consolidated financial statements and our auditor's report thereon, in the Annual Report

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information, and in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

We obtained Management's Discussion & Analysis and the Annual Report prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT (continued)

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs, 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.

In preparing the consolidated financial statements, management is responsible for assessing the Trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Trust or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Trust's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Trust's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Trust's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Trust to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Mark Vrooman.

Ernst & Young LLP

Chartered Professional Accountants
Licensed Public Accountants
Toronto, Canada
February 13, 2024

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

As at	Note		**December 31, 2023**		December 31, 2022
Assets					
Investment properties	*3, 8*	**$**	**13,561,718**	$	13,807,740
Equity-accounted investments	*4*		**383,883**		364,892
Mortgages and loans receivable	*6*		**289,533**		269,339
Residential inventory	*5*		**217,186**		272,005
Assets held for sale	*3*		**19,075**		42,140
Receivables and other assets	*7, 8*		**246,652**		259,514
Cash and cash equivalents			**124,234**		86,229
Total assets		**$**	**14,842,281**	$	15,101,859
Liabilities					
Debentures payable	*10*	**$**	**3,240,943**	$	2,942,051
Mortgages payable	*11*		**2,740,924**		2,659,180
Lines of credit and other bank loans	*12*		**879,246**		1,141,112
Accounts payable and other liabilities	*8, 13*		**543,398**		630,624
Total liabilities		**$**	**7,404,511**	$	7,372,967
Equity					
Unitholders' equity			**7,437,770**		7,728,892
Total liabilities and equity		**$**	**14,842,281**	$	15,101,859

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

Approved on behalf of the Board of Trustees

(signed) Janice Fukakusa
Janice Fukakusa
Chair of the Audit Committee
Trustee

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

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

Years ended December 31,	Note		**2023**		2022
Revenue					
Rental revenue	*17*	**$**	**1,091,105**	$	1,074,192
Residential inventory sales	*5, 17*		**13,789**		118,659
Property management and other service fees	*17*		**18,977**		20,996
			1,123,871		1,213,847
Operating costs					
Rental operating costs					
Recoverable under tenant leases			**374,149**		376,914
Non-recoverable costs			**26,320**		27,955
Residential inventory cost of sales	*5*		**8,994**		96,286
			409,463		501,155
Operating income			**714,408**		712,692
Other income (loss)					
Interest income	*19*		**25,131**		20,902
Income from equity-accounted investments	*4*		**18,383**		2,349
Fair value loss on investment properties, net	*3*		**(450,408)**		(241,128)
Investment and other income (loss), net	*18*		**8,501**		(1,842)
			(398,393)		(219,719)
Other expenses					
Interest costs, net	*20*		**208,948**		180,365
General and administrative	*21*		**60,367**		54,437
Internal leasing costs			**11,919**		12,204
Transaction and other costs	*22*		**9,344**		8,274
			290,578		255,280
Income before income taxes			**25,437**		237,693
Current income tax (recovery) expense			**(13,365)**		921
Net income		**$**	**38,802**	$	236,772
Net income per unit					
Basic	*23*	**$**	**0.13**	$	0.77
Diluted	*23*	**$**	**0.13**	$	0.77

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

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

Years ended December 31,	Note	**2023**	2022
Net income		**$ 38,802**	$ 236,772
Other comprehensive income (loss)			
Items that may be reclassified subsequently to income, net of tax:			
Interest rate swap agreements:			
Unrealized gain during the year	*14, 25*	**8,877**	43,024
Reclassified during the year to income	*14, 25*	**(22,921)**	1,225
Bond forward agreement:			
Unrealized (loss) gain during the year	*14, 25*	**(6,338)**	6,092
Realized gain during the year	*14, 25*	**16,770**	37,136
Reclassified during the year to income	*14, 25*	**(7,127)**	(2,217)
Other comprehensive income from equity-accounted investments	*4, 14*	**132**	583
Item that is not to be reclassified to income, net of tax:			
Actuarial (loss) gain on pension plan	*14*	**(517)**	3,071
Other comprehensive (loss) income, net of tax		**(11,124)**	88,914
Comprehensive income, net of tax		**$ 27,678**	$ 325,686

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

RIOCAN REAL ESTATE INVESTMENT TRUST
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(In thousands of Canadian dollars)

	Note	Trust Units	Contributed surplus	Retained earnings	Accumulated other comprehensive income (loss)	Total equity
Balance, December 31, 2021		$ 4,696,785	$ 54,030	$ 3,187,070	$ (26,541)	$ 7,911,344
Changes during the year:						
Net income		—	—	236,772	—	236,772
Other comprehensive income	*14*	—	—	—	88,914	88,914
Unit-based compensation exercises, net of Units repurchased for settlement of Unit exercises	*14*	4,415	(9,951)	—	—	(5,536)
Units issued, net of issuance costs	*14*	304	—	—	—	304
Units purchased and cancelled	*14*	(144,721)	—	(59,153)	—	(203,874)
Unit-based compensation awards	*14*	—	11,131	—	—	11,131
Distributions to Unitholders	*16*	—	—	(310,163)	—	(310,163)
Balance, December 31, 2022		$ 4,556,783	$ 55,210	$ 3,054,526	$ 62,373	$ 7,728,892

	Note	Trust Units	Contributed surplus	Retained earnings	Accumulated other comprehensive income	Total equity
Balance, December 31, 2022		$ 4,556,783	$ 55,210	$ 3,054,526	$ 62,373	$ 7,728,892
Changes during the year:						
Net income		**—**	**—**	**38,802**	**—**	**38,802**
Other comprehensive loss	*14*	**—**	**—**	**—**	**(11,124)**	**(11,124)**
Unit-based compensation exercises, net of Units repurchased for settlement of Unit exercises	*14*	**3,173**	**(12,227)**	**—**	**—**	**(9,054)**
Units issued, net of issuance costs	*14*	**210**	**—**	**—**	**—**	**210**
Unit-based compensation awards	*14*	**—**	**12,968**	**—**	**—**	**12,968**
Distributions to Unitholders	*16*	**—**	**—**	**(322,924)**	**—**	**(322,924)**
Balance, December 31, 2023		**$ 4,560,166**	**$ 55,951**	**$ 2,770,404**	**$ 51,249**	**$ 7,437,770**

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

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

Years ended December 31,	**2023**	2022
Operating activities		
Net income	**$ 38,802**	$ 236,772
Items not affecting cash:		
Depreciation and amortization	**2,632**	4,774
Amortization of straight-line rent	**(5,898)**	(1,884)
Amortization of bond forward hedge settlement	**(7,127)**	(2,217)
Amortization of deferred financing charges	**5,161**	5,314
Unit-based compensation expense	**10,154**	9,056
Income from equity-accounted investments	**(18,383)**	(2,349)
Fair value loss on investment properties, net	**450,408**	241,128
Fair value loss on marketable securities	**761**	3,783
Transaction losses, net on disposition of investment properties	**1,334**	1,081
Proceeds from bond forward hedge settlement in hedge reserve	**16,770**	37,136
Adjustments for changes in other working capital items	**(109,098)**	(26,470)
Cash provided by operating activities	**385,516**	506,124
Investing activities		
Acquisitions of investment properties	**(76,005)**	(90,026)
Construction expenditures on properties under development	**(265,144)**	(291,506)
Capital expenditures on income properties	**(125,854)**	(101,467)
Proceeds from sale of investment properties	**286,541**	420,970
Contributions to equity-accounted investments	**(19,828)**	(16,817)
Distributions received from equity-accounted investments	**14,141**	14,565
Proceeds from disposition of equity-accounted investments	**14,601**	—
Advances of mortgages and loans receivable	**(84,080)**	(87,224)
Repayments of mortgages and loans receivable	**74,617**	86,826
Purchases of marketable securities	**(7,173)**	(19,241)
Purchase of other investments	**(30,000)**	—
Proceeds from other investments	**9,921**	—
Proceeds from sale of marketable securities, net of selling costs	**2,862**	—
Lease payments received from finance lease receivables	**5,256**	4,235
Cash used in investing activities	**(200,145)**	(79,685)
Financing activities		
Proceeds from mortgage financing, net of issue costs	**212,739**	345,842
Repayments of mortgage principal	**(172,964)**	(45,642)
Advances from bank credit lines, net of issue costs	**320,014**	177,438
Repayment of bank credit lines	**(471,139)**	(323,742)
Proceeds from issuance of debentures, net of issue costs	**796,114**	248,603
Repayment of unsecured debentures	**(500,000)**	(300,000)
Distributions paid to Unitholders	**(321,414)**	(309,416)
Units repurchased under normal course issuer bid	**—**	(203,874)
Units repurchased for settlement of Unit compensation exercises and proceeds received from issuance of Units, net of issue costs	**(8,844)**	(5,232)
Repayment of lease liabilities	**(1,872)**	(1,945)
Cash used in financing activities	**(147,366)**	(417,968)
Net change in cash and cash equivalents	**38,005**	8,471
Cash and cash equivalents, beginning of year	**86,229**	77,758
Cash and cash equivalents, end of year	**$ 124,234**	$ 86,229
Supplemental cash flow information	*Note 28*	

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

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1. GENERAL INFORMATION

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

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

These annual audited consolidated financial statements of the Trust as at and for the years ended December 31, 2023 and 2022 were authorized for issue by RioCan's Board of Trustees on February 13, 2024.

2. MATERIAL ACCOUNTING POLICY INFORMATION

The material accounting policies (and any changes thereto) used in the preparation of these consolidated financial statements are summarized below. These accounting policies have been applied consistently in all material respects in the preparation of these consolidated financial statements. Any International Financial Reporting Standards (IFRS) issued but not yet effective for the current accounting year are described in Note 2.25**.**

2.1 Statement of compliance

RioCan's consolidated financial statements are prepared in accordance with IFRS as issued by the International Accounting Standards Board (IASB).

2.2 Basis of presentation

These consolidated financial statements are prepared on a going concern basis using the historical cost method modified to include the fair value measurement of investment property, including properties held for sale, and certain financial instruments, as set out in the relevant accounting policies. These consolidated financial statements are presented in Canadian dollars, which is the functional and presentation currency of the Trust. All dollar amounts discussed herein are in thousands of Canadian dollars, unless otherwise stated.

The Trust presents its consolidated balance sheets based on the liquidity method, whereby all assets and liabilities are presented in increasing order of liquidity. RioCan considers this presentation to be more relevant than a classified balance sheet as the Trust considers its operating cycle to be longer than one year. The notes to the consolidated financial statements distinguish between current and non-current assets and liabilities. Current assets and liabilities are those expected to be recovered or settled within one year from the reporting period, and non-current assets and liabilities are those where the recovery or settlement is expected to be greater than a year from the reporting period. Any IFRS issued but not yet effective up to the date of issuance of these consolidated financial statements are described in Note 2.25. Certain comparative amounts have been reclassified to conform to the current year's presentation.

2.3 Significant judgments

The preparation of RioCan's consolidated financial statements requires management to make significant judgments that affect the carrying amounts of assets and liabilities, and the reported amounts of revenues and expenses. In the process of applying RioCan's accounting policies, management was required to apply judgment in the areas discussed below.

Control

When determining whether the Trust should consolidate an investment in entity, the Trust makes judgments in its assessment of whether it has control over an entity considering the power to direct the relevant activities of the entity, its exposure or rights to the variable returns of the entity and its ability to use its power to affect its returns.

Investment properties

RioCan's accounting policies relating to investment properties are described in Note 2.8. 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.

Properties under development and residential inventory

Development costs for properties under development and residential inventory are capitalized during active development in accordance with the accounting policy in Note 2.8. Management's judgment is required in determining when a property is in active development, which generally begins when a development commences and ceases when a development is substantially completed.

Leases - Classification, RioCan as lessor

The Trust makes judgments in determining whether certain leases, in particular tenant leases where the Trust is the lessor, are either operating or finance leases. When RioCan has determined, based on an evaluation of terms and conditions of the lease arrangements, that the Trust retains all of the significant risks and rewards of ownership of these properties, it accounts for these arrangements as operating leases.

Leases - Determination of lease term of contracts

The Trust determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised by the lessee, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised by the lessee, including purchase options. The Trust determines the lease commencement date as the date on which the underlying asset is made available for use by the lessee, which is based on the terms of the lease contract, the type and extent of tenant improvements, and, for properties under development, the state of completion of the property. At commencement date, the Trust determines as lessee or as lessor whether there is reasonable certainty that options to extend or cancel a lease will be exercised. To perform this analysis, the Trust takes into account the extension terms of the contract including whether the extension is likely to be below market rent, the cost to cancel a lease and significant investments made on the property. After the commencement date, the Trust revises the lease term when an extension or termination option is exercised and it was not previously included in the lease term.

Income taxes

The Trust uses judgment to interpret income tax rules and regulations and to determine the appropriate rates and amounts in recording current and deferred income taxes, giving consideration to timing and probability. Actual income taxes could significantly vary from these estimates as a result of future events, including changes in income tax law or the outcome of reviews by tax authorities and related appeals. To the extent that the final tax outcome is different from the amounts that were initially recorded, such difference would impact the income tax provision in the period in which such determination is made.

The recognition of deferred income tax assets and liabilities also requires significant judgment as the recognition is dependent on RioCan's projection of future taxable profits and income tax rates that are expected to be in effect in the period the asset will be realized or the liability settled. Any changes to this projection will result in changes in the amount of deferred tax assets and liabilities on the consolidated balance sheets and the deferred tax expense in the consolidated statements of income.

2.4 Use of estimates and assumptions

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

Given the volatility in the current macroeconomic environment, it is difficult to predict with certainty the nature and extent of, and the impact of higher inflation, rising interest rates and their combined effects on demand and economic growth. Estimates and assumptions that are most subject to increased uncertainty caused by the current macroeconomic environment relate to the valuation of investment properties (Note 3). Changes in assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the affected asset or liability in the future.

Investment property

Estimates and assumptions used in determining fair value of the Trust's investment properties include, but are not limited to, capitalization rates, stabilized net operating income (including vacancy allowances and management fees), costs to complete and other temporary valuation allowances, if applicable, are adjusted to reflect lease-up assumptions and construction risk, when appropriate. The Trust examines the key assumptions at the end of each reporting period and updates these assumptions based on recent leasing activity and external data available at the time. A change to any of these inputs may significantly alter the fair value of an investment property. The carrying value for the Trust's investment properties reflects its best estimate for the highest and best use as at December 31, 2023 (Note 3).

Net realizable value of residential inventory

Residential inventory is stated at the lower of cost and net realizable value. In calculating the net realizable value of residential inventory and assessing for impairment of condominium sales receivables, the Trust estimates the selling prices based on prevailing market prices, estimated cost to complete and selling costs.

Financial instruments

The Trust uses estimates and assumptions that affect the carrying amounts of certain financial instruments, these are described in Note 2.15. In addition, the Trust uses estimates and assumptions for determining the fair values of financial instruments for disclosure purposes (Note 24).

2.5 Basis of consolidation

These consolidated financial statements include the accounts of the parent trust, RioCan Real Estate Investment Trust, and its subsidiaries, after elimination of intercompany transactions, balances, revenues and expenses.

(i) Subsidiaries

Subsidiaries are entities over which the Trust has control. The Trust reassesses whether it controls an investee based on current facts and circumstances.

All subsidiaries are consolidated from the date 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 consolidated subsidiary, the non-controlling equity interest is presented as a separate component of total equity on the consolidated balance sheets. The net income attributable to non-controlling interests is separately disclosed in the Trust's consolidated statements of income.

(ii) Associates and joint ventures

Associates are entities over which RioCan has significant influence but not control or joint control, generally accompanying an ownership between 20% and 50% of the voting rights, although other factors such as the ability to impact key operating decisions could also indicate significant influence.

Joint ventures are entities over which the Trust has joint control and whereby the parties that share joint control have rights to the net assets of the joint venture. Investments in associates and joint ventures are accounted for using the equity method. 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

Parties to a joint arrangement have joint control of the arrangement and 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 income and consolidated statements of comprehensive income.

2.6 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, which include significant processes, are acquired in addition to the property. If no significant processes or only insignificant processes are acquired, the acquisition is treated as an asset acquisition rather than a business combination.

The Trust has an option to apply a ‘concentration test’ on an asset by asset basis that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The optional concentration test is met and the acquisition can be treated as an asset acquisition, if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

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. Transaction costs associated with business combinations are expensed 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.

2.7 Fair value measurement

The Trust measures certain financial instruments, such as derivatives, and non-financial assets, such as investment properties, at fair value as at each consolidated balance sheet date. Fair value incorporates all factors that market participants would consider in setting a price acting in their economic best interests, including commonly accepted valuation approaches. The fair value measurement presumes 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.

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 consolidated 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; and
- 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 reassessing 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.

2.8 Investment properties

Investment properties comprise income properties and property under development that are held to earn rental revenue or for capital appreciation or both. Real estate property held under a lease is classified as investment property, if it meets the definition of investment property, as further described in Note 2.11 A(i).

(i) Income properties

Income properties are initially measured at cost. Costs include all amounts related to acquisition, including transaction costs related to an asset acquisition as outlined in Note 2.6, and improvements of the properties. All costs associated with upgrading and extending the economic life of the existing facilities other than ordinary repairs and maintenance are capitalized to investment property. Subsequent to initial recognition, income properties are recorded at fair value. 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. Gains or losses arising from differences between current period fair value and the sum of previously measured fair value and capitalized costs as described above are recognized in net income in the period in which they arise.

(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 fair value of consideration, paid to acquire the property, including transaction costs. Subsequent to the acquisition, the cost of a development property includes costs that are directly attributable to these assets, including development costs, common area maintenance costs, property taxes and borrowing costs on both specific and general debt (Development Carrying Costs). Development Carrying Costs 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 the unit of the property can operate in a manner intended by management, which may include that 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 improvements are completed. Development Carrying Costs are 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 as at each consolidated balance sheet date with fair value adjustments recognized in net income.

Investment properties are derecognized on disposal or when no future economic benefits are expected from their use or disposal.

2.9 Residential inventory

Residential inventory consists of 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. Residential inventory is recorded at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less estimated selling costs and estimated development costs to complete. The Trust intends to sell residential inventory projects in the ordinary course of business within the normal operating cycle, which may be greater than 12 months from the balance sheet date.

Residential inventory is reviewed for impairment at each reporting period date. An impairment loss is recognized in net income when the carrying value of the asset exceeds its net realizable value.

Transfers between residential inventory and investment property occur when there is a change in use. A change in use occurs when the property meets, or ceases to meet, the definition of investment property based on management's intentions and there is observable evidence of a change in use.

2.10 Investment properties classified as held for sale

Investment property is classified as held for sale when it is expected that the carrying amount will be recovered principally through sale rather than from continuing use. Upon designation as held for sale, the investment property continues to be measured at fair value and is presented separately on the consolidated balance sheets.

2.11 Leases

A. As a lessee

(i) Right-of-use (ROU) assets

The Trust recognizes ROU assets at the date the underlying asset is available to the Trust for use. As lessee, the Trust has used the practical expedient to combine lease and non-lease components for gross leases. At inception, the ROU assets are recognized at the present value of the future minimum lease payments, and an equivalent amount is recognized as a lease obligation. Subsequent to initial recognition, ROU assets for property leases are carried at fair value.

(ii) Lease liabilities

At the commencement date of the lease, the Trust recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments), variable lease payments that depend on an index or a rate and amounts expected to be paid under residual value guarantees, less any lease incentives receivable. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Trust and payments of penalties for terminating a lease, if the lease term reflects the Trust exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognized as expenses in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Trust uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

(iii) Short-term leases and leases of low-value assets

The Trust applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognized as an expense on a straight-line basis over the lease term.

B. As a lessor

When the Trust acts as a lessor, it determines and classifies each lease as a finance lease or operating lease at the lease commencement date.

When a lease transfers to the lessee substantially all the risk and rewards of ownership incidental to the ownership of the underlying asset, the lease is classified as a finance lease; otherwise, the lease is classified as an operating lease.

When the Trust is an intermediate lessor, it accounts for its interests in the head lease and sublease separately. The Trust assesses the sublease with reference to the ROU asset arising from the head lease.

If a lease arrangement contains lease and non-lease components, the Trust applies IFRS 15, *Revenue from Contracts with Customers* to allocate the consideration to the various components of the contract.

(i) Finance lease receivables

At the commencement date of a finance lease, the Trust recognizes a finance lease receivable at the amount of its net investment in the lease, which is measured at the present value of lease payments to be made over the lease term. The lease payments included are similar to those noted under lease liabilities above.

In calculating the present value of lease payments, the Trust uses the interest rate implicit in the lease, or in the case of a sublease if the rate is not readily determinable, the discount rate used for the head lease. After the commencement date, the amount of finance lease receivables is increased to reflect the accretion of interest and reduced for the lease payments received. In addition, the finance lease receivable is derecognized and impairment is measured in accordance with the expected credit loss (ECL) model pursuant to IFRS 9, *Financial Instruments* (IFRS 9).

2.12 Revenue

The following is a description of the principal activities from which the Trust generates its revenues, including the nature of revenues, timing of satisfaction of performance obligations and significant payment terms.

The following specific recognition criteria must also be met before revenue is recognized:

(i) Rental revenue

The majority of the Trust's rental revenue is earned from its lease contracts with customers.

Base rent

Revenue recognition under an operating 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 or when the property is still under development, revenue recognition begins upon substantial completion of such additions or when the development is substantially complete and in a state that can be used in the manner intended. Lease contracts that contain rent escalation and/or rent free periods are recognized on a straight line basis over the term of the lease. A straight-line rent receivable, which is included in the carrying amount of investment properties, is recorded for the difference between the rental revenue recorded and the contractual amount of minimum base rent received or receivable.

Tenant incentives are recognized as a reduction of rental revenue on a straight-line basis over the term of the lease contract where it is determined that the tenant fixturing has no benefit to RioCan beyond the existing tenancy.

Realty tax and insurance recoveries

Tenant reimbursements for real estate taxes and insurance incurred by the Trust relate specifically to the leased property and are considered to be unavoidable costs directly related to the leased asset. The Trust recognizes realty tax and insurance recoveries as they become due.

Common area maintenance (CAM) services

The Trust has obligations pursuant to its lease contracts with tenants to provide CAM services in exchange for CAM recoveries, which are considered non-lease components. These CAM services are delivered to tenants during the period in which the tenants occupy the premises, and as such, CAM recoveries are recognized in revenue over time. The Trust receives variable consideration for the CAM recoveries to the extent of costs incurred, and revenue is recognized on this basis as this is the best estimate of amounts earned over the period these services are performed. Revenue is constrained by actual costs incurred and any restrictions in the lease contracts. The Trust is obligated to continue to provide CAM services over the remainder of the lease contract term and will recognize revenue based on actual cost incurred to fulfill the CAM services.

(ii) Residential inventory

Revenue from contracts with customers for residential land sales, the sale of townhomes and residential condominium units is recognized at the point in time when control over the property has been transferred, which is generally when possession passes to the customer (i.e., the purchaser) since the customer then has the ability to direct the use and obtain substantially all of the benefits of the respective property. Revenue is measured at the transaction price agreed to under the contract.

Funds received from the customer prior to the customer taking possession are recognized as deferred revenue (a contract liability). Non-refundable sales commissions paid by the Trust prior to the customer taking possession are capitalized as contract assets and expensed when the residential inventory revenue is recognized.

Directly attributable marketing and disposition costs are expensed as incurred.

2.13 Investment and other income and transaction and other costs

Transaction gains included in investment and other income (loss), net, and transaction and other costs on the consolidated statements of income, are recognized on the settlement date or on the settlement of post-transaction adjustments. Transaction gains and losses may also arise from the settlement of liabilities for more or less than their carrying values.

2.14 Unit-based compensation

RioCan and its subsidiaries issue unit-based equity-settled awards to certain employees and trustees. The cost of these unit-based payments equals the fair value of each tranche of awards at their grant date. The cost of the unit-based equity settled awards is recognized on a proportionate basis consistent with the vesting features of each tranche of the grant.

2.15 Financial instruments

Financial assets include RioCan's net contractual rents and other tenant receivables, mortgages and loans receivable, cash and cash equivalents, amounts due on condominium final closings, funds held in trust, marketable securities, derivative contracts, and other receivables. Financial liabilities include RioCan's operating lines of credit, mortgages payable, debentures payable, accounts payable related to property operating costs, and capital expenditures and leasing commissions, trade payables and accruals, deposits received from customers on residential inventory, bond forward agreement and certain other liabilities.

The Trust determines the classification of its financial assets and financial liabilities at initial recognition by considering the purpose for which they were acquired or incurred. Financial instruments are initially recorded at fair value and, in the case of financial assets or financial liabilities carried at amortized cost, adjusted for directly attributable transaction costs.

Financial Instruments	**IFRS 9 Classification**
Financial assets	
Cash and cash equivalents (i)	Amortized cost
Marketable securities (ii)	FVTPL (vii)
Other investments (ii)	FVTPL
Receivables and other assets (iii)	Amortized cost
Mortgages and loans receivable	Amortized cost or FVTPL
Interest rate swap assets (iv)	FVTPL
Bond forward agreement (v)	FVTPL
Financial liabilities	
Debentures payable	Amortized cost
Mortgages payable	Amortized cost
Lines of credit and other bank loans	Amortized cost
Bond forward agreement (v)	FVTPL
Accounts payable and other liabilities (vi)	Amortized cost

(i) As at December 31, 2023, cash equivalent is $0.4 million (December 31, 2022 - $Nil).
(ii) Included in receivables and other assets on the consolidated balance sheets.
(iii) Financial instruments in receivables and other assets that are classified as amortized cost include net contractual rents and other tenant receivables, amounts due on condominium final closings, funds held in trust, other receivables.
(iv) Interest rate swaps are derivative financial instruments that are recorded at fair value on the consolidated balance sheets as interest rate swap assets or interest rate swap liabilities. The effective portion of the fair value gains (losses) is recorded in other comprehensive (loss) income as they are designated in an effective cash flow hedging relationship. See Note 2.19 for further discussion regarding hedge accounting policies.
(v) The bond forward agreement is a derivative financial instrument that is recorded at fair value on the consolidated balance sheets as bond forward asset or bond forward liability. The effective portion of the fair value gains (losses) is recorded in other comprehensive (loss) income as it is designated in an effective cash flow hedging relationship. See Note 2.19 for further discussion regarding hedge accounting policies.
(vi) Financial instruments in accounts payable and other liabilities that are classified as amortized cost include accounts payable related to property operating costs, capital expenditures and leasing commissions, trade payables and accruals, deposits received from customers on residential inventory, and cash collateralized banker's acceptance.
(vii) Fair value through profit or loss (FVTPL).

The amortized cost method referenced in the table above uses an effective interest rate that discounts estimated future cash receipts or payments through the expected life of the financial asset or liability to the net carrying amount of the financial asset or liability.

Financial instruments are initially recorded at fair value and, in the case of financial assets or financial liabilities carried at amortized cost, adjusted for directly attributable transaction costs.

Financial assets

The Trust's financial assets are classified and measured on the basis of both the business model in which the assets are managed and the contractual cash flow characteristics of the asset.

(i) Financial assets at amortized cost

Financial assets are recorded at amortized cost when financial assets are held with the objective of collecting contractual cash flows and those cash flows represent solely payments of principal and interest (SPPI) and are not designated as FVTPL. These assets are measured at amortized cost subsequent to initial recognition using the effective interest rate method. The amortized cost is reduced by impairment losses, if any. Interest income and impairment losses are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

(ii) Financial assets at FVTPL

Financial assets at FVTPL are managed and evaluated on a fair value basis and measured at fair value subsequent to initial recognition. Net gains and losses, including any interest or dividend income, are recognized in profit or loss unless they are derivative instruments designated in an effective hedging relationship.

Financial liabilities

(i) Financial liabilities at amortized cost

Financial liabilities are subsequently measured at amortized cost using the effective interest rate method. Interest expense is recognized in profit or loss. Any modification that results in the substantially different terms or in a 10% change in carrying value is accounted for as an extinguishment or derecognition of the original financial liability and the recognition of a new financial liability. Any gain or loss on derecognition is recognized in profit or loss.

(ii) Financial liabilities at FVTPL

A financial liability is classified as FVTPL if it is classified as held for trading, it is a derivative or designated as FVTPL on initial recognition. Financial liabilities at FVTPL are subsequently measured at fair value and net gains and losses, including any interest expenses, are recognized in profit or loss unless they are derivative instruments designated in an effective hedging relationship.

2.16 Impairment of financial assets

At each reporting date, each financial asset measured at amortized cost is assessed for impairment under an ECL model. The Trust applies the simplified approach, which uses lifetime ECLs, for net contractual rents and other tenant receivables, and the general approach for all other financial assets measured at amortized cost. Mortgages and loans receivable, amounts due on condominium final closings and finance lease receivables are classified as impaired when there is objective evidence that the full carrying amount of the loans and receivables is not collectible.

The Trust uses an accounts receivable aging provision matrix to measure the ECL for net contractual rents and other tenant receivables and applies loss factors accordingly, incorporating forward-looking information including assessing the viability of retail tenants.

ECLs for all other financial assets measured at amortized cost are based on the difference in cash flows the Trust expects to receive and the contractual cash flows due in accordance with the contract, discounted at the asset's original effective interest rate (if applicable). Any changes in impairment are recognized in net income.

Financial assets 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.

2.17 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. 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, which is generally equal to the guarantee fee received, 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 less amortization for the passage of time; and (ii) the loss allowance measured using an ECL model.

2.18 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.

2.19 Hedges

The Trust may enter into interest rate swaps or bond forward contracts to hedge its interest rate risks. Such derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value.

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. For the Trust's purposes of hedge accounting, interest rate swap hedges and bond forward contract hedges are classified as cash flow hedges.

Cash flow hedges

In a cash flow hedging relationship, the effective portion of the gain or loss on the hedging instrument is recognized in OCI and accumulated in the cash flow hedge reserve within equity. The ineffective portion is recognized immediately in net income.

Amounts accumulated in the cash flow hedge reserve are reclassified to the consolidated statements of income in the same periods as the hedged future cash flow. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover (as part of the hedging strategy) or no longer qualifies for hedge accounting, and the forecasted transaction is still expected to occur, the related cash flow hedge reserve is reclassified into the consolidated statements of income in the period the forecasted transaction occurs. Otherwise, it is immediately reclassified from OCI to the consolidated statements of income.

2.20 Comprehensive income

Comprehensive income comprises net income and OCI, which generally would include changes in the fair value of the effective portion of cash flow hedging instruments, actuarial gains and losses related to RioCan's defined benefit pension plans and other comprehensive income of equity-accounted investments. The Trust reports consolidated statements of comprehensive income comprising net income and OCI for the year.

2.21 Income taxes

The Trust qualifies as a mutual fund trust and a “real estate investment trust” (REIT Exemption) 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. From time to time, RioCan may retain some taxable income and net capital gains in order to utilize the capital gains refund available to mutual fund trusts without incurring any income taxes. The Trust is therefore considered, in substance, tax exempt and does not account for income taxes, except for amounts incurred in its incorporated Canadian taxable subsidiaries that continue to be subject to income taxes. These taxable subsidiaries account for income taxes as follows:

Current income tax assets and liabilities are measured at the amount expected to be received from or paid to tax authorities based on the tax rates and laws enacted or substantively enacted as at the consolidated balance sheet dates.

Deferred tax liabilities are measured by applying the appropriate tax rate to taxable temporary differences between the carrying amounts of assets and liabilities, and their respective tax basis. The appropriate tax rate is determined by reference to the rates that are expected to apply to the year and the jurisdiction in which the assets are expected to be realized or the liabilities settled. Deferred tax assets are recorded for all deductible temporary differences, carryforward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax credits and unused tax losses can be utilized. Current and deferred income taxes are recognized in correlation to the underlying transaction either in OCI or directly in equity.

2.22 Cash and cash equivalents

Cash and cash equivalents comprise cash and short-term investments with original maturities from the date of acquisition for three months or less.

2.23 Provisions

Provisions are recognized when the Trust has a present obligation (legal or constructive) as a result of a past event, when 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 income, 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.

2.24 Changes in accounting policies

The accounting policies used in the preparation of the consolidated financial statements are consistent with those of the prior year, except for the adoption of new standards and interpretations effective January 1, 2023 as follows:

Amendments to IAS 1 and IFRS Practice Statement 2

In February 2021, the IASB issued amendments to IAS 1 and IFRS Practice Statement 2 in which it provided guidance and examples to help entities apply materiality judgments to accounting policy disclosures. The amendments require the disclosure of material accounting policy information rather than disclosing significant accounting policies and provided guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments are applicable for annual periods beginning on or after January 1, 2023, with early adoption permitted. Since the amendments to IFRS Practice Statement 2 provide non-mandatory guidance, an effective date for these amendments is not necessary.

The amendments have resulted in the disclosure of only material accounting policy information in the Trust’s disclosures, but did not impact the measurement, recognition or presentation of any items in the Trust’s consolidated financial statements.

Amendments to IAS 8, Definition of Accounting Estimates

In February 2021, the IASB issued amendments to IAS 8, in which it introduced a definition of "accounting estimates". The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates. The amendments are effective for annual periods beginning on or after January 1, 2023, with early adoption permitted. The amendments had no impact on the Trust's consolidated financial statements.

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

2.25 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 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.

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

In January 2020 and October 2022, the IASB issued amendments to paragraphs 69-76 of IAS 1 to clarify the requirements for classifying liabilities as current or non-current. The amendments specify that the conditions that exist at the end of a reporting period are those that will be used to determine if a right to defer settlement of a liability exists. The amendments also clarify the situations that are considered a settlement of a liability. The amendments are effective January 1, 2024, with early adoption permitted. The amendments are to be applied retrospectively. Management is currently assessing the impact of these amendments.

3. INVESTMENT PROPERTIES

As at	**December 31, 2023**	December 31, 2022
Income properties	**$ 12,632,473**	$ 12,635,332
Properties under development	**929,245**	1,172,408
	$ 13,561,718	$ 13,807,740

Year ended December 31, 2023,	**Income properties**	**Properties under development**	**Total** (v)
Balance, beginning of year	**$ 12,676,651**	**$ 1,173,229**	**$ 13,849,880**
Acquisitions	**75,473**	**34,583**	**110,056**
Dispositions	**(285,921)**	**(9,485)**	**(295,406)**
Development expenditures	**—**	**244,260**	**244,260**
Capital expenditures:			
Recoverable and non-recoverable expenditures	**83,781**	**—**	**83,781**
Leasing commissions and tenant improvements	**52,472**	**—**	**52,472**
Transfers, net (i)	**417,417**	**(417,417)**	**—**
Transfers to residential inventory (ii)	**—**	**(6,400)**	**(6,400)**
Fair value loss, net	**(372,464)**	**(77,944)**	**(450,408)**
Straight-line rent (iii)	**5,898**	**—**	**5,898**
Transfers to finance lease receivables	**(3,774)**	**—**	**(3,774)**
Transfer to equity-accounted investment (iv)	**—**	**(11,270)**	**(11,270)**
Other changes	**1,456**	**—**	**1,456**
Earn-out consideration	**248**	**—**	**248**
Balance, end of year	**$ 12,651,237**	**$ 929,556**	**$ 13,580,793**
Investment properties	**$ 12,632,473**	**$ 929,245**	**$ 13,561,718**
Properties held for sale	**18,764**	**311**	**19,075**
	$ 12,651,237	**$ 929,556**	**$ 13,580,793**

(i) During the year ended December 31, 2023, transfers to income properties from properties under development totalled $574.0 million, reflecting completed developments. Transfers from income properties to properties under development totalled $156.6 million, reflecting the commencement of active development on certain income properties during the year.

(ii) During the year ended December 31, 2023, East Hills South Block was transferred to residential inventory from investment property as appropriate evidence of a change in use was established.

(iii) Included in investment properties is $119.3 million of net rents receivable arising from the recognition of rental revenue on a straight-line basis over the lease term (December 31, 2022 - $115.8 million).

(iv) On September 28, 2023, RioCan formed a new joint venture and transferred its ownership of the 11YV project to equity-accounted investments. Refer to Note 4 for further details.

(v) Included in investment properties are 10 properties held as right-of-use assets as at December 31, 2023. Refer to Note 8.

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

Year ended December 31, 2022,	Income properties	Properties under development	Total (v)
Balance, beginning of year	$ 12,611,276	$ 1,457,302	$ 14,068,578
Acquisitions	96,031	11,946	107,977
Dispositions	(425,491)	(34,277)	(459,768)
Development expenditures	—	298,409	298,409
Capital expenditures:			
Recoverable and non-recoverable expenditures	63,666	—	63,666
Leasing commissions and tenant improvements	45,147	—	45,147
Transfers, net (i)	544,193	(544,193)	—
Transfers to residential inventory (ii)	—	(14,247)	(14,247)
Fair value loss, net	(239,417)	(1,711)	(241,128)
Straight-line rent (iii)	1,884	—	1,884
Transfers to finance lease receivables	(3,669)	—	(3,669)
Transfer to equity-accounted investment (iv)	(17,500)	—	(17,500)
Other changes	303	—	303
Earn-out consideration	228	—	228
Balance, end of year	$ 12,676,651	$ 1,173,229	$ 13,849,880
Investment properties	$ 12,635,332	$ 1,172,408	$ 13,807,740
Properties held for sale	41,319	821	42,140
	$ 12,676,651	$ 1,173,229	$ 13,849,880

(i) During the year ended December 31, 2022, transfers to income properties from properties under development totalled $569.5 million, reflecting completed developments. Transfers from income properties to properties under development totalled $25.3 million, reflecting the commencement of active development on certain income properties during the year.

(ii) During the year ended December 31, 2022, the residential portion of the discrete parcel under development at RioCan Durham Centre was transferred to residential inventory from investment property as appropriate evidence of a change in use was established. In addition, in conjunction with the closing of the land transaction, RioCan transferred pre-acquisition costs incurred at Queen & Ashbridge (QA) to residential inventory from investment property.

(iii) Included in investment properties is $115.8 million of net rents receivable arising from the recognition of rental revenue on a straight-line basis over the lease term (December 31, 2021 - $119.1 million).

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

(v) Included in investment properties are 12 properties held as right-of-use assets as at December 31, 2022. Refer to Note 8.

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

Acquisitions

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

	Income properties		Properties under development	
For the years ended December 31,	**2023**	2022	**2023**	2022
Properties acquired during the year:				
Total consideration	**$ 75,473**	$ 96,031	**$ 34,583**	$ 11,946
Vendor take-back mortgage (VTB) or debt assumed	**(40,848)**	—	**—**	(9,191)
Purchase price payable	**—**	—	**—**	(2,368)
Total consideration, net of VTB, purchase price payable and/or debt assumed	**$ 34,625**	$ 96,031	**$ 34,583**	$ 387

Investment properties acquisitions

Property name and location	Date acquired	Interest acquired	IPP purchase price (i)	PUD purchase price (i)	VTB mortgage, purchase price payable and/or debt assumed
Q4 2023 - No Acquisitions					
Q3 2023					
2973 Bloor Street West, Toronto, ON	July 31	100.0 %	$ 5,202	$ —	$ —
			$ 5,202	$ —	$ —
Q2 2023					
18154-18162 Yonge Street, East Gwillimbury, ON	June 29	100.0 %	$ 8,214	$ —	$ —
King & Sherbourne Portfolio, Toronto, ON (ii)	June 26	50.0 %	10,613	—	2,799
Bellevue Phase One, Two & Four, Montreal, QC (iii)	May 29	100.0 %	51,444	2,061	38,049
1303 Bloor Street West, Toronto, ON	April 12	100.0 %	—	3,675	—
			$ 70,271	$ 5,736	$ 40,848
Q1 2023					
508 Lansdowne Avenue, Toronto, ON	March 1	100.0 %	$ —	$ 2,209	$ —
Parking lease at RioCan Hall, Toronto, ON	January 13	100.0 %	—	26,638	—
			$ —	$ 28,847	$ —
Total acquisitions for the year ended December 31, 2023			**$ 75,473**	**$ 34,583**	**$ 40,848**

(i) Purchase price includes transaction costs.

(ii) Debt assumed includes $2.1 million in mortgage payable and $0.7 million in VTB mortgage.

(iii) Gross purchase price before transaction costs of $2.4 million was $55.3 million, of which $51.1 million was allocated to investment properties and $4.2 million was allocated to mortgage payable. The mortgage payable assumed on closing was for Phase One and Two and had an aggregate contractual balance of $42.2 million.

Purchase obligations

The Trust has agreed to purchase 100% of the retail portion of the 11YV project upon completion, currently estimated to be during 2025, at a 6.0% capitalization rate. The Trust currently owns a 37.5% interest in the project through an equity-accounted investment. Refer to Note 4 for further details.

The Trust has agreed to purchase its partners' interest in the retail and residential rental components of Queen & Ashbridge upon stabilization, currently estimated to be during 2026, at the greater of pre-determined capitalization rates of 4.75% and 4.15%, respectively, or total cost plus 5%.

The Trust has agreed to purchase 100% interest in Bellevue Phase Three provided certain conditions are met, currently estimated to be during 2026, at a pre-determined capitalization rate.

The Trust has agreed to purchase, provided certain conditions are met, a 50% interest in a mixed-use residential rental property located in Calgary, Alberta in Q1 2025 for an estimated purchase price of $6.0 million plus 50% of development costs incurred at the time of closing and a vendor promote that will be paid upon stabilization.

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

Dispositions

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

	Income properties		Properties under development	
For the years ended December 31,	**2023**	2022	**2023**	2022
Properties disposed during the year:				
Total consideration	**$ 285,921**	$ 425,491	**$ 9,485**	$ 34,277
Vendor take-back mortgages receivable on dispositions	**(6,000)**	(22,286)	**—**	—
Total consideration, net of related debt	**$ 279,921**	$ 403,205	**$ 9,485**	$ 34,277

Investment properties dispositions

Property name and location	Date disposed	Interest disposed	IPP sales proceeds	PUD sales proceeds
Q4 2023				
Strawberry Hill Shopping Centre, Surrey, BC	December 14	100 %	$ 147,913	$ 7,087
Silver City Hull, Gatineau, QC (i)	November 1	100 %	12,250	—
Garden City Shopping Centre, Winnipeg, MB	October 25	100 %	61,000	—
			$ 221,163	$ 7,087
Q3 2023 - No Dispositions				
Q2 2023				
RioCan West Ridge, Orillia, ON	May 1	100 %	$ 23,464	$ 1,577
			$ 23,464	$ 1,577
Q1 2023				
Hamilton Highbury Plaza, London, ON	February 2	100 %	$ 115	$ —
Southland Crossing Shopping Centre, Calgary, AB	January 16	100 %	41,179	821
			$ 41,294	$ 821
Total dispositions for the year ended December 31, 2023			**$ 285,921**	**$ 9,485**

(i) RioCan provided a vendor take-back mortgage of $6.0 million.

Properties held for sale

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

As at	**December 31, 2023**	December 31, 2022
Assets		
Income properties	**$ 18,764**	$ 41,319
Properties under development	**311**	821
Total assets held for sale	**$ 19,075**	$ 42,140

Subsequent to year end, the Trust entered into firm deals to dispose full interests in two secondary market assets, one of which was cinema anchored and the second was an open air centre. As a result, as at December 31, 2023, RioCan has two investment properties held for sale with a carrying value of $19.1 million. As at December 31, 2022, RioCan had two investment properties held for sale with a carrying value of $42.1 million.

Valuation methodology

Fair value

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 (i.e., an exit price). Expectations about future improvements or modifications to be made to the investment property to reflect its highest and best use may be considered in the valuation.

Investment properties and properties held for sale are carried at fair value, and the Trust uses significant unobservable inputs to estimate fair value of these assets at each reporting date. See below for further description of inputs used by the Trust in estimating the fair value of its properties. Significant unobservable inputs are classified as Level 3 inputs under IFRS. See Note 24 for further details.

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.

Valuation processes

Internal valuations

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

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

External valuations

Depending on the property asset type and location, management may opt to obtain independent third-party valuations from firms that employ experienced valuation professionals having the required qualifications in property appraisals for purposes of adopting such appraised values in the case of land parcels or assessing the reasonableness of its internal investment property valuations. The internal valuation team also verifies all major inputs used by the external valuator in preparing the valuation report, assesses changes to fair value by comparing the current year fair value against the fair value determined in the prior year valuation report, and holds discussions with the external valuator.

During the year, the Trust obtained a total of 26 external property appraisals (including 2 vacant land parcels), which supported an IFRS fair value of approximately $1.7 billion, or 12.2% of the Trust's investment property portfolio (at 100% interest), as at December 31, 2023. In 2024, the Trust intends to select approximately five income properties for external appraisal on a quarterly basis.

Valuation techniques

Income properties

The internal valuation team 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). The significant unobservable inputs are based on the following:

- SNOI is based on budgeted rents and expenses and supported by the terms of any existing lease, other contracts or external evidence such as current market rents for similar properties, adjusted to incorporate allowances for estimated vacancy rates, and management fees based on current and expected future market conditions after expiry of any current lease. The resulting capitalized value is then adjusted for non-recoverable capital expenditures as well as other costs, including leasing costs, inherent in achieving and maintaining SNOI.
- The capitalization rate is based on the location and quality of the properties and takes into account market data at the valuation date.

Properties under development

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 or per buildable square foot 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 and meets certain thresholds, the direct capitalization method is applied to capitalize the pro forma net operating income (NOI), stabilized with market allowances, from which the costs to complete the development are deducted. The significant unobservable inputs are based on the following:

- Pro forma SNOI is based on the location, type and quality of the properties and supported by the terms of actual or anticipated future leases, other contracts or external evidence such as current market rents for similar properties, adjusted for estimated vacancy rates based on expected future market conditions and estimated maintenance costs, which are consistent with internal budgets, based on management's experience and knowledge of the market conditions.
- Costs to complete are derived from internal budgets based on management's experience and knowledge of the market conditions.
- The capitalization rate is based on the location and quality of the properties and takes into account market data at the valuation date.

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The primary method of valuation for undeveloped land 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.

For certain properties under development with multi-phased and mixed-use attributes, the Trust employs a corroborative approach using a discounted cash flow valuation method.

The table below summarizes the classification, valuation approach and inter-relationship between the Level 3 key unobservable inputs and fair value measurements for the Trust's investment properties:

Classification	**Valuation approach**	**Key unobservable input**	**Relationship between key unobservable inputs and fair value measurement**
Income producing properties/ 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 rate, the lower the estimated fair value.
		SNOI	Generally, an increase in SNOI will result in an increase in the estimated fair value of the properties.
		Costs to complete	There is an inverse relationship between costs to complete and fair value; in other words, the higher the costs to complete, the lower the estimated fair value.
Properties under development - undeveloped land	Comparable sales approach	Market comparison	Land value is in line with market trends.

As at December 31, 2023, the weighted average capitalization rate for the Trust's investment properties and properties held for sale is 5.41% (December 31, 2022 - 5.33%). The carrying value of the Trust's investment properties reflects its best estimate for the highest and best use as at December 31, 2023.

The Trust has reviewed the valuation of its properties in light of the difficulty in anticipating the impact of the current global macroeconomic environment on property cash flows and capitalization rates. The impact of higher inflation, rising interest rates and their effect on demand and economic growth continue to be uncertain. Such effects could be material to investment properties valuations. As events associated with the current macroeconomic environment continue to unfold, further adjustments to the Trust's IFRS value of investment properties, which could be negative or positive, may be required. Refer to the table below for a sensitivity analysis of investment properties valuations.

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

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

Capitalization rate sensitivity increase (decrease)	Weighted average capitalization rate	Fair value variance
(1.00%)	4.41%	$ 3,315,714
(0.75%)	4.66%	2,301,974
(0.50%)	4.91%	1,439,869
(0.25%)	5.16%	679,969
December 31, 2023	**5.41%**	**—**
0.25%	5.66%	(614,211)
0.50%	5.91%	(1,170,596)
0.75%	6.16%	(1,678,531)
1.00%	6.41%	(2,144,601)

A 0.25% increase in capitalization rate would result in a lower portfolio fair value of $614.2 million. A 0.25% decrease in capitalization rate would result in a higher portfolio fair value of $680.0 million. In addition, a 1% increase in SNOI would result in a higher portfolio fair value of $131.0 million. A 1% decrease in SNOI would result in a lower portfolio fair value of $131.9 million. A 1% increase in SNOI coupled with a 0.25% decrease in capitalization rates would result in a higher portfolio fair value of $817.8 million. A 1% decrease in SNOI coupled with a 0.25% increase in capitalization rates would result in a lower portfolio fair value of $739.3 million. A 1% increase in costs to complete for the development properties would result in a lower portfolio fair value of $1.5 million, and a 1% decrease in costs to complete for the development properties would result in a higher portfolio fair value of $1.5 million.

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

4. EQUITY-ACCOUNTED INVESTMENTS

Equity-accounted investments

The Trust has certain equity-accounted investments in associates and joint ventures. The following table details the Trust's ownership interest in each equity investee:

Equity investee	Principal activity	**December 31, 2023**	December 31, 2022
RC Yorkville LP	Development of mixed-use project and sale of residential inventory	**37.5 %**	— %
PR Bloor Street LP	Development of mixed-use project and sale of residential inventory	**50.0 %**	50.0 %
RioCan-Fieldgate LP	Development of mixed-use project and sale of residential inventory	**50.0 %**	50.0 %
Dawson-Yonge LP	Owns and operates an income property	**40.0 %**	40.0 %
RioCan-HBC JV	Owns and operates income properties	**22.0 %**	20.2 %
RC (Queensway) LP	Development and sale of residential inventory	**20.0 %**	20.0 %
RC (Leaside) LP - Class B	Development and sale of residential inventory	**25.0 %**	25.0 %
WhiteCastle New Urban Fund, LP (WNUF 1)	Development of mixed use project and sale of residential inventory	**— %**	14.2 %
WhiteCastle New Urban Fund 2, LP (WNUF 2)		**19.3 %**	19.3 %
WhiteCastle New Urban Fund 3, LP (WNUF 3)		**20.0 %**	20.0 %
WhiteCastle New Urban Fund 4, LP (WNUF 4)		**18.4 %**	18.4 %
WhiteCastle New Urban Fund 5, LP (WNUF 5)		**14.2 %**	14.2 %

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

Years ended December 31,	**2023**	2022
Balance, beginning of year	**$ 364,892**	$ 327,335
Contributions (i)	**19,828**	16,817
Distributions	**(14,141)**	(14,565)
Disposition of units (ii)	**(14,601)**	—
Total cash flow activities	**(8,914)**	2,252
Non-cash contributions:		
Contribution accrual	**(145)**	100
Investment properties	**—**	34,462
New joint venture from previously consolidated subsidiary (iii)	**9,958**	—
Share of net income and gains from redemption of units (ii)	**18,383**	2,349
Other comprehensive income from equity-accounted investments (ii) (iii) (iv)	**132**	583
Other	**(423)**	(2,189)
Balance, end of year	**$ 383,883**	$ 364,892

(i) During the year ended December 31, 2023, the Trust contributed $2.1 million to the RioCan-HBC JV and $17.7 million to the other equity-accounted investments.

(ii) RioCan sold 25.0% of its interest in RC Yorkville LP for proceeds of $14.6 million, resulting in a gain of $12.1 million, including the recycling of $0.6 million hedge reserve from other comprehensive income (OCI) to net income.

Year ended December 31,	**2023**
Share of net income from equity-accounted investments	$ 6,271
Gains from partial disposition of RC Yorkville LP	12,112
Share of net income and gains from redemption of units	**$ 18,383**

(iii) 11 YV total non-cash contribution was $12.2 million, comprising accumulated other comprehensive income (AOCI) of $2.3 million of interest rate swap and $9.9 million of other net assets.

(iv) Changes in other comprehensive income from equity-accounted investments consist of:

Year ended December 31,	**2023**
Interest rate swap hedge reserve in RC Yorkville LP on initial contribution to equity-accounted investment	$ 2,265
Hedge reserve recycled from OCI to net income on partial disposition of RC Yorkville LP	(566)
Changes to interest rate swap hedge reserve for other equity-accounted investments	(1,567)
Other comprehensive income from equity-accounted investments	**$ 132**

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

Financial results of equity-accounted investees

The following tables present the financial results of RioCan's equity-accounted investees on a 100% basis:

As at	**December 31, 2023**			December 31, 2022		
	RioCan-HBC JV	Other	Total	RioCan-HBC JV	Other	Total
Current assets (i)	**$ 8,608**	**$ 1,311,926**	**$ 1,320,534**	$ 7,702	$ 849,520	$ 857,222
Non-current assets (ii)	**1,870,226**	**61,714**	**1,931,940**	1,924,339	38,521	1,962,860
Current liabilities (iii)	**203,269**	**346,243**	**549,512**	162,581	242,788	405,369
Non-current liabilities (iv)	**583,759**	**566,016**	**1,149,775**	633,003	258,949	891,952
Net assets	**$ 1,091,806**	**$ 461,381**	**$ 1,553,187**	$ 1,136,457	$ 386,304	$ 1,522,761
Equity-accounted investments	**$ 248,628**	**$ 135,255**	**$ 383,883**	$ 256,588	$ 108,304	$ 364,892

Years ended December 31	**2023**			2022		
	RioCan-HBC JV	Other	Total	RioCan-HBC JV	Other	Total
Revenue	**$ 143,979**	**$ 21,119**	**$ 165,098**	$ 142,383	$ 21,536	$ 163,919
Operating expenses	**21,022**	**13,375**	**34,397**	21,608	13,496	35,104
Fair value (losses) gains	**(64,667)**	**894**	**(63,773)**	(81,596)	785	(80,811)
Interest expense	**52,467**	**399**	**52,866**	39,921	407	40,328
Net income (loss)	**$ 5,823**	**$ 8,239**	**$ 14,062**	$ (742)	$ 8,418	$ 7,676
Income (loss) from equity-accounted investments	**$ 2,440**	**$ 15,943**	**$ 18,383**	$ (153)	$ 2,502	$ 2,349

(i) As at December 31, 2023, total current assets include $1.2 billion of residential inventory (December 31, 2022 - $793.2 million), for which the expected completion and sale may be greater than 12 months.

(ii) RioCan-HBC JV non-current assets include ten investment properties and two finance lease receivables. During the year, RioCan-HBC JV obtained total of eight external valuations for investment properties, which supported an IFRS fair value of $1.5 billion, or 90.1% of the JV's investment property portfolio.

(iii) As at December 31, 2023, total current liabilities include $363.8 million of mortgages payable and other loans, of which $190.3 million relates to the RioCan-HBC JV (December 31, 2022 - $329.9 million, of which $150.7 million relates to the RioCan-HBC JV).

(iv) As at December 31, 2023, total non-current liabilities include $1.0 billion of mortgages payable and lines of credit with maturities beyond twelve months, of which $535.6 million relates to the RioCan-HBC JV (December 31, 2022 - $810.3 million, of which $584.6 million relates to the RioCan-HBC JV).

WhiteCastle New Urban Fund, LP (WNUF 1)

On March 29, 2023, WNUF 1, one of the Trust's equity-accounted investments, was dissolved and final proceeds were distributed to the partners.

RioCan-HBC JV

During the second quarter of 2023, the Trust's ownership interest increased to 22.0% (December 31, 2022 - 20.2%).

On November 30, 2023, RioCan advanced a $30.0 million bridge financing loan to the RioCan-HBC JV, which was subsequently repaid on January 26, 2024.

RC Yorkville LP

On September 28, 2023, RioCan entered into a series of transactions whereby certain previously consolidated subsidiaries which held various interests in 11 YV, including RC Yorkville LP, became jointly controlled. RioCan subsequently sold 20.8% of its units and reduced its ownership in RC Yorkville LP from 100% to 79.2% or from 50.0% to 39.6% in the underlying 11YV project.

As a result, the Trust ceased consolidating these subsidiaries and an equity-accounted joint venture investment was created with a carrying value of $12.2 million, including an interest rate swap hedge reserve in AOCI of $2.3 million. Upon the sale of its 20.8% interest to new investors, RioCan received $12.2 million of proceeds, which resulted in a gain of $10.1 million, including the recycling of $0.5 million hedge reserve from AOCI to net income.

On October 3, 2023, RioCan sold another 4.2% interest in the units of RC Yorkville LP and reduced its interest to 75.0% or 37.5% in the underlying 11YV project for $2.4 million, which resulted in a gain of $2.0 million, including the recycling of $0.1 million hedge reserve from AOCI to net income.

RioCan provided loans in the aggregate amount of $10.2 million to the above-noted new investors, to finance their acquisition of the units from RC Yorkville LP.

On January 1, 2024, RioCan sold an additional 25.0% interest in the units of RC Yorkville LP and reduced its interest to 50.0% or 25.0% in the underlying 11YV project.

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

Joint operations

RioCan has co-ownership interests in investment properties, where it has joint control and owns an undivided interest in the assets and liabilities with the co-owners, representing joint operations under IFRS 11, *Joint Arrangements*. As at December 31, 2023, the Trust has 44 such joint operations, of which two are considered individually significant: The Well™ and FourFifty The Well™, located in Toronto, Canada. RioCan has a 50% ownership interest in the commercial component of The Well and a 50% interest in the residential project FourFifty The Well.

5. RESIDENTIAL INVENTORY

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

Years ended December 31,		2023		2022
Balance, beginning of year	**$**	**272,005**	$	217,043
Acquisitions		**—**		19,440
Dispositions		**(8,602)**		(91,322)
Development expenditures		**127,118**		112,597
Transfers from investment properties (i)		**6,400**		14,247
Transfers to equity-accounted investments (ii)		**(179,735)**		—
Balance, end of year	**$**	**217,186**	$	272,005

(i) During the year ended December 31, 2023, East Hills South Block was transferred to residential inventory from investment property as appropriate evidence of change in use was established.

(ii) On September 28, 2023, RioCan formed a new joint venture and transferred its ownership of the 11YV project to equity-accounted investments. Refer to Note 4 for further details.

The following table provides details on residential inventory gains for the years ended December 31, 2023 and 2022:

Years ended December 31,		2023		2022
Residential inventory sales	**$**	**13,789**	$	118,659
Residential inventory cost of sales:				
Dispositions		**8,602**		91,322
Commission cost and other		**392**		4,964
Residential inventory cost of sales	**$**	**8,994**	$	96,286
Residential inventory gains	**$**	**4,795**	$	22,373

6. MORTGAGES AND LOANS RECEIVABLE

For the years ended December 31,		2023		2022
Current	**$**	**49,391**	$	100,581
Non-current		**240,142**		168,758
Mortgages and loans receivable measured at amortized cost	**$**	**289,533**	$	269,339

As at December 31, 2023, mortgages and loans receivable bear interest at a weighted average effective and contractual rate of 9.06% and 8.57% per annum, respectively (December 31, 2022 - 8.26% and 7.73%, respectively) and mature between 2024 and 2033.

Future repayments of mortgages and loans receivables by year of maturity are as follows:

2024	$	49,391
2025		61,125
2026		49,899
2027		37,450
2028		90,727
Thereafter		941
	$	**289,533**

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

7. RECEIVABLES AND OTHER ASSETS

The following table details the Trust's receivables and other assets as at December 31, 2023 and December 31, 2022:

As at	**December 31, 2023**			December 31, 2022		
	Current	**Non-current**	**Total**	Current	Non-current	Total
Prepaid expenses and other assets	**$ 67,593**	**$ 43,277**	**$ 110,870**	$ 52,855	$ 19,570	$ 72,425
Net contractual rents and other tenant receivables	**35,345**	**—**	**35,345**	27,639	—	27,639
Finance lease receivables	**5,627**	**34,483**	**40,110**	4,709	36,883	41,592
Amounts due on condominium final closings	**6,529**	**—**	**6,529**	3,018	—	3,018
Other receivables (i)	**15,184**	**20,972**	**36,156**	9,527	20,445	29,972
Funds held in trust	**8,872**	**—**	**8,872**	30,948	26,765	57,713
Interest rate swap agreements	**4,202**	**4,568**	**8,770**	3,428	19,386	22,814
Bond forward agreements	**—**	**—**	**—**	4,341	—	4,341
	$ 143,352	**$ 103,300**	**$ 246,652**	$ 136,465	$ 123,049	$ 259,514

(i) Other receivables primarily include fees and cost reimbursements receivable from partners, and disposition proceeds receivable.

Prepaid expenses and other assets

Prepaid expenses and other assets primarily include other investments, prepaid property taxes, prepaid selling commissions, office furniture and equipment, and management information systems.

RioCan pays certain upfront non-refundable selling commissions with respect to the sale of residential inventory, which are included in other assets when it is probable that future economic benefits will flow to the Trust. No amortization prior to the recognition of revenue is recognized but, rather, a charge to income occurs when the revenue associated with the sale is recognized.

Selling commissions (contract costs)

The following table shows the change in selling commissions:

Years ended December 31,	**2023**	2022
Balance, beginning of year	**$ 10,603**	$ 10,612
Additions	**3,597**	4,955
Transfers to equity-accounted investments (i)	**(6,155)**	—
Selling commissions expensed during the year	**(392)**	(4,964)
Balance, end of year	**$ 7,653**	$ 10,603

(i) Relates to the 11YV project. Refer to Note 4 for further details.

Net contractual rents and other tenant receivables

Net contractual rents and other tenant receivables, include common area maintenance, realty tax and insurance recoveries and presented net of an allowance for doubtful accounts of $9.6 million as at December 31, 2023 (December 31, 2022 - $13.5 million).

RioCan determines its allowance for doubtful accounts using the simplified lifetime ECL model for contractual rents receivable. The Trust uses an accounts receivable aging provision matrix to assess the ECL and applies loss factors based on historical loss experience calibrated with forward-looking information to its aging buckets.

The Trust recognized a $5.6 million net recovery of rent abatements and bad debts for the year ended December 31, 2023 (year ended December 31, 2022 - provision of $1.2 million). These provisions (recoveries) are recorded to non-recoverable operating costs.

The following table summarizes the Trust's movement in allowance for doubtful accounts:

Years ended December 31,	**2023**	2022
Allowance for doubtful accounts, beginning of year	**$ 13,469**	$ 16,604
(Recovery of) provision for credit losses	**(5,587)**	1,218
Write-offs, net of recoveries	**1,761**	(4,353)
Allowance for doubtful accounts, end of year	**$ 9,643**	$ 13,469

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

Funds held in trust

Funds held in trust include property-specific deposits held by the Trust's solicitors in the name of the Trust. These funds will be released upon funding the construction of the residential inventory projects, after posting the requisite security, or upon final closing of units within such projects. Funds held in trust may also relate to certain funds held in escrow pursuant to agreements of purchase and sale, which are to be used for the acquisition of investment properties.

8. LEASES

A. As lessee

Real estate leases

Included in investment properties are 10 properties held as ROU assets arising from land and/or building leases where RioCan is the lessee as at December 31, 2023 (December 31, 2022 - 12 properties).

The real estate lease may be a lease for a portion of a property (including access roads and parking lots) or the entire property (including land and building). The carrying value of total investment properties related to these leases, including the portions relating to RioCan's leasehold building interests, and certain other property or related property interests, and excluding sublease finance lease receivables (refer to Note 7) is $215.0 million (December 31, 2022 - $215.4 million). The corresponding lease liability in accounts payable and other liabilities is $35.1 million (December 31, 2022 - $36.6 million).

The following table shows the change in lease liabilities during the year:

Years ended December 31,		**2023**		2022
Balance, beginning of year	**$**	**36,572**	$	37,975
Renewal of leases of properties held under lease and other changes in estimates		**350**		542
Repayments of lease liabilities		**(1,872)**		(1,945)
Balance, end of year	**$**	**35,050**	$	36,572

Future lease payments under these leases are as follows:

Year ended December 31,		**2023**
Within twelve months	**$**	**8,435**
Two to five years		**12,780**
Over five years		**53,792**
Total future lease payments (inclusive of renewal options) (i)	**$**	**75,007**
Less: Future interest costs		**39,957**
Present value of lease payments (inclusive of renewal options)	**$**	**35,050**

(i) Includes all renewal options at current fixed payment amounts; excludes variable rent payments (percentage rent) on two properties.

The following are the amounts recognized in net income:

Years ended December 31,		**2023**		2022
Revenue from subleasing ROU assets (i)	**$**	**23,480**	$	22,540
Interest expense on lease liabilities		**(1,985)**		(1,883)
Office equipment lease payments		**(984)**		(1,122)

(i) Includes variable lease payments and excludes finance lease interest income, disclosed below as lessor.

During the year ended December 31, 2023, the Trust had total cash outflows for leases of $6.1 million (December 31, 2022 - $6.1 million), including office equipment lease payments and variable lease payments of $2.2 million (December 31, 2022 - $2.3 million).

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

B. As lessor

Finance lease receivable

RioCan has real estate subleases that are classified as finance leases and that are included in receivables and other assets on the consolidated balance sheets.

The following table shows the change in finance lease receivables during the year:

Years ended December 31,		**2023**		2022
Balance, beginning of year	**$**	**41,592**	$	42,158
New sublease arrangements classified as finance leases		**3,774**		3,669
Repayments of finance lease receivables		**(5,256)**		(4,235)
Balance, end of year	**$**	**40,110**	$	41,592

Future minimum lease payments under these finance leases for the first five years and remaining thereafter are as follows:

For the years ended December 31,		**2023**
2024	**$**	**7,787**
2025		**7,874**
2026		**7,979**
2027		**8,120**
2028		**8,214**
Thereafter		**7,533**
Total minimum lease payments	**$**	**47,507**
Less: Future interest income		**7,397**
Present value of minimum lease payments	**$**	**40,110**

Lease commitments

The Trust as lessor has entered into leases on its property portfolio. The leases typically have lease terms between five and twenty 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 lease payments under non-cancellable operating leases in the aggregate and for each of the following periods are as follows:

For the years ended December 31,		**2023**
2024	**$**	**670,672**
2025		**576,348**
2026		**498,752**
2027		**422,972**
2028		**335,247**
Thereafter		**1,417,888**
Total	**$**	**3,921,879**

Supplemental lease disclosures in addition to Note 17 regarding income from lease contracts in which the Trust is a lessor is as follows:

Years ended December 31,		**2023**		2022
Variable lease payments from realty tax and insurance recoveries (i)	**$**	**200,858**	$	199,437
Variable lease payments from percentage and contractual rent credits (i)		**8,424**		9,092
Interest income from finance subleases		**2,552**		2,514

(i) For tenant operating and finance leases, and subleases.

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

9. INCOME TAXES

The Trust qualifies for the REIT Exemption for Canadian income tax purposes; therefore, it will be entitled to deduct distributions for income tax purposes. The Trust expects to distribute its taxable income to Unitholders such that it will not be subject to tax. From time to time, RioCan may retain some taxable income and net capital gains in order to utilize the capital gains refund available to mutual fund trusts without incurring any income taxes. Accordingly, no provision for Canadian current income taxes payable is required, except for amounts incurred in its incorporated Canadian subsidiaries.

Where the Trust does not qualify for the REIT Exemption for Canadian income tax purposes, certain distributions will not be deductible by the Trust in computing its income for Canadian tax purposes. As a result, the Trust 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 generally 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.

10. DEBENTURES PAYABLE

As at	**December 31, 2023**	December 31, 2022
Current	**$ 300,000**	$ 500,000
Non-current	**2,940,943**	2,442,051
	$ 3,240,943	$ 2,942,051

As at December 31, 2023, total debentures payable bear interest at weighted average contractual interest rates of 3.68% and a weighted average effective interest rate of 3.65% inclusive of the benefit of bond forward hedges (December 31, 2022 - 2.99% and 3.06%, respectively).

Issuance and redemption activity

On March 6, 2023, RioCan issued $200.0 million of Series AG senior unsecured debentures. These debentures were issued at a coupon rate of 5.611% per annum and will mature on October 6, 2027. Inclusive of the benefit of bond forward hedges, the all-in rate is 5.184%.

On April 18, 2023, RioCan redeemed, in full, its $200.0 million, 3.725% Series T unsecured debenture upon maturity.

On June 26, 2023, RioCan issued $300.0 million of Series AH senior unsecured debentures. These debentures were issued at a coupon rate of 5.962% per annum and will mature on October 1, 2029. Inclusive of the benefit of bond forward hedges, the all-in rate is 5.284%.

On September 29, 2023, RioCan issued $300 million of Series AI senior unsecured debentures. These debentures were issued at a coupon rate of 6.488% per annum and will mature on September 29, 2026. RioCan will have the option to repay Series AI debentures at par, in whole or in part, on or after September 29, 2024.

On September 29, 2023, RioCan redeemed, in full, its $300.0 million, 3.210% Series AA unsecured debentures upon maturity.

The Trust has the following series of senior unsecured debentures outstanding as at December 31, 2023 and 2022:

(thousands of dollars)

As at				**December 31,**	December 31,
Series	Maturity date	Coupon rate	Interest payment frequency	**2023**	2022
T	April 18, 2023	3.73 %	Semi-annual	**$ —**	$ 200,000
AA	September 29, 2023	3.21 %	Semi-annual	**—**	300,000
W	February 12, 2024	3.29 %	Semi-annual	**300,000**	300,000
AB	February 12, 2025	2.58 %	Semi-annual	**500,000**	500,000
I	February 6, 2026	5.95 %	Semi-annual	**100,000**	100,000
AD	June 15, 2026	1.97 %	Semi-annual	**500,000**	500,000
AI	September 29, 2026	6.49 %	Semi-annual	**300,000**	—
AC	March 10, 2027	2.36 %	Semi-annual	**350,000**	350,000
AG	October 6, 2027	5.61 %	Semi-annual	**200,000**	—
AE	November 8, 2028	2.83 %	Semi-annual	**450,000**	450,000
AF	May 1, 2029	4.63 %	Semi-annual	**250,000**	250,000
AH	October 1, 2029	5.96 %	Semi-annual	**300,000**	—
Contractual obligations				**$ 3,250,000**	$ 2,950,000

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

Future repayments are as follows:

		Weighted average contractual interest rate		Principal maturities
Years ending December 31:	2024	3.29 %	$	300,000
	2025	2.58 %		500,000
	2026	3.92 %		900,000
	2027	3.54 %		550,000
	2028	2.83 %		450,000
	Thereafter	5.36 %		550,000
Contractual obligations				3,250,000
Unamortized debt financing costs				(9,057)
			$	3,240,943

Covenant compliance

The debentures have covenants relating to RioCan's leverage limit of up to 60% of aggregate assets as set out in the Declaration and applicable supplemental indenture. In addition, under the indenture the Trust is required to maintain a $1.0 billion Adjusted Book Equity (as defined in the indenture) and 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. As at and during the year ended December 31, 2023, the Trust is in compliance with its covenants pursuant to the Declaration and debenture indentures.

11. MORTGAGES PAYABLE

Mortgages payable, net of deferred financing costs, consist of the following:

As at		**December 31, 2023**		December 31, 2022
Current	**$**	**398,406**	$	320,177
Non-current		**2,342,518**		2,339,003
	$	**2,740,924**	$	2,659,180

Future repayments of mortgages payable by year of maturity are as follows:

Year	Weighted average contractual interest rate (i)		Scheduled principal amortization		Principal maturities		Total repayments
2024	4.74%	$	47,946	$	350,462	$	398,406
2025	3.33%		44,015		488,871		532,886
2026	3.58%		39,950		103,221		143,171
2027	2.59%		39,050		162,832		201,882
2028	3.17%		30,824		374,735		405,559
Thereafter	3.83%		45,281		1,026,658		1,071,941
	3.66%	$	247,066	$	2,506,779	$	2,753,845
Unamortized debt financing costs, net of premiums, discounts, market interest rate differential on debt assumed and debt modification losses							(12,921)
						$	**2,740,924**

(i) Inclusive of interest rate swap hedges.

As at December 31, 2023, total mortgages payable bear interest at a weighted average contractual interest rate of 3.66%, and a weighted average effective interest rate of 3.59% inclusive of bond forward hedges (December 31, 2022 - 3.39% and 3.29%, respectively), and mature between 2024 and 2034.

During the year ended December 31, 2023, RioCan completed new term mortgage borrowings of $217.2 million and renewals at maturity balance of $8.4 million at a combined weighted average interest rate of 4.90% and a weighted average term of nine years, and assumed contractual debt and a vendor take-back mortgage of $45.0 million at a weighted average interest rate of 2.67% and a remaining weighted average term of eight years. During the year ended December 31, 2023, repayments of mortgage balances and scheduled amortization amounted to $173.0 million.

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

Pledged properties

As at December 31, 2023, $5.8 billion of the aggregate carrying value of investment properties, properties held for sale, residential inventory and certain other assets serve as security for RioCan's mortgages payable (December 31, 2022 - $5.9 billion).

12. LINES OF CREDIT AND OTHER BANK LOANS

The Trust's revolving unsecured operating line of credit and secured construction lines and other bank loans, net of deferred financing costs, are as follows:

As at	December 31, 2023	December 31, 2022
Revolving unsecured operating line of credit (i)	$ (1,875)	$ 131,601
Non-revolving unsecured credit facilities	699,836	699,823
Construction lines and other bank loans	181,285	309,688
	$ 879,246	$ 1,141,112
Current	$ 567,015	$ 332,461
Non-current	312,231	808,651
	$ 879,246	$ 1,141,112

(i) Balance represents deferred financing costs and there are no drawn amounts as at December 31, 2023.

Revolving unsecured operating line of credit

As at December 31, 2023, RioCan has a drawn balance of nil and $1,250.0 million of credit is available to be drawn from this revolving unsecured operating line of credit (December 31, 2022 - $133.6 million and $1,116.4 million, respectively). The weighted average contractual interest rate on amounts drawn under this facility is nil as at December 31, 2023 (December 31, 2022 - 6.34%).

Non-revolving unsecured credit facilities

On January 31, 2023, RioCan refinanced its $200 million non-revolving unsecured credit facility with two Schedule I financial institutions, with a weighted average annual all-in fixed rate of 4.93% through interest rate swaps and a maturity date of February 3, 2025 with an option to extend to January 30, 2026. All other terms were similar to the facility it replaced. The matured $200 million facility with two financial institutions (consisting of a Schedule I and a Schedule III bank) had a weighted average annual all-in fixed interest rate of 3.53% through interest rate swaps.

The Trust also has a $350.0 million five-year non-revolving unsecured credit facility with three financial institutions (consisting of two Schedule I banks and one Schedule III bank). This credit facility matures on February 7, 2024 and, through interest rate swaps, bears an annual all-in fixed interest rate of 3.59% (December 31, 2022 - 3.59%).

In addition, the Trust has a $150.0 million non-revolving unsecured credit facility with two financial institutions (consisting of a Schedule I and a Schedule III bank), with a maturity date of June 27, 2024 and an annual all-in fixed interest rate of 3.68% (December 31, 2022 - 3.68%) through interest rate swaps.

As at December 31, 2023, all of the Trust's non-revolving unsecured credit facilities are fully drawn.

The underlying spreads for the revolving unsecured operating line of credit and the non-revolving unsecured credit facilities are based on the Trust's credit ratings. The revolving unsecured operating line of credit and the non-revolving unsecured credit facilities agreements require the Trust to maintain certain financial covenants. Refer to Note 26 for additional details.

Construction lines of credit and other bank loans

In addition to the revolving unsecured operating line of credit and non-revolving unsecured credit facilities, the Trust has secured credit facilities and other bank loans, which include fixed rate and variable rate non-revolving secured construction and acquisition facilities for the funding of certain development properties. As at December 31, 2023, these facilities have an aggregate maximum borrowing capacity of $567.0 million (December 31, 2022 - $577.3 million) and mature between January 2024 to March 2033, of which the Trust has drawn $181.3 million (December 31, 2022 - $309.7 million). The weighted average contractual interest rate on amounts outstanding is 6.51% (December 31, 2022 - 5.89%).

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

13. ACCOUNTS PAYABLE AND OTHER LIABILITIES

As at	**December 31, 2023**			December 31, 2022		
	Current	**Non-current**	**Total**	Current	Non-current	Total
Property operating costs (i)	**$ 68,516**	**$ 41,612**	**$ 110,128**	$ 88,616	$ 39,312	$ 127,928
Development expenditures	**125,007**	**—**	**125,007**	149,549	—	149,549
Capital expenditures and leasing commissions on income properties	**52,087**	**—**	**52,087**	41,688	—	41,688
Deferred revenue	**31,445**	**74,346**	**105,791**	41,359	118,896	160,255
Unitholder distributions payable	**27,038**	**—**	**27,038**	25,528	—	25,528
Interest payable	**42,043**	**—**	**42,043**	28,745	—	28,745
Lease liability (ii)	**6,793**	**28,257**	**35,050**	6,777	29,795	36,572
Income taxes payable	**992**	**—**	**992**	14,357	—	14,357
Unfunded employee future benefits	**—**	**10,579**	**10,579**	—	10,148	10,148
Contingent consideration	**476**	**—**	**476**	—	228	228
Bond forward agreement	**—**	**1,997**	**1,997**	—	—	—
Other payables and accruals	**30,174**	**2,036**	**32,210**	35,626	—	35,626
	$ 384,571	**$ 158,827**	**$ 543,398**	$ 432,245	$ 198,379	$ 630,624

(i) Includes amounts billed in advance for common area maintenance, realty taxes and insurance recoveries.
(ii) Refer to Note 8 for further details.

Deferred revenue

Deferred revenue consists of the following:

As at	**December 31, 2023**	December 31, 2022
Deposits received on residential inventory sales (contract liabilities)	**$ 75,601**	$ 129,400
Other deferred revenue (i)	**30,190**	30,855
	$ 105,791	$ 160,255

(i) Includes prepaid rental income from tenants to be recognized over time.

Deposits received from customers on residential inventory sales (contract liabilities)

The following table shows the change in deposits received from customers (contract liabilities):

As at	**December 31, 2023**	December 31, 2022
Balance, beginning of year	**$ 129,400**	$ 118,288
Amounts deferred from new contracts with customers during the year	**15,525**	33,235
Deposits transferred to equity-accounted investments (i)	**(68,322)**	—
Recognized as revenue during the year	**(1,002)**	(22,123)
Balance, end of year	**$ 75,601**	$ 129,400

(i) Relates to the 11YV project. Refer to Note 4 for further details.

During the year ended December 31, 2023, $1.0 million of deposits received from customers on condominium and townhouse sales (contract liabilities) were recognized in revenue upon the purchasers taking possession of units (December 31, 2022 - $22.1 million).

Income taxes payable

Income taxes payable relates primarily to the realized gain on sale of the Trust's U.S income property portfolio during May 2016.

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

14. UNITHOLDERS' EQUITY

Trust Units

The Trust is authorized to issue an unlimited number of Units. The Units are entitled to distributions, as and when declared by the Board (and upon liquidation), and to a pro rata share of the residual net assets remaining after the preferential claims, thereon, of debt holders and preferred Unitholders. As the Trust is a closed-end trust, the Units are not puttable.

The following represents the number of Units issued and outstanding, and the related carrying value of Unitholders' equity, for the years ended December 31, 2023 and 2022:

Years ended December 31,	**2023**		2022	
	Units	$	Units	$
Balance, beginning of year	**300,359**	**$ 4,556,783**	309,797	$ 4,696,785
Units issued:				
Unit-based compensation exercises, net of Units repurchased for settlement of Unit exercises	**85**	**3,173**	88	4,415
Direct purchase plan	**11**	**210**	14	304
Units repurchased and cancelled	**—**	**—**	(9,540)	(144,721)
Balance, end of year	**300,455**	**$ 4,560,166**	300,359	$ 4,556,783

Included in Units outstanding as at December 31, 2023 are exchangeable limited partnership Units totalling 0.5 million (December 31, 2022 - 0.5 million Units) of three limited partnerships that are subsidiaries of the Trust (the LP Units), which were issued to vendors as partial consideration for income properties acquired by RioCan. RioCan is the general partner of the limited partnerships. The LP Units are entitled to distributions equivalent to distributions on RioCan Units and are exchangeable for RioCan Units on a one-for-one basis at any time at the option of the holder.

Normal course issuer bid (NCIB)

On November 3, 2022, RioCan received TSX approval of its notice of intention to renew its NCIB (the 2022/2023 NCIB), to acquire up to a maximum of 30,247,803 Units, or approximately 10% of the public float as at October 31, 2022, for cancellation or to satisfy RioCan's obligation to deliver Units under the REU and PEU Plans, over the next 12 months, effective November 7, 2022.

On November 7, 2023, RioCan received TSX approval of its notice of intention to renew its NCIB (the 2023/2024 NCIB), to acquire up to a maximum of 29,895,017 Units, or approximately 10% of the public float as of October 31, 2023, for cancellation or to satisfy RioCan's obligation to deliver Units under the REU and PEU Plans, over the next 12 months, effective November 9, 2023.

The number of Units that can be purchased pursuant to the 2023/2024 NCIB is subject to a current daily maximum of 117,050 Units (which is equal to 25% of 468,202, being the average daily trading volume of Units on TSX during the last six months), subject to RioCan’s ability to make one block purchase of Units per calendar week that exceeds such limits. RioCan intends to fund the purchases out of its available cash and undrawn credit facilities.

RioCan has an automatic securities purchase plan (ASPP) in connection with the 2023/2024 NCIB applicable to its outstanding Units. The ASPP is intended to allow for the purchase of Units under the NCIB at times when RioCan would ordinarily not be permitted to purchase Units due to regulatory restrictions and customary self-imposed blackout periods. Pursuant to the ASPP, purchases will be made by RioCan's designated broker based on periodically pre-established purchasing parameters, in accordance with the rules of the TSX and applicable securities laws. Outside of pre-determined blackout periods, Units may be purchased under the NCIB at such times as RioCan determines to be appropriate in compliance with TSX rules and applicable securities laws.

During the year ended December 31, 2023, the Trust did not acquire and cancel any Units (December 31, 2022 - 9,539,675 Units were acquired and cancelled).

Contributed surplus

Awards under the restricted equity unit plans and performance equity unit plan of RioCan and its consolidated subsidiaries are settled by the delivery of Units purchased on the secondary market, net of applicable withholdings as further described in Note 15. The fair values of these equity-settled awards are recognized as an expense over the vesting period with a corresponding increase to contributed surplus, which is presented as a separate component of total Unitholders' equity.

For the year ended December 31, 2023, RioCan recorded $13.0 million in unit-based compensation costs (year ended December 31, 2022 - $11.1 million).

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

Accumulated other comprehensive income (loss)

Accumulated other comprehensive income (loss) as at and for the year ended December 31, 2023 consists of the following amounts:

	Actuarial loss on pension plan	Interest rate swap agreements (hedge reserve)	Equity-accounted investments	Bond forward agreement (hedge reserve)	Total
As at December 31, 2022	$ (446)	$ 23,303	$ 256	$ 39,260	$ 62,373
Other comprehensive (loss)	(517)	(14,044)	132	3,305	(11,124)
As at December 31, 2023	**$ (963)**	**$ 9,259**	**$ 388**	**$ 42,565**	**$ 51,249**

15. UNIT-BASED COMPENSATION PLANS

Restricted Equity Unit Plans (REU Plans)

Senior Executive REU Plan

As at December 31, 2023, 478,426 Senior Executive REUs are outstanding (December 31, 2022 - 439,174), of which 189,319 are vested (December 31, 2022 - 148,864). The Senior Executive REU Plan provides for the allotment of REUs to the President and Chief Executive Officer (CEO), Chief Investment Officer, Chief Operating Officer, and Chief Financial Officer of the Trust, and such other officers or executive employees of the Trust that are determined by the CEO and approved by RioCan's People, Culture and Compensation Committee. Each REU notionally represents the value of one Unit of the Trust on the date of grant. Unit distributions paid during the period from grant date until settlement date will be credited to each REU participant in the form of additional REUs.

All REUs granted prior to December 8, 2023 shall vest one-third on each of the first, second and third anniversary of the grant date, provided however that all vested REUs are only eligible for settlement upon the third anniversary of the grant date. Pursuant to amendments to the Senior Executive REU Plan approved by the Board on December 8, 2023, all REUs granted after December 8, 2023 shall vest and settle on the third anniversary of the grant date (or such other date as contemplated by the Senior Executive REU Plan) (this date, together with the vesting date of REUs granted prior to December 8, 2023, being the "Settlement Date"). Settlement of vested REUs is generally made within 30 days after the Settlement Date by the delivery of an equivalent number of trust Units purchased on the secondary market, net of applicable withholdings. Additional amendments made to the Senior Executive REU Plan set out the requirement for a 'double trigger' before permitting REUs to vest upon a change of control. This change means that REUs will now require both a termination of the executive's employment and a change of control to trigger vesting, which aligns RioCan with equity plan best-practices.

During the year ended December 31, 2023, the Trust granted 131,230 REUs under its Senior Executive REU Plan. The weighted average grant date price was $21.81 per unit, with each grant price based on the five-day volume weighted average market price of RioCan's Units traded on the TSX prior to the grant date, resulting in an aggregate fair value of $2.9 million.

Employee REU Plan

As at December 31, 2023, 511,086 Employee REUs are unvested and outstanding (December 31, 2022 - 410,447). The Employee REU Plan provides for the allotment of REUs to certain employees of the Trust that do not participate in the Senior Executive REU Plan. Each REU notionally represents the value of one Unit of the Trust on the date of grant. Unit distributions paid during the period from grant date until settlement date will be credited to each REU participant in the form of additional REUs.

The number of REUs granted shall vest fully on the third anniversary of the grant date (the Settlement Date), including distribution equivalents that have accumulated during the vesting period. Settlement of vested REUs is generally made within 30 days after the Settlement Date by the delivery of an equivalent number of trust Units purchased on the secondary market, net of applicable withholdings.

During the year ended December 31, 2023, the Trust granted 230,496 REUs under its Employee REU Plan. The weighted average grant date price was $22.01 per unit, with each grant price based on the five-day volume weighted average market price of RioCan's Units traded on the TSX prior to the grant date, resulting in an aggregate fair value of $5.1 million.

Performance Equity Unit Plan (PEU Plan)

As at December 31, 2023, 451,522 PEUs are unvested and outstanding (December 31, 2022 - 419,137). PEUs are awarded to certain officers and senior management of the Trust, subject to Board approval. Each PEU notionally represents the value of one Unit of the Trust on the date of grant. PEUs issued contain a multiplier factor and the final number of PEUs that will be paid out upon vesting will vary based on the achievement of certain performance targets over a three-year period from the year the award was granted. The performance targets attributable to PEUs are set by the Trust at the time the awards are granted, or from time to time adjusted as permitted under the terms of the PEU plan. The performance targets may vary between grants. Unit distributions paid during the period from grant date until settlement date will be credited to each PEU participant in the form of additional PEUs.

The PEUs vest on the Financial Statement Approval Date immediately following the last year in the three-year period and are generally settled within 30 days after the vesting date by the delivery of an equivalent number of trust Units to be acquired on the secondary market, net of applicable withholdings.

During the year ended December 31, 2023, the Trust granted 125,503 PEUs under its PEU Plan at a fair value of $2.9 million.

The grant date fair value assumptions using a Monte-Carlo simulation model are as follows:

Years ended December 31,	**2023**	2022
Fair value of PEUs granted	**$ 2,923**	$ 3,363
PEUs granted (in thousands)	**126**	115
Weighted average grant date fair value per unit	**$ 23.29**	$ 29.32
Weighted average expected risk-free interest rate (i)	**4.0%**	1.6%
Weighted average expected unit price volatility (ii)	**34.0%**	32.0%
Weighted average initial total Unitholder return (iii)	**5.2%**	11.0%

(i) Derived using the yield on Government of Canada benchmark bonds with an average term similar to the PEU vesting period.

(ii) Expected unit price volatility is calculated based on the average of the actual daily closing price of RioCan's trust Units measured over a three-year historical period up to the grant date.

(iii) PEUs are subject to certain internal and external measures of performance. The 2023 PEU grants will vest based on the following performance metrics: 40% is subject to internal performance hurdle over three-year funds from operations (FFO) per unit growth, 40% is subject to a relative total Unitholder return (TUR) performance hurdle over a three-year performance period where vesting is dependent upon RioCan's TUR performance relative to a comparative group of peer companies, 10% is subject to internal performance hurdle over three-year cumulative average net asset value (NAV) per Unit growth and 10% is subject to internal hurdle on ESG objectives.

The initial TUR performance has incorporated actual historical TUR performance for RioCan and each entity in the comparator group over the period from January 1, 2023 to February 22, 2023 for the 2023 PEU grants.

Units Purchased for Settlement

During the year ended December 31, 2023, RioCan purchased 153,263 Units at an average price of $21.79, for satisfying RioCan's existing obligations under the REU and PEU Plans (December 31, 2022 - 149,639 Units at average price of $24.11).

Incentive Unit Option Plan

The Trust provides long-term incentives to certain employees by granting options through the incentive Unit option plan (Plan). RioCan is authorized to issue up to a maximum of 22 million Unit options under the Plan. As at December 31, 2023, 14.4 million Unit options remain available to be granted under the Plan. Pursuant to a board resolution in October 2021, the Board has committed to no longer issue Unit options as part of RioCan’s long-term incentive plan or as special awards.

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

Options granted prior to February 2021 have a contractual life of ten years and vest at 25% per annum commencing on the first anniversary of the grant date, and become fully vested after four years.

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

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

The Trust accounts for this Plan by estimating the fair value of each tranche of an award at the grant date and subsequently recognizing the compensation expense over the vesting period.

For the years ended December 31, 2023 and December 31, 2022, there were no Unit options granted to senior management.

The following summarizes the changes in Unit options outstanding during the years ended December 31, 2023 and 2022:

Years ended December 31,	**2023**			2022		
Options	**Units (in thousands)**		**Weighted average exercise price**	Units (in thousands)		Weighted average exercise price
Outstanding, beginning of year	**5,691**	**$**	**25.03**	7,336	$	25.27
Exercised	**—**		**—**	(88)		24.00
Expired	**(969)**		**27.51**	(943)		26.77
Forfeited	**—**		**—**	(614)		25.30
Outstanding, end of year	**4,722**	**$**	**24.52**	5,691	$	25.03
Options exercisable at end of year	**4,372**	**$**	**25.03**	4,641	$	26.41

The following table summarizes the Trust's outstanding options and related exercise price ranges of units granted under the plan:

		Outstanding options			Vested options		
Exercise price range ($/unit)	Number of Units issuable (in thousands)		Weighted average exercise price per unit	Weighted average remaining life (years)	Number of Units issuable (in thousands)		Weighted average exercise price per unit
As at December 31, 2023							
$18.13 to $21.07	**1,200**	**$**	**18.13**	**4.1**	**850**	**$**	**18.13**
$21.08 to $26.14	**1,516**		**25.37**	**2.6**	**1,516**		**25.37**
$26.15 to $27.32	**900**		**26.54**	**2.4**	**900**		**26.54**
$27.33 to $27.60	**398**		**27.51**	**0.4**	**398**		**27.51**
$27.61 to $29.31	**708**		**29.31**	**1.2**	**708**		**29.31**
	4,722	**$**	**24.52**	**2.6**	**4,372**	**$**	**25.03**

Trustee Unit Plan

Deferred Unit Plan (DU Plan)

The Deferred Unit Plan was introduced in 2014 for non-employee Trustees of the Trust (Trustees). Trustees may be awarded deferred Units, each of which is economically equivalent to one Unit, from time to time at the discretion of the Board of Trustees upon recommendation from the People, Culture and Compensation Committee, subject to a maximum annual grant not to exceed that number of deferred Units that is $150,000 divided by the average market price of a Unit on the award date. Trustees 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. Pursuant to amendments to the Deferred Unit Plan that were approved by Unitholders in 2023, the maximum number of Units reserved for issuance under the Deferred Unit Plan at any time is 1,500,000. Unit distributions paid during the period from grant date until settlement date will be credited to each DU Plan participant in the form of additional deferred Units.

Trustees have up to two years after ceasing to be a Trustee to redeem deferred Units, upon which the Trust will issue and deliver Units.

As at December 31, 2023, there are 579,234 deferred Units vested and outstanding (December 31, 2022 - 648,207).

During the year ended December 31, 2023, 79,591 deferred Units were granted at weighted average grant price of $20.07 per unit, with each grant price based on the five-day volume weighted average market price of RioCan's Units traded on the TSX prior to each grant date, resulting in an aggregate fair value of $1.6 million, and 183,838 deferred Units were exercised at $19.15 per Unit (year ended December 31, 2022 - 70,490 deferred Units granted and no deferred Units exercised).

16. DISTRIBUTIONS TO UNITHOLDERS

Total distributions declared to Unitholders are as follows:

Years ended December 31,		**2023**		2022
Distributions declared to Unitholders	**$**	**322,924**	$	310,163
Distributions per unit	**$**	**1.0750**	$	1.0150

Commencing with the February 2023 distribution, payable in March 2023, the Trust increased its monthly distribution by $0.005 per unit to $0.09 per unit or $1.08 per unit on an annualized basis.

On January 15, 2024, RioCan declared a distribution payable of $0.09 per unit for the month of January 2024, which was paid on February 7, 2024 to Unitholders of record as at January 31, 2024.

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

17. REVENUE

Rental revenue

Years ended December 31,		**2023**		2022
Base rent	**$**	**689,609**	$	687,459
Realty tax and insurance recoveries		**200,858**		199,437
Common area maintenance recoveries		**176,080**		168,144
Percentage rent		**8,424**		9,092
Straight-line rent		**5,898**		1,884
Lease cancellation fees		**5,253**		5,119
Parking revenue		**4,983**		3,057
Rental revenue	**$**	**1,091,105**	$	1,074,192

The following tables provide additional disclosure of the Trust's various revenue streams:

Revenue from contracts with customers

Revenue from contracts with customers includes common area maintenance recoveries and parking revenue that are included in rental revenue:

Years ended December 31,		**2023**		2022
Common area maintenance recoveries	**$**	**176,080**	$	168,144
Property management and other service fees		**18,977**		20,996
Parking revenue		**4,983**		3,057
Residential inventory sales		**13,789**		118,659
Revenue from contracts with customers	**$**	**213,829**	$	310,856

Property management and other service fees

Property management and other service fees consist of the following:

Years ended December 31,		**2023**		2022
Property management fees (i)	**$**	**3,525**	$	3,031
Construction and development fees (i)		**5,928**		12,492
Leasing fees (ii)		**381**		515
Financing arrangement fees (ii)		**5,018**		3,194
Other (iii)		**4,125**		1,764
Property management and other service fees	**$**	**18,977**	$	20,996

(i) Recognized over time.

(ii) Recognized at a point in time.

(iii) During the year ended December 31, 2023, $4.0 million is recognized over time and $0.2 million is recognized at a point in time (year ended December 31, 2022 - $1.6 million and $0.2 million, respectively).

Residential inventory sales

The following table identifies estimated revenue from residential inventory sales to be recognized in future periods at the point in time when purchasers take possession of their respective residential units based on pre-sold condominiums and townhouses as at December 31, 2023 and 2022:

As at		**December 31, 2023**		December 31, 2022
Within one year	**$**	**83,840**	$	27,455
More than one year		**361,690**		739,876
Total	**$**	**445,530**	$	767,331

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

18. INVESTMENT AND OTHER INCOME (LOSS)

Years ended December 31,		2023		2022
Income earned on marketable securities	$	**932**	$	491
Fair value loss on marketable securities		**(761)**		(3,783)
Transaction gains and other income, net		**8,330**		1,450
	$	**8,501**	$	(1,842)

The following table breaks down the fair value losses on marketable securities for the years ended December 31, 2023 and 2022:

Years ended December 31,		2023		2022
Realized gains on sale of marketable securities during the year	$	**104**	$	—
Change in unrealized fair value on marketable securities during the year		**(865)**		(3,783)
Fair value loss on marketable securities during the year	$	**(761)**	$	(3,783)

19. INTEREST INCOME

Years ended December 31,		2023		2022
Interest income from mortgages and loans receivable	$	**19,511**	$	17,356
Other interest income (i)		**5,620**		3,546
	$	**25,131**	$	20,902

(i) Includes interest from finance subleases of $2.6 million for the year ended December 31, 2023 (year ended December 31, 2022 - $2.5 million).

20. INTEREST COSTS

Years ended December 31,		2023		2022
Total interest (i)	$	**250,537**	$	224,040
Less: Interest capitalized		**(41,589)**		(43,675)
	$	**208,948**	$	180,365

(i) Includes interest from lease liabilities of $2.0 million for the year ended December 31, 2023 (December 31, 2022 - $1.9 million).

For the year ended December 31, 2023, interest was capitalized to properties under development and residential inventory at a weighted average effective interest rate of 3.88% (year ended December 31, 2022 - 3.33%).

21. GENERAL AND ADMINISTRATIVE

Years ended December 31,		2023		2022
Non-recoverable salaries and benefits, net	$	**22,438**	$	26,228
Unit-based compensation expense		**7,807**		6,998
Depreciation and amortization		**2,632**		4,774
Other general and administrative expenses		**15,458**		16,437
G&A expense before Enterprise Resource Planning (ERP) implementation costs		**48,335**		54,437
ERP implementation costs		**12,032**		—
Total G&A expense	$	**60,367**	$	54,437

Other general and administrative costs include information technology costs, public company costs, professional fees, travel expenses, occupancy costs, donations, advertising, promotion and marketing costs.

ERP implementation costs include salaries and benefits, consultant and licensing costs.

22. TRANSACTION AND OTHER COSTS

For the year ended December 31, 2023, transaction and other costs totalling $9.3 million (December 31, 2022 - $8.3 million) primarily include property disposition costs and marketing costs.

23. NET INCOME PER UNIT

Net income per basic and diluted unit is calculated based on net income available to Unitholders divided by the weighted average number of Units outstanding taking into account the dilution effect of Unit options.

Years ended December 31,		**2023**		2022
Net income attributable to Unitholders	**$**	**38,802**	$	236,772
Weighted average number of Units outstanding (in thousands):				
Basic		**300,392**		306,069
Dilutive effect of Unit options (i)		**87**		178
Diluted		**300,479**		306,247
Net income per unit (basic)	**$**	**0.13**	$	0.77
Net income per unit (diluted)	**$**	**0.13**	$	0.77

(i) The calculation of diluted weighted average number of Units outstanding excludes 3.8 million Unit options for the year ended December 31, 2023 (year ended December 31, 2022 - 5.0 million Unit options), as the exercise price of these Unit options was greater than the average market price of Units.

24. FAIR VALUE MEASUREMENT

The fair value hierarchy of assets and liabilities measured at fair value on a recurring basis in the consolidated balance sheets is as follows:

	December 31, 2023			December 31, 2022		
As at	**Level 1**	**Level 2**	**Level 3**	Level 1	Level 2	Level 3
Assets measured at fair value:						
Marketable securities	**$ 20,198**	**$ —**	**$ —**	$ 15,887	$ —	$ —
Other investments	**—**	**—**	**30,142**	—	—	8,932
Investment properties:						
Income properties	**—**	**—**	**12,632,473**	—	—	12,635,332
Properties under development	**—**	**—**	**929,245**	—	—	1,172,408
Properties held for sale	**—**	**—**	**19,075**	—	—	42,140
Interest rate swap assets	**—**	**8,770**	**—**	—	22,814	—
Bond forward agreement	**—**	**—**	**—**	—	4,341	—
Total assets measured at fair value	**$ 20,198**	**$ 8,770**	**$ 13,610,935**	$ 15,887	$ 27,155	$ 13,858,812
Liabilities measured at fair value:						
Bond forward agreement	**—**	**1,997**	**—**	—	—	—
Total liabilities measured at fair value	**$ —**	**$ 1,997**	**$ —**	$ —	$ —	$ —

For assets and liabilities measured at fair value as at December 31, 2023, there were no transfers between Level 1, Level 2 and Level 3 during the year ended December 31, 2023. For changes in fair value measurements of investment properties and properties held for sale included in Level 3 of the fair value hierarchy, refer to Note 3 for details on the changes in beginning and ending balances.

Fair value of financial instruments

The following presents the carrying values and fair values of the Trust's financial instruments, excluding those classified as amortized cost and whose carrying value reasonably approximates their fair value and lease liabilities. Financial instruments that are classified as amortized cost and whose carrying value reasonably approximates their fair value include net contractual rents and other tenant receivables, amounts due on condominium final closings, funds held in trust, other receivables, accounts payable related to property operating costs, development expenditures and capital expenditures and leasing commissions, trade payables and accruals, and deposits received from customers on residential inventory.

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

	December 31, 2023		December 31, 2022	
As at	**Carrying value**	**Fair value**	Carrying value	Fair value
Financial assets:				
Marketable securities	**$ 20,198**	**$ 20,198**	$ 15,887	$ 15,887
Other investments	**30,142**	**30,142**	8,932	8,932
Finance lease receivables	**40,110**	**40,110**	41,592	41,592
Mortgages and loans receivable	**289,533**	**284,512**	269,339	266,121
Interest rate swap assets	**8,770**	**8,770**	22,814	22,814
Bond forward agreement	**—**	**—**	4,341	4,341
Financial liabilities:				
Debentures payable	**$ 3,240,943**	**$ 3,137,722**	$ 2,942,051	$ 2,719,995
Mortgages payable	**2,740,924**	**2,631,379**	2,659,180	2,485,578
Lines of credit and other bank loans	**879,246**	**879,460**	1,141,112	1,141,112
Bond forward agreement	**1,997**	**1,997**	—	—

The fair values of the Trust's financial instruments were determined as follows:

Finance lease receivables

The fair value of finance lease receivables is determined by the discounted cash flow method using applicable inputs such as prevailing discount rates. Fair value measurements of these instruments were estimated using Level 3 inputs.

Mortgages and loans receivable

The fair value of mortgages and loans receivable is determined by the discounted cash flow method using applicable inputs such as prevailing interest rates, contractual rates and discounts, and considers the fair value of the underlying collateral. Fair value measurements of these instruments were estimated using Level 3 inputs. The carrying values of short-term and variable rate loans generally approximate their fair values.

Mortgages payable, lines of credit and other bank loans and debentures payable

The fair values of these instruments are estimates made at a specific point in time, based on relevant market information. These estimates are based on quoted market prices for the same or similar issues or on the current rates offered to the Trust for similar financial instruments subject to similar risk and maturities. Fair value measurements of these instruments were estimated using Level 2 inputs. The carrying values of short-term and variable rate debt generally approximate their fair values.

Interest rate swaps

The fair values of the interest rate swaps reported in receivables and other assets on the consolidated balance sheets represent estimates at a specific point in time using financial models based on interest rates that reflect current market conditions, the credit quality of counterparties and interest rate curves.

Bond forward agreement

The fair values of the bond forward agreement reported in accounts payable and other liabilities on the consolidated balance sheets represent estimates at a specific point in time using financial models, based on interest rates that reflect current market conditions, the credit quality of counterparties and interest rate curves.

25. RISK MANAGEMENT

The main risks arising from the Trust's financial instruments are interest rate risk, liquidity risk and credit risk. The Trust's approach to managing these risks is summarized below.

Interest rate risk

The Trust is exposed to interest rate risk on its borrowings and could be adversely affected if it were unable to obtain cost-effective financing. The majority of the Trust's debt is financed at fixed rates with maturities staggered over a number of years, thereby mitigating its exposure to changes in interest rates and financing risks. As at December 31, 2023, approximately 4.6% (December 31, 2022 - 6.5%) of the Trust's debt is financed at variable rates (including mortgage debt related to properties held for sale, if applicable, and excluding debt that has been hedged to fixed rates), exposing the Trust to interest rate risk.

From time to time, the Trust may enter into floating-for-fixed interest rate swaps as part of its strategy for managing its exposure to interest rate risk on debt with floating interest rates. The Trust may also enter into bond forward contracts to hedge its exposure to movements in interest rates from the time it determines it will refinance or issue a fixed rate debt and the time the fixed rate debt is issued. The intent is to use the bond forwards to manage the change in cash flows of the future interest payments on the anticipated fixed rate debt.

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

Hedge effectiveness is determined at the inception of the hedge relationship, and through quarterly effectiveness assessments to ensure that an economic relationship exists between hedged item and hedging instrument. The hedge ratio is set at a ratio of 1:1 for the specific portions of floating rate debt that have been designated as the hedged item or at a ratio of 1:1 for the specific portion of forecasted debenture issuance.

The Trust enters into floating-for-fixed interest rate swap hedge relationships where the critical terms of the hedging instrument match with the terms of the hedged item; as a result, the Trust does not expect any sources of hedge ineffectiveness, except from changes in credit risk of the Trust and the counterparty. For bond forward contracts, sources of ineffectiveness include differences in the timing of duration and maturities, and changes in credit risk of the Trust and the counterparty.

The Trust has applied hedge accounting and recorded the changes in fair value for the effective portion of these derivatives in other comprehensive income accumulated in the cash flow hedge reserve in equity from the date of hedge designation. Accumulated amounts are reclassified from OCI to net income in the periods where the forecasted cash flows impact net income. For any interest rate swaps for which the Trust does not apply hedge accounting, the change in fair value of the swap contracts is recognized in net income.

As at December 31, 2023, the outstanding notional amount of the floating-for-fixed interest rate swaps is $0.8 billion (December 31, 2022 - $1.0 billion) and the term to maturity of these agreements ranges from February 2024 to November 2028.

The outstanding interest rate swaps by year of maturity are as follows:

Maturity		Notional outstanding principal amount	Weighted average effective fixed interest rate
2024	$	533,404	3.62 %
2025		200,000	4.93 %
2026		—	— %
2027		—	— %
2028		100,000	3.94 %
Thereafter		—	— %
	$	833,404	

As at December 31, 2023, the Trust has bond forward contracts with an aggregate notional of $150.0 million outstanding, with a settlement date on these agreements in February 12, 2024 (December 31, 2022 - $200.0 million, maturity in April 2023). The bond forward contracts outstanding as at December 31, 2023, were entered into on December 14, 2023, to sell on February 12, 2024 $150.0 million Government of Canada Bonds due June 1, 2030 with an effective bond yield of 3.168%, to hedge its exposure to movements in underlying risk-free interest rates on a highly probable anticipated fixed rate debt issuance.

On March 13, 2023, the Trust entered into bond forward contracts to sell on September 15, 2023, $300.0 million of Government of Canada Bonds due June 1, 2030 with an effective bond yield of 2.629%, to hedge its exposure to movements in underlying risk-free interest rates on highly probable anticipated fixed rate debt issuances.

During the year ended December 31, 2023, the Trust settled a total of $500.0 million of bond forward contracts which resulted in a weighted average hedged interest rate of 5.244% for $500.0 million of debentures with a weighted average term of 5.6 years, including the benefit of the $16.8 million realized bond forward gains, and $2.8 million of hedge ineffectiveness gains, arising from issuing debentures with less tenor than the underlying bonds. The $500.0 million of settled bond forward contracts were comprised of $200.0 million of bond forward contracts entered into on November 24, 2022, which were settled on March 6, 2023 in conjunction with the offering of the Series AG Debenture, and $300.0 million of bond forward contracts entered into on March 13, 2023, which were settled on June 26, 2023 in conjunction with the offering of the Series AH debenture.

On January 11, 2024, in conjunction with the offering of the Series AJ debenture, the Trust settled the $150.0 million of bond forward contracts entered into on December 14, 2023 generating a $0.3 million realized bond forward gain, which will be amortized over the term of the debenture.

The Trust assessed the effectiveness of its continuing hedging relationships and determined all such designated hedging relationships are effective as at December 31, 2023. As at December 31, 2023, the fair value of the interest rate swaps and bond forward agreements are, in aggregate, a net financial asset of approximately $6.8 million (December 31, 2022 - net financial asset of approximately $27.2 million).

As at December 31, 2023, the carrying value of the Trust's floating rate debt that is not subject to a hedging strategy is $318.0 million and a 50 basis point increase in market interest rates would result in an annualized decrease of $1.6 million in the Trust's net income.

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

The amounts relating to items designated as hedging instruments and hedge ineffectiveness were as follows:

	2023				**During the year - 2023**			
		Carry amount of the hedging instrument						
	Nominal amount of hedging instrument	Assets	Liabilities	Line item in the consolidated balance sheets	Fair value gain recognized in OCI	Hedge ineffectiveness gain recognized in profit or loss	Amounts reclassified from the hedge reserve to profit or loss	Line item in profit or loss affected by reclassification/ ineffectiveness
Interest rate swaps	**$833,404**	**$8,770**	**$—**	Receivables and other assets (assets), Accounts payable and other liabilities (liabilities)	**$8,877**	**$—**	**$(22,921)**	Interest costs/ Debt prepayment costs, net
Bond forward agreement	**$150,000**	**$—**	**$1,997**	Receivables and other assets (assets), Accounts payable and other liabilities (liabilities)	**$10,432**	**$2,792**	**$(7,127)**	Interest costs

	2022				During the year - 2022			
		Carry amount of the hedging instrument						
	Nominal amount of hedging instrument	Assets	Liabilities	Line item in the consolidated balance sheets	Fair value gain recognized in OCI	Hedge ineffectiveness recognized in profit or loss	Amounts reclassified from the hedge reserve to profit or loss	Line item in profit or loss affected by reclassification
Interest rate swaps	$1,017,957	$22,814	$—	Receivables and other assets (assets), Accounts payable and other liabilities (liabilities)	$43,024	$—	$1,225	Interest costs
Bond forward agreement	$200,000	$4,341	$—	Receivables and other assets (assets), Accounts payable and other liabilities (liabilities)	$43,228	$725	$(2,217)	Interest costs/ Other income

The amounts at the reporting date relating to items designated as hedged items were as follows:

	2023			2022		
	Fair value gain used for calculating hedge ineffectiveness during the year	Cash flow hedge reserve (loss) for continuing hedges	Balance in cash flow hedge reserve for discontinued hedges	Fair value gain used for calculating hedge ineffectiveness during the year	Cash flow hedge reserve for continuing hedges	Balance in cash flow hedge reserve for discontinued hedges
Interest rate risk						
Variable rate mortgages and lines of credit and the bank loans	**$8,877**	**$9,259**	**$—**	$43,024	$23,303	$—
Bond forward agreement	**$10,432**	**$(1,997)**	**$44,562**	$43,228	$4,341	$34,919

The Trust has evaluated the extent to which its cash flow hedging relationships are subject to uncertainty driven by Interbank offered rates (IBOR) reform as at December 31, 2023. The Trust's hedged items and hedging instruments for interest rate swaps continue to be indexed to one-month Canadian Dollar Offered Rate (CDOR). Under IBOR reform, a new risk-free benchmark interest rate, Canadian Overnight Repo Rate Average (CORRA), has been introduced as a fallback rate to CDOR, however, the one-month CDOR is expected to continue to exist as a benchmark rate until June 30, 2024. As at December 31, 2023, the Trust has one interest rate swap with a notional amount of $100.0 million that will mature after June 30, 2024 that does not have fallback language to CORRA. The Trust will update its hedge documentation and adjust effective interest rates as the new benchmark rate is implemented.

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

The Trust's exposure to interest rate benchmark reform as at December 31, 2023 include the following floating rate financial liabilities that will mature after June 30, 2024 and have not transitioned to or have fallback language to CORRA:

Financial liabilities		December 31, 2023
Mortgages payable	$	**108,400**
Revolving unsecured operating line of credit		**—**
Construction lines and other bank loans		**102,075**
	$	**210,475**

Liquidity risk

Liquidity risk is the risk that the Trust may not have access to sufficient debt and equity capital to meet its financial obligations as they become due. The Trust mitigates its liquidity risk by staggering the maturity dates of its long-term debt, actively renewing expiring credit arrangements, utilizing undrawn operating lines of credit, maintaining a large number of assets unencumbered by debt and issuing equity when considered appropriate.

- For the current and non-current scheduled repayments of mortgages, and funds drawn against the Trust's lines of credit and other bank loans, refer to Notes 11 and 12 respectively for details.
- For current and non-current scheduled repayments of debentures, refer to Note 10 for details.

The Trust expects to continue financing future acquisitions, development, debt obligations and other financing requirements through existing cash balances, internally generated cash flows, refinancing maturing debt, utilization of its operating line of credit, credit facilities, construction financing facilities, mortgaging unencumbered assets, issuance of unsecured debentures, the sale of non-core assets, sales proceeds from residential inventory or air rights sales, strategic development partnerships and the issuance of equity when considered appropriate.

Credit risk

Credit risk is the risk of financial loss to RioCan that arises from the possibility that:

- Tenants may experience financial difficulty and are unable to fulfill their lease commitments or tenants fail to occupy and pay rent in accordance with existing lease agreements, some of which are conditional.
- Borrowers, default on the repayment of their mortgages or loans receivable to the Trust or investment entity in which the Trust has an investment.
- Third parties default on the repayment of debt whereby RioCan has provided guarantees, including guarantees by RioCan on behalf of its co-owners and on behalf of purchasers who assumed mortgages on property dispositions.

The Trust mitigates tenant credit risk through geographical diversification, staggered lease maturities, diversification of revenue sources resulting from a large tenant base, avoiding dependence on any single tenant by ensuring no individual tenant contributes a significant percentage of the Trust's gross revenue, ensuring a considerable portion of the Trust's revenue is earned from national and anchor tenants and conducting credit assessments for new tenants. Furthermore, RioCan holds security deposits and letters of credit from a number of tenants, which can serve to offset rents owed on a tenant-by-tenant basis in the unfortunate event of unresolved tenant defaults.

Management reviews contractual rent receivables on a regular basis and reduces carrying amounts through the use of an allowance for doubtful accounts recognizing the amount of any loss in the consolidated statements of income within non-recoverable property operating costs.

As at December 31, 2023 and December 31, 2022, the allowance for doubtful accounts totals $9.6 million and $13.5 million, respectively. RioCan holds approximately $37.8 million of security deposits and approximately $1.4 million in letters of credit from a number of tenants, which could be used to offset rents owed on a tenant-by-tenant basis in the event of unresolved tenant defaults.

Credit risk relating to mortgages and loans receivable and third-party guarantees is mitigated through recourse against such counterparties and/or the underlying real estate. These financial instruments are considered to have low credit risk. The Trust monitors the debt service ability and the fair value of the properties underlying the mortgages and loans receivable and third-party guarantees to assess for changes in credit risk. Credit risk relating to finance lease receivables is mitigated through recourse against such counterparties and/or re-recognition of the forfeited leased unit as investment property. Refer to Note 33 for third-party guarantees.

RioCan's Declaration of Trust contains provisions that have the effect of limiting the amount of space that can be leased to one tenant and its investment in mortgages and loans receivable.

The maximum exposure to credit risk on financial assets on the consolidated balance sheets is their carrying values.

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

26. 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, implements 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);
- 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;
- 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;
- 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; 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 each of the above-noted restrictions as at and for the year ended December 31, 2023. 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 1.65x for a rolling twelve-month period. As at and for the year ended December 31, 2023, the Trust was in compliance with these covenants.

The following table presents RioCan's capital structure:

For the years ended December 31,	Note	2023	2022
Debentures payable	*10*	**$ 3,240,943**	$ 2,942,051
Mortgages payable	*11*	**2,740,924**	2,659,180
Lines of credit and other bank loans	*12*	**879,246**	1,141,112
Total debt		**6,861,113**	6,742,343
Unitholders' equity		**7,437,770**	7,728,892
Total capital		**$ 14,298,883**	$ 14,471,235

Revolving unsecured operating line of credit and non-revolving unsecured credit facilities

The Trust is subject to certain key financial covenants pursuant to the agreements governing its revolving unsecured operating line of credit and non-revolving unsecured credit facilities, which are calculated on a rolling twelve-month basis. As at and for the year ended December 31, 2023, the Trust is in compliance with all applicable financial covenants.

The following table summarizes the Trust's performance relative to these key financial covenants:

As at	Key covenant	**December 31, 2023**	December 31, 2022
Total indebtedness (i) (vi) (vii)	< 60%	**50.9 %**	48.4 %
Secured indebtedness (ii) (vi) (vii)	< 40%	**22.0 %**	21.3 %
Debt service coverage (iii) (vi) (vii)	> 1.5x	**2.2 x**	2.4 x
Minimum unitholders' equity (in millions)	> $5,000	**$7,438**	$7,729
Ratio of unencumbered property assets to unsecured indebtedness (iv) (v) (vi) (vii)	> 1.5x	**1.7 x**	1.8 x
Properties held for development as a percentage of consolidated gross book value of assets	< 15%	**7.7 %**	9.6 %

(i) Total indebtedness consists of the contractual amounts outstanding on mortgages payable, lines of credit and other bank loans, debentures payable, capital lease obligations, contingent liabilities and the maximum exposure to loss for all third-party debt where RioCan has provided a financial guarantee.

(ii) Secured indebtedness includes mortgages payable, secured construction lines and other bank loans and capital lease obligations, which are secured against investment properties.

(iii) Debt service includes regular mortgage principal and interest payments, including interest capitalized on properties under development.

(iv) Unsecured indebtedness includes the contractual amounts outstanding of the revolving unsecured operating line of credit, non-revolving unsecured credit facilities, debentures and any third-party debt amounts guaranteed by RioCan.

(v) Unencumbered property assets consist of properties that have not been pledged as security for debt. The unencumbered property asset to unsecured indebtedness ratio is calculated as unencumbered assets divided by unsecured indebtedness.

(vi) These ratios include inputs from proportionately consolidated equity-accounted investments.

(vii) The calculation was performed on a proportionate share basis.

27. SUBSIDIARIES

The subsidiaries listed below are wholly owned and reflect significant entities of the Trust, and are located in Canada:

Name	Name
RioCan Management (BC) Inc.	RC 3180 Dufferin LP
RioCan Management Inc.	RC 2290 Lawrence (White Shield) LP
RioCan (KS) Management LP	RC Well Commercial LP
RioCan (Festival Hall) Trust	RC Kirkland Trust
Timmins Square Limited Partnership	RC Eglinton Avenue LP
Shoppers World Brampton Investment Trust	RC Sheppard Centre LP
RioCan Realty Investments Partnership Four LP	RC Condo Management Trust
RioCan Realty Investments Partnership Seven LP	RC Durham Centre LP
RioCan Realty Investments Partnership Eleven LP	RC Grand Park LP
RioCan Realty Investments Partnership Twelve LP	RC Scarborough Centre LP
RioCan Realty Investments Partnership Fifteen LP	RioCan (Bloor/St. Thomas) LP
RioCan Realty Investments Partnership Twenty LP	RC Clarkson LP
RioCan Realty Investments Partnership Twenty-Two LP	RC Yorkville LP
RioCan Realty Investments Partnership Twenty-Three LP	RC Windfield Farms LP
RioCan Realty Investments Partnership Twenty-Four LP	RC Lachine Trust
RioCan Realty Investments Partnership Twenty-Five LP	RC Sandalwood LP
RioCan Realty Investments Partnership Twenty-Six LP	RC Holding I LP
RioCan Realty Investments Partnership Twenty-Eight LP	RC Holding II LP
RioCan (GH) Limited Partnership	RC Rental IPP LP
RioCan Property Services Trust	RioCan Living LP
RioCan White Shield Limited Partnership	RC Bloor-Lansdowne LP
RC NA Property 5 LP	RC Lender LP
RC Elmvale Acres LP	RC Pierrefonds Trust
RC Westgate LP	RC Condo Development Trust
RC Lincoln Fields LP	RC Parkway Lease LP
RC Yonge Roehampton LP	RC King and Sherbourne LP
RC Dufferin LP	
RC Bellevue 4 LP	

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.

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

Refer to Note 4 for the financial information of PR Bloor Street LP, RC Yorkville LP, RioCan-Fieldgate LP, RioCan-HBC JV, Dawson-Yonge LP, RC (Queensway) LP, RC (Leaside) LP - Class B, WhiteCastle New Urban Fund 2, LP (WNUF 2), WhiteCastle New Urban Fund 3, LP (WNUF 3), WhiteCastle New Urban Fund 4, LP (WNUF 4), WhiteCastle New Urban Fund 5, LP (WNUF 5), which are the Trust's 11 associates and joint ventures that are accounted for using the equity method as at December 31, 2023.

28. SUPPLEMENTAL CASH FLOW INFORMATION

Operating activities

Years ended December 31,	2023	2022
Interest received	$ 16,365	$ 9,376
Interest paid	(235,875)	(220,723)

Investing activities

The following table provides a reconciliation of capital expenditures on income properties:

Years ended December 31,	2023	2022
Recoverable and non-recoverable costs	$ (79,235)	$ (52,869)
Tenant improvements and external leasing commissions	(46,619)	(48,598)
Capital expenditures on income properties	$ (125,854)	$ (101,467)

Financing activities

Years ended December 31,	2023	2022
Distributions paid:		
Distributions declared during the year	$ (322,924)	$ (310,163)
Distributions declared in the prior year paid in the current year	(25,528)	(24,781)
Distributions declared in current year paid in the next year	27,038	25,528
Distributions paid	$ (321,414)	$ (309,416)

The following provides a reconciliation of liabilities arising from financing activities:

Year ended December 31, 2023	Mortgages payable	Lines of credit and other bank loans	Debentures
Balance, beginning of year	$ 2,659,180	$ 1,141,112	$ 2,942,051
Proceeds/advances, net	212,739	320,014	796,114
Repayments	(172,964)	(471,139)	(500,000)
Non-cash changes:			
Deferred financing costs and premiums and discounts	(3,048)	1,044	2,778
Transfers to equity-accounted investment	—	(111,785)	—
VTB mortgage or contractual principal assumed on acquisition/disposition, net	45,017	—	—
Balance, end of year	$ 2,740,924	$ 879,246	$ 3,240,943

Year ended December 31, 2022	Mortgages payable	Lines of credit and other bank loans	Debentures
Balance, beginning of year	$ 2,334,016	$ 1,285,910	$ 2,990,692
Proceeds/advances, net	345,842	177,438	248,603
Repayments	(45,642)	(323,742)	(300,000)
Non-cash changes:			
Deferred financing costs and premiums and discounts	814	1,506	2,756
VTB mortgage or contractual principal assumed on acquisition/disposition, net	24,150	—	—
Balance, end of year	$ 2,659,180	$ 1,141,112	$ 2,942,051

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

29. CHANGES IN OTHER WORKING CAPITAL ITEMS

Years ended December 31,	**2023**	2022
Receivables and other assets	**$ 6,671**	$ 27,074
Mortgage receivable interest	**(5,700)**	(10,482)
Residential inventory	**(116,610)**	(25,849)
Accounts payable and other liabilities	**8,427**	(20,087)
Other	**(1,886)**	2,874
Net change in other working capital items	**$ (109,098)**	$ (26,470)

30. RELATED PARTY TRANSACTIONS

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

- Associates, joint ventures or entities that are controlled or significantly influenced by the Trust; and
- Key management personnel including the Trustees and those persons having the authority and responsibility for planning, directing and controlling the activities of RioCan, directly or indirectly.

Activity and transactions with associates and joint ventures are disclosed in Note 4.

As at December 31, 2023 and 2022, the Trust's key management personnel include each of the Trustees and the following officers: President and Chief Executive Officer, Chief Financial Officer, Chief Investment Officer, and Chief Operating Officer.

Effective February 1, 2024, Mr. Guy Metcalfe was appointed to RioCan's Board as a Trustee.

Remuneration of the Trust's Trustees and Key Executives during the years ended December 31, 2023 and 2022 is as follows:

	Trustees		Key Executives	
	2023	2022	**2023**	2022
Compensation and benefits	**$ 429**	$ 420	**$ 5,119**	$ 4,597
Unit-based compensation	**2,239**	2,058	**3,927**	3,500
Post-employment benefit costs	**—**	—	**156**	176
	$ 2,668	$ 2,478	**$ 9,202**	$ 8,273

31. EMPLOYEE BENEFITS

Plan characteristics

RioCan sponsors a defined contribution plan and three defined benefit plans that provide pension and certain post-employment benefits to eligible employees. Plan members are not required, nor are they permitted, to contribute to these plans. The defined benefit plans are closed to new members and any new employees are generally eligible to join the defined contribution pension plan. All plans are administered by separate funds that are legally segregated from RioCan.

Defined contribution plan

The Trust's defined contribution pension plan provides pension benefits based on accumulated RioCan contributions. RioCan's contributions are based on a percentage of an employee's annual earnings. For the year ended December 31, 2023, RioCan's contributions to the defined contribution plan were $3.0 million (December 31, 2022 - $2.8 million).

Defined benefit plan

RioCan's defined benefit pension plans, one of which is a registered plan and two of which are supplemental unregistered plans, provide pension benefits mostly based on years of credited service, the average of the highest five years of earnings and the age of the member at retirement.

The Trust measures its benefit obligations and pension assets as at December 31 each year. All plans are valued using the projected unit-credit method. The Trust funds its registered defined benefit pension plans in accordance with actuarially determined amounts required to satisfy employee benefit obligations under current pension regulations. The most recent funding actuarial valuation for the Trust's defined benefit plans was completed as at January 1, 2022, and the next valuation is scheduled for January 1, 2025.

The fair value of the registered plan assets as at December 31, 2023 is $4.0 million (December 31, 2022 - $3.8 million). The recognized pension obligation (net of plan assets) as at December 31, 2023 is $10.6 million (December 31, 2022 - $10.1 million). Pension costs of $0.2 million were recorded in net income for the year ended December 31, 2023 (pension costs for the year ended December 31, 2022 - $0.2 million). The discount rate used was 4.4% (December 31, 2022 - 4.8%), the compensation growth rate was 4.0% (December 31, 2022 - 4.0%) and the expected long-term rate of return on plan assets was 4.4% (December 31, 2022 - 4.8%).

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

Actuarial gains and losses for the defined benefit plans are recognized in full in the period in which they occur in OCI and are not reclassified to income in subsequent periods.

32. SEGMENTED INFORMATION

RioCan primarily owns, develops, manages and operates retail-focused properties, and mixed-use developments located in Canada. In measuring its performance, the Trust does not distinguish or group its operations on a geographical or other basis and, accordingly, has a single reportable segment. Management has applied judgment by aggregating its operating segments into one reportable segment for disclosure purposes. Such judgment considers the nature of property operations, tenant mix and an expectation that operating segments within a reportable segment have similar long-term economic characteristics. The Trust's President and Chief Executive Officer is the chief operating decision-maker and regularly reviews RioCan's operations and performance on an individual property basis. RioCan does not have any single major tenant or a significant group of tenants.

33. CONTINGENCIES AND OTHER COMMITMENTS

Third-party guarantees

As at December 31, 2023, the maximum exposure to credit loss resulting from the Trust's debt guarantees on behalf of certain co-owners' interests and mortgages assumed by purchasers on property dispositions is $341.2 million (December 31, 2022 - $284.7 million), which expires between 2024 and 2033. Debt guaranteed by RioCan that relates to the assumption of mortgages on property dispositions is nil (December 31, 2022 - $29.3 million). There have been no defaults by the primary obligors for debts on which the Trust has provided its guarantees, and no provision for expected losses on these guarantees has been recognized in the annual audited consolidated financial statements.

Expiry of guarantees by year is as follows:

2024	$	27,175
2025		163,619
2026		45,696
2027		—
2028		—
Thereafter		104,755
Total	$	341,245

Letters of credit and surety bonds

The Trust has aggregate letter of credit facilities with certain Schedule I banks totalling $91.3 million (December 31, 2022 - $111.6 million). As at December 31, 2023, the Trust’s outstanding letters of credit under these facilities are $40.2 million (December 31, 2022 - $53.0 million).

The Trust is contingently liable for surety bonds that have been provided to support condominium developments and warranties in the amount of $184.4 million (December 31, 2022 - $147.7 million).

Investment commitments

As at December 31, 2023, the Trust has total unfunded investment commitments of $84.7 million relating to equity-accounted investments (December 31, 2022 - $96.2 million). In addition, within RioCan's investment in equity-accounted investments there are $59.8 million in construction commitments at RioCan's ownership interest pertaining to development activities (December 31, 2022 - $35.1 million).

Construction commitments

RioCan has entered into commitments for development activity and building renovations from leasing activity. As at December 31, 2023, the commitments for investment properties and residential inventory are $248.0 million (December 31, 2022 - $366.7 million).

Litigation

The Trust is involved with litigation and claims that arise from time to time in the normal course of business. In the opinion of management, any liability that may arise from such contingencies will not have a significant adverse effect on the Trust’s annual audited consolidated financial statements.

34. EVENTS AFTER THE BALANCE SHEET DATE

Debenture issuance

February 12, 2024, RioCan issued $300.0 million Series AJ senior unsecured debentures. These debentures were issued at a coupon rate 5.470% per annum and will mature on March 1, 2030. Inclusive of the benefit of bond forward hedges, the all-in rate is 5.452%.

Debenture redemption

On February 12, 2024, RioCan redeemed, in full, its $300.0 million, 3.29% Series W unsecured debenture upon maturity.

Non-revolving unsecured credit facility

On February 7, 2024, RioCan repaid its $350.0 million non-revolving unsecured credit facility upon maturity, in accordance with its terms.

Acquisitions

On January 11, 2024, RioCan acquired a 50% interest in a property located in Toronto, Ontario, for the purchase price of $100.2 million including transaction costs, of which $40.9 million is variable consideration to be paid as various development milestones are met. The acquisition included the assumption of $46.1 million of debt at a weighted average contractual interest rate of 3.20%.

On February 2, 2024, RioCan acquired a 50% interest in a property located in Calgary, Alberta, for the purchase price of $52.9 million including transaction costs. RioCan assumed a total of $32.7 million of debt consisting of both CMHC insured and conventional mortgages, with a blended contractual fixed interest rate of 1.97%.

Unit distributions

On February 13, 2024, RioCan's Board of Trustees approved an increase to its per unit monthly distributions to Unitholders from $0.09 to $0.0925 beginning with the distribution declared in February 2024 bringing RioCan's annualized distribution to $1.11 per unit.

CORPORATE **INFORMATION**

Senior Management

Jonathan Gitlin, President & Chief Executive Officer
Dennis Blasutti, Chief Financial Officer
John Ballantyne, Chief Operating Officer
Andrew Duncan, Chief Investment Officer
Terri Andrianopoulos, Senior Vice President, People & Brand
Oliver Harrison, Senior Vice President, Leasing and Tenant Experience
Franca Smith, Senior Vice President, Finance
Jennifer Suess, Senior Vice President, General Counsel, ESG & Corporate Secretary

Board of Trustees

Unitholder Information

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Investor Contact

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TSX Trust Company
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Outside North America: 1 (416) 682-3860
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Stock Exchange Listing

The Toronto Stock Exchange
Trading Symbol: Trust Units – REI.UN

[1] Member of the Nominating, Environmental, Social and Governance Committee
[2] Member of the Audit Committee
[3] Member of the People, Culture and Compensation Committee
[4] Member of the Investment Committee

RIOCAN
REAL VISION, SOLID GROUND.

RIO CAN

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