For 2020, we currently maintain the $40.0 million normalized maintenance capital expenditure guidance and will reassess as necessary. Refer to the *Non-GAAP Measures* section of this MD&A for details on how estimates of normalized capital expenditures are determined for 2019 and 2020.

Properties Under Development

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

The overall development environment in Canada is undergoing changes and development risks are becoming more prevalent. Refer to the *Business Overview, Outlook and Strategy,* and *Risks and Uncertainties* sections of this MD&A for discussions about the development environment and associated risks. Development risk management is essential to the Trust's successful implementation of its strategy. The Trust strategically and prudently manages its development risks as follows:

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

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

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

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

Management's current estimates and assumptions, as discussed throughout this *Properties Under Development* section of this MD&A, are subject to change. Such changes may be material to the Trust. RioCan's estimated NLA, estimated future project timing including estimated time to completion, estimated future development costs and estimated proceeds from disposition are based on assumptions which are updated regularly based on revised site plans, the cost tendering process and continuing tenant negotiations.

These assumptions, among other items, include the following: active construction and development projects permitted by various authorities under the current COVID-19 pandemic, access to job sites, the availability of labour and supplies, ability to attract anchor tenants, estimated NLA and tenant mix among rental, air rights sale, and condominiums/townhouses, the likelihood, timing and amount of future sales of air rights and land dispositions, tenant rents, building sizes, project completion timelines, availability and cost of construction financing and zoning approvals. Although the estimated development expenditures are based upon what management believes are reasonable assumptions, there can be no assurance that actual results will be consistent with these projections particularly under the current health crisis and development expenditures may, therefore, materially differ from management's current estimates. In addition, there is no assurance that all of these developments will be undertaken, and if they are, there is no assurance as to the mix of commercial and residential developments, the costs, the phasing of the projects, or the development yields to be achieved.

Declaration of Trust and Financial Covenants

The provisions of the Trust's Declaration have the effect of limiting direct and indirect investments in greenfield developments and development properties held for resale (each net of related mortgage debt and mezzanine financing which funds the co-owners' share of such developments) to no more than 15% of total consolidated Unitholders' equity of the Trust, as determined under IFRS. As at September 30, 2020, RioCan's investments in greenfield development and residential inventory as a percentage of consolidated Unitholders' equity is 5.4% and, therefore, the Trust is in compliance with this restriction.

In addition, RioCan's revolving unsecured operating line of credit and non-revolving unsecured credit facilities agreements require the Trust to maintain certain financial covenants, one of which includes a more restrictive covenant as it pertains to the Trust's development activities. As of September 30, 2020, the Trust is in compliance with all financial covenants pursuant to the operating line of credit and credit facilities agreements including the one relating to the Trust's development activities. Refer to Note 24 of the Condensed Consolidated Financial Statements for further details.

Development Pipeline

RioCan's development pipeline as at September 30, 2020 is estimated as follows:

		Estimated Density (NLA) at RioCan's interest (i)					
					Components of PUD		
(thousands of sq. ft.)	Number of Projects (ii)	Total	PUD (iii)	Residential Inventory (iv)	Commercial	Residential Rental	Air Rights Sale (x)
A. Active projects with detailed cost estimates							
Greenfield Development (v)	2	432	432	—	432	—	—
Urban Intensification (vi)	10	3,115	2,904	211	1,012	862	1,030
	12	**3,547**	**3,336**	**211**	**1,444**	**862**	**1,030**
Expansion & Redevelopment (vii)	9	114	114	—	114	—	—
Subtotal	**21**	**3,661**	**3,450**	**211**	**1,558**	**862**	**1,030**
B. Active projects with cost estimates in progress(viii)	**22**	**17,906**	**16,499**	**1,407**	**3,279**	**13,220**	**—**
Total Active Projects	**43**	**21,567**	**19,949**	**1,618**	**4,837**	**14,082**	**1,030**
C. Future estimated density(ix)	**16**	**20,451**	**20,271**	**180**	**2,092**	**18,179**	**—**
Total development pipeline	**59**	**42,018**	**40,220**	**1,798**	**6,929**	**32,261**	**1,030**

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

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

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

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

(v) Greenfield Development projects include approximately 0.2 million square feet that are currently IPP.

(vi) Urban Intensification projects include approximately 0.2 million square feet that are currently IPP.

(vii) Expansion and Redevelopment projects include approximately 43 thousand square feet of vacant NLA which was primarily former Sears space prior to its redevelopment.

(viii) Active projects with cost estimates in progress include approximately 2.6 million square feet that are currently IPP.

(ix) Future estimated density includes approximately 2.4 million square feet that are currently IPP.

(x) Under IFRS, costs associated with air rights sales, which include, but are not limited to, the costs of underlying structure and infrastructure required for the closing of the air rights sales, are part of the costs of the properties under development. As a result, density related to air rights sales is included as part of the PUD square footage.

Approximately 5.4 million square feet of NLA out of the total estimated 42.0 million square feet development pipeline as of September 30, 2020 is existing NLA which is currently income producing, resulting in net incremental density estimated at 36.6 million square feet as of September 30, 2020. When compared to the Trust's development pipeline as of December 31, 2019, the development pipeline has increased by 13.0 million square feet despite development completions, primarily in the future estimated density category. The increases were mainly due to the inclusion of all future phases of several existing projects including an additional 6.9 million square feet at RioCan Colossus Centre in Vaughan, Ontario, 1.7 million square feet at Millcroft Shopping Centre in Burlington, Ontario, 0.8 million square feet at RioCan Scarborough Centre in Scarborough, Ontario, 0.4 million square feet at Sandalwood Square in Mississauga, Ontario and nearly 1.0 million square feet at Strawberry Hill in Surrey, British Columbia. In addition, five properties, namely 2323 Yonge Street, 2345 Yonge Street, 2990 Eglinton Avenue East, and 3180 Dufferin Street, all in Toronto, Ontario and RioCan Centre Kirkland, in Montreal, Quebec were added to the development pipeline. ePlace, King Portland Centre, Frontier and Brio were removed from the pipeline during the period as they are completed.

A key milestone of the development process is obtaining zoning approval. The following table details the Trust's development pipeline (at RioCan's interest) by zoning status. As of the date of this MD&A, of the total estimated NLA in the Trust's current development pipeline, 14.3 million square feet or 34.0% have zoning approvals and an additional 7.3 million square feet or 17.3% have zoning applications submitted. Zoned NLA decreased by 0.3 million square feet when compared to the year ended December 31, 2019 primarily due to the increase in density at Strawberry Hill in Surrey, British Columbia and RioCan Durham Centre in Ajax, Ontario, offset by the exclusion of ePlace, King Portland Centre, Frontier and Brio from the development pipeline.

			Estimated Density (NLA) at RioCan's interest (i)					
						Components of PUD		
(thousands of sq. ft., unless otherwise noted)	Number of Projects	% of square footage zoned	Total	PUD (ii)	Residential Inventory (iii)	Commercial	Residential Rental	Air Rights Sale
Zoning approved	36	34.0 %	14,293	13,121	1,172	4,170	7,921	1,030
Zoning applications submitted	7	17.3 %	7,274	6,828	446	667	6,161	—
Future estimated density	16	48.7 %	20,451	20,271	180	2,092	18,179	—
Total development pipeline	**59**	**100.0 %**	**42,018**	**40,220**	**1,798**	**6,929**	**32,261**	**1,030**

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

(ii) PUD NLA includes NLA for air right sales in addition to commercial and residential rental NLA, but excludes NLA for condominiums and townhouse projects which are reported separately as Residential Inventory.

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

With the exception of one small redevelopment project, all of the mixed-use residential projects are located in the six major markets and are typically located in the vicinity of existing or planned substantive transit infrastructure with 73.2% of the development pipeline located in the GTA.

	Estimated Density (NLA) at RioCan's Interest		
(thousands of sq. ft., unless otherwise noted)	Number of projects	NLA	% of total NLA
Six Major Markets			
Greater Toronto Area	39	30,754	73.2 %
Ottawa	8	2,516	6.0 %
Calgary	4	2,822	6.7 %
Montreal	2	1,353	3.2 %
Edmonton	2	3,107	7.4 %
Vancouver	2	1,431	3.4 %
Total Six Major Markets	57	41,983	99.9 %
Other (i)	2	35	0.1 %
Total development pipeline	**59**	**42,018**	**100.0 %**

(i) Relates to other smaller redevelopment projects.

Annual Development Spending

RioCan's staggered development program provides the flexibility to adjust development starts to conserve capital and enhance the Trust's liquidity under unprecedented circumstances and to restart spend once conditions improve. During the early stages of the COVID-19 pandemic, the Trust reduced development spend related to some new or early stage projects but, as a result of productivity gains, has since reverted back to the original estimated development spend for 2020 of $450 million, net of expected cost recoveries and air rights sales. In the current environment, the Trust is carefully reviewing future years' expenditures with a conservative view on capital appropriation. Refer to *Properties under Development Continuity* section of this MD&A for a discussion on the higher development spending guidance for the year relative to last quarter's guidance.

This annual development expenditure estimate includes costs applicable to both active PUD projects with detailed cost estimates and residential inventory projects. This represents management's best estimates as of September 30, 2020 and is subject to change due to potential changes in various underlying factors as noted earlier in this MD&A.

Overall, the Trust targets to keep the total IFRS value of PUD and residential inventory on the consolidated balance sheet as a percentage of consolidated gross book value of assets to be around 10% (except for short-term fluctuations as shown in the current quarter as large projects are being completed), despite the maximum of 15% permitted under the Trust's revolving unsecured operating line of credit and non-revolving unsecured credit facilities agreements. As of September 30, 2020, this metric was 11.0%. Refer to Note 24 of the Condensed Consolidated Financial Statements for additional details. The increase in this metric from the previous quarter was driven by development progress and completion timing.

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

Estimated PUD Project Costs

RioCan's share of estimated PUD project costs as of September 30, 2020 are summarized in the following table, which includes estimated costs for the 21 active PUD projects with detailed cost estimates (Category A as shown in the Development Pipeline table earlier), plus the current carrying costs of the development lands and other, net of projected proceeds from dispositions including air rights sales. Costs relating to condominiums and townhouse developments are excluded in the following table as they are included in *Residential Inventory* in the Condensed Consolidated Financial Statements and in this MD&A.

		At RioCan's Interest					
				Costs Incurred to Date			
(thousands of dollars or thousands of sq. ft.)	Number of Projects	Total PUD NLA (i)	Total Estimated Costs	Completed (IPP)	PUD	Total	Estimated PUD Costs to Complete
Greenfield Development	2	432	$ 191,921	$ 71,084	$ 65,007	$ 136,091	$ 55,830
Urban Intensification	10	2,904	1,745,616	76,850	940,876	1,017,726	727,890
	12	3,336	1,937,537	147,934	1,005,883	1,153,817	783,720
Expansion & Redevelopment (iv)	9	114	77,950	—	54,822	54,822	23,128
Active projects with detailed cost estimates	**21**	**3,450**	**$ 2,015,487**	**$ 147,934**	**$ 1,060,705**	**$ 1,208,639**	**$ 806,848**
Development Lands and Other (ii)		—	363,366	—	363,366	363,366	—
Projected proceeds from dispositions (iii)		—	(130,021)	—	—	—	(130,021)
Total			**$ 2,248,832**	**$ 147,934**	**$ 1,424,071**	**$ 1,572,005**	**$ 676,827**
Fair Value to Date				**$ 164,143**	**$ 1,489,164**	**$ 1,653,307**	

(i) Total PUD NLA includes NLA from commercial, residential rental and air rights sales and excludes NLA from residential inventory.

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

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

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

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

Total estimated costs for active projects with detailed cost estimates as of September 30, 2020 decreased by $371.8 million when compared to December 31, 2019. This decrease was primarily due to the removal of ePlace, King Portland Centre, Frontier and Brio from total PUD costs as they are completed, partially offset by the addition of the retail and rent replacement units portion of the Yorkville Project.

The above total estimated development costs as at September 30, 2020 are further broken down by committed and non-committed spending as follows:

	At RioCan's Interest				
		Costs Incurred to Date			
(thousands of dollars)	Total Estimated Costs	Completed (IPP)	PUD	Total	Estimated PUD Costs to Complete
Committed (i)	$ 1,885,466	$ 147,934	$ 1,060,705	$ 1,208,639	$ 676,827
Non-committed	363,366	—	363,366	363,366	—
Total	**$ 2,248,832**	**$ 147,934**	**$ 1,424,071**	**$ 1,572,005**	**$ 676,827**

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

Mixed-Use Residential Development

RioCan is committed to its residential development program despite the current COVID-19 health crisis, even though the longer-term impact of the pandemic is difficult to predict. Refer to the *Business Overview*, *Outlook and Strategy* and *Risks and Uncertainties* sections of this MD&A for more details.

RioCan targets to develop approximately 10,000 residential rental units over the next decade. RioCan has currently identified a number of properties, as summarized in the following table, some of which are actively being developed and others that are considered to be strong possible intensification opportunities. This summary does not include Greenfield Development and Urban Intensification projects that have commercial components only.

					Estimated Density (NLA) at RioCan's interest (i)					
								PUD Components		
	(thousands of sq. ft.)	Locations	RioCan Ownership % (Partner)	Total NLA at 100%	Total	PUD (ii)	Residential Inventory (iii)	Commercial	Residential Rental	Air Rights Sale
A	**Active mixed-use residential projects with detailed cost estimates (v)**									
	Urban Intensification									
	Dupont Street (Litho) (iv)	Toronto, ON	50% (Woodbourne)	177	89	89	—	16	73	—
	Fifth and Third East Village (5th & THIRD) (iv)	Calgary, AB	100%	754	754	754	—	157	—	597
	Yorkville (11 YV) (iv)	Toronto, ON	50% (CD Capital/ Metropia)	502	251	40	211	17	23	—
	The Well (iv)	Toronto, ON	50% commercial (Allied), 40% residential (Allied/Diamond)	2,615	1,200	1,200	—	767	—	433
	Yonge Sheppard Centre Residential (Pivot) (iv)	Toronto, ON	100%	258	258	258	—	—	258	—
	College & Manning (Strada) (iv)	Toronto, ON	50% (Allied)	108	54	54	—	30	24	—
	Gloucester - Phase Two (Latitude) (iv)	Gloucester, ON	50% (Killam)	160	80	80	—	—	80	—
	Elmvale Acres - Phase One (Luma) (iv)	Ottawa, ON	50% (Killam)	135	68	68	—	5	63	—
	Westgate - Phase One (Rhythm) (iv)	Ottawa, ON	100%	165	165	165	—	20	145	—
	The Well - (FourFifty The Well) (iv)	Toronto, ON	50% (Woodbourne)	393	196	196	—	—	196	—
	Total active mixed-use residential projects with detailed cost estimates - 10 projects (v)			**5,267**	**3,115**	**2,904**	**211**	**1,012**	**862**	**1,030**
B	**Active mixed-use residential projects with cost estimates in progress (vi)**									
	Approved Zoning									
	Sunnybrook Plaza (iv)	Toronto, ON	50% (Concert)	335	168	168	—	20	148	—
	Clarkson Village (iv)	Mississauga, ON	100%	412	412	412	—	19	393	—
	Gloucester Future Phases (iv)	Gloucester, ON	50% (Killam)	482	241	241	—	10	231	—
	Brentwood Village - Phase Two (iv)	Calgary, AB	100%	810	810	810	—	405	405	—
	Millwoods Town Centre (iv)	Edmonton, AB	100%	2,043	2,043	2,043	—	749	1,294	—
	Elmvale Acres Future Phases (iv)	Ottawa, ON	100%	423	423	423	—	113	310	—
	Westgate Future Phases (iv)	Ottawa, ON	100%	538	538	538	—	67	471	—
	Southland Crossing (iv)	Calgary, AB	100%	968	968	968	—	187	781	—
	Windfields Farm (iv) (viii)	Oshawa, ON	100% of commercial, 50% of residential (Tribute)	1,789	1,233	677	556	677	—	—
	Markington Square (iv)	Toronto, ON	100%	893	893	893	—	79	814	—
	RioCan Durham Centre (iv)	Ajax, ON	100%	292	292	292	—	8	284	—
	Queensway (iv)	Toronto, ON	50% (Talisker)	441	221	25	196	20	5	—
	Dufferin Plaza (iv)	Toronto, ON	50% (Maplelands)	449	224	15	209	15	—	—
	Strawberry Hill Shopping Centre (iv)	Surrey, BC	100%	1,103	1,103	1,103	—	—	1,103	—
	Jasper Gates Shopping Center (iv)	Edmonton, AB	100%	1,063	1,063	1,063	—	243	820	—
				12,041	**10,632**	**9,671**	**961**	**2,612**	**7,059**	**—**
	Zoning applications submitted									
	RioCan Grand Park	Mississauga, ON	100%	216	216	216	—	17	199	—
	RioCan Scarborough Centre	Toronto, ON	100%	3,844	3,844	3,844	—	—	3,844	—
	RioCan Leaside Centre	Toronto, ON	100%	1,344	1,344	898	446	240	658	—
	RioCan Hall	Toronto, ON	100%	797	797	797	—	320	477	—
	Sandalwood Square	Mississauga, ON	50% (Boardwalk)	1,196	598	598	—	15	583	—
	Impact Plaza	Surrey, BC	100%	328	328	328	—	34	294	—
	2323 Yonge Street	Toronto, ON	50% (Streamliner)	294	147	147	—	41	106	—
				8,019	**7,274**	**6,828**	**446**	**667**	**6,161**	**—**
	Total active mixed-use residential projects with cost estimates in progress - 22 projects (vi)			**20,060**	**17,906**	**16,499**	**1,407**	**3,279**	**13,220**	**—**
	Total active mixed-use residential projects - 32 projects			**25,327**	**21,021**	**19,403**	**1,618**	**4,291**	**14,082**	**1,030**
C	**Future estimated density - 16 projects (vii)**			**23,411**	**20,451**	**20,271**	**180**	**2,092**	**18,179**	**—**
	Total mixed-use residential developments - 48 projects			**48,738**	**41,472**	**39,674**	**1,798**	**6,383**	**32,261**	**1,030**
	Mixed-use residential developments as a percentage of total development pipeline				**98.7 %**	**98.6 %**	**100.0 %**	**92.1 %**	**100.0 %**	**100.0 %**

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

(ii) PUD NLA includes NLA for air right sales in addition to commercial and residential rental NLA, but excludes NLA for condominiums and townhouse projects which are reported separately as Residential Inventory.

(iii) Represents the density associated with the development of residential condominiums and townhouse projects.

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

(v) Active mixed-use residential projects with detailed cost estimates include approximately 0.2 million square feet that are currently IPP.

(vi) Active mixed-use projects with cost estimates in progress include approximately 2.6 million square feet that are currently IPP.

(vii) Future estimated density includes approximately 2.4 million square feet that is currently IPP.

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

Mixed-use residential projects account for approximately 98.7% or 41.5 million square feet of NLA of the Trust's total estimated development pipeline, of which 13.7 million square feet currently have zoning approvals, 7.3 million square feet currently have zoning applications submitted and 20.5 million square feet represent sites with future density. In comparison to Q4 2019 mixed-use residential projects increased by 13.0 million square feet due to similar factors as explained earlier for the increase in the entire development pipeline.

Residential developments including rental, air rights sales, and residential inventory account for 83.5% or 35.1 million square feet of the Trust's current development pipeline.

Properties under Development Continuity

Development expenditures during the quarter were lower than the comparable period last year but have increased relative to Q2 2020 as the activity increased with the easing of pandemic emergency measures. The Trust was able to regain productivity on its projects following a brief slow down at the beginning of the pandemic and such productivity gains are expected to reduce the risk of future costs escalations resulting from longer construction periods. In some cases, our tenants with committed leases want the Trust to proceed with the projects despite the pandemic. For example, the Windfields Farm Commercial project saw 31,140 square feet of retail development completions in Q3 2020 that complement not only the recent completed residential component of this development, but also the additional phases that are currently under construction. This is an inherent benefit of the Trust's multi-use development strategy as astute retail tenants understand the opportunities that arise from being part of and servicing new communities such as these. Given the increased pace of spend for the reasons outlined above, the annual development spending guidance was increased from Q2 2020's guidance as discussed in the *Annual Development Spend* section of this MD&A.

	Three months ended September 30		Nine months ended September 30	
(thousands of dollars)	**2020**	2019	**2020**	2019
Balance, beginning of period	**$ 1,435,622**	$ 1,047,248	**$ 1,260,382**	$ 1,036,495
Acquisitions	**—**	112,009	**34,039**	118,541
Dispositions	**(14,738)**	(15,164)	**(36,453)**	(38,141)
Development expenditures	**126,762**	130,207	**327,307**	299,507
Transfers PUD to IPP - cost	**(41,873)**	(48,511)	**(96,435)**	(255,273)
Transfers PUD to IPP - fair value (gains) losses	**(1,700)**	5,522	**(13,820)**	(8,256)
Transfers IPP to PUD	**—**	—	**112,337**	4,900
Transfers to residential inventory	**—**	—	**(52,674)**	—
Fair value (loss) gain, net	**(14,909)**	(1,834)	**(45,519)**	71,704
Balance, end of period	**$ 1,489,164**	$ 1,229,477	**$ 1,489,164**	$ 1,229,477

Development Property Acquisitions

There were no development property acquisitions during the second and third quarters of 2020.

On March 19, 2020, RioCan acquired a 100% ownership interest in 2290 Lawrence Avenue East in Scarborough, Ontario for a purchase price of $5.6 million, including transaction costs.

On March 5, 2020, RioCan acquired a 50% co-ownership interest in 3180 Dufferin Street in Toronto, Ontario for a purchase price of $28.5 million, including transaction costs. This property is earmarked as a mixed-use redevelopment site with a potential 440,000 square feet (at 100%) of gross floor area and is adjacent to RioCan's 50% owned Dufferin Plaza which also has significant redevelopment potential. The redevelopments of the two sites will be coordinated in order to achieve efficiencies and potentially unlock Dufferin Plaza's redevelopment potential sooner.

Development Property Dispositions

On August 18, 2020, RioCan sold a 100% interest in a discrete portion of RioCan Centre Burloak, a non-strategic asset located in Oakville, Ontario, for sales proceeds of $9.2 million.

On August 10, 2020, RioCan entered into a joint venture with Maplelands, a newly formed Canadian real estate development company and an affiliate of a reputable large international real estate conglomerate, to redevelop Dufferin Plaza located in Toronto, Ontario into a mixed-use property comprised of 561 condominium and 32,000 square feet of retail space. As part of the arrangement, RioCan sold a 50% interest in Dufferin Plaza for total sales proceeds of $28.8 million or $115 per square foot of future density, of which $11.3 million was recorded as a receivable and is due upon the completion of several pre-construction phases. As the disposition included both properties under development assets and residential inventory, the sales proceeds were allocated as $1.7 million and $27.0 million, respectively. See the *Residential Inventory* section of this MD&A.

On July 30, 2020, RioCan sold to Killam, a 50% interest in its Luma residential rental property, located in Ottawa, Ontario, for sales proceeds of $3.8 million, representing approximately $45 per square foot of zoned future density, and received additional $9.8 million reimbursement of development costs. Luma is the first phase of RioCan's Elmvale Acres Shopping Centre mixed-use development which spans a discrete 1.45 acre portion of the centre that had no existing income. Luma will consist of 168 residential rental units and approximately 9,500 square feet of at grade retail NLA.

On March 31, 2020, RioCan completed the pre-agreed sale of a 100% interest in one-third of the air rights relating to the 5th & THIRD project in Calgary, Alberta, for sales proceeds of $11.7 million as planned. The firm deal to sell the remaining two-thirds of the residential air rights strata parcel at 5th & THIRD is expected to close by the end of the year.

On February 19, 2020, RioCan sold one development property located in Laval, Quebec, for sales proceeds of $10.0 million.

Completed Developments in 2020

During the nine months ended September 30, 2020, RioCan transferred $96.4 million in costs to income producing properties pertaining to 209,000 square feet of completed development projects. A summary of RioCan's NLA completed during the period is as follows:

		NLA at RioCan's Interest				
(thousands of sq. ft.)		2020				
Property location	RioCan's % ownership	Total NLA	Q3	Q2	Q1	Tenants
Greenfield Development						
Windfields Farm	100 %	31	31	—	—	The Bank of Nova Scotia, Starbucks, TD Bank, Symposium Café, Pet Valu
Total Greenfield Development		**31**	**31**	**—**	**—**	
Urban Intensification						
Brentwood Village (Brio)	50 %	72	—	4	68	Residential Tower, Papa's Grill, Cora's Breakfast and Lunch, Denim & Smith
Fifth and Third East Village (5th & THIRD)	100 %	43	20	—	23	Olympia Liquor, Winners
Total Urban Intensification		**115**	**20**	**4**	**91**	
Expansion and Redevelopment						
Garden City Shopping Centre	100 %	26	—	—	26	Michaels, Popeyes Louisiana Chicken, Qdoba Mexican Eats
Kennedy Commons	50 %	10	—	—	10	QuanU Furniture
RioCan West Ridge Place	100 %	6	2	—	4	State & Main, Mr. Lube
1910 Bank Street	100 %	2	—	—	2	Starbucks
1208 1216 Dundas Street East	100 %	5	5	—	—	Mr. Lube, Tim Hortons
East Hills North	40 %	6	6	—	—	Staples
Burlington Centre	50 %	8	8	—	—	Mark's Work Wearhouse
Total Expansion and Redevelopment		**63**	**21**	**—**	**42**	
Total Development Completion		**209**	**72**	**4**	**133**	

For Q4 2020, the Trust estimates to complete 283,869 square feet of developments, which will lead to $233.3 million in cost transfers from PUD to IPP and $10.3 million of incremental NOI upon project stabilization. Pivot, the RioCan Living purpose-built residential tower at Yonge Sheppard Centre represents the majority of the Q4 2020 transfers.

For 2021, the Trust estimates to complete 634,660 square feet of developments, which will lead to $482.3 million in cost transfers from PUD to IPP and $20.6 million of incremental NOI upon project stabilization. The significant increase in the 2021 estimated completions when compared to the prior quarter is driven by the office component of The Well.

The above project completion estimates have taken into account the effect of the current pandemic based on management's best estimate from information currently available. The cost transfers estimated above reflect gross IFRS costs net of proceeds from sales of air rights. They are not net of applicable interim or fee income during the development period to arrive at net project costs, which RioCan uses in estimating a project's development yield.

Greenfield Development

As at September 30, 2020, RioCan currently has two active commercial greenfield development projects with detailed cost estimates as follows:

		At RioCan's Interest									
		Total NLA Upon Project Completion				Costs incurred to date					
(thousands of dollars or thousands of sq. ft.)	RioCan's % Ownership	Completed	PUD	Total	Total Estimated Costs	Completed	PUD	Total	Estimated PUD Costs to Complete	% Commercial Leased (i)	Anticipated Date of Development Completion
East Hills, Calgary, AB	40 %	175	115	290	$ 111,933	$ 56,674	$ 35,525	$ 92,199	$ 19,734	60%	2022
Windfields Farm Commercial Phase One, Oshawa, ON (ii)	100 %	31	111	142	79,988	14,410	29,482	43,892	36,096	81%	2021
Total Estimated PUD Costs		**206**	**226**	**432**	**$ 191,921**	**$ 71,084**	**$ 65,007**	**$ 136,091**	**$ 55,830**		
Fair Value to date						**$ 77,920**	**$ 41,162**	**$ 119,082**			

(i) Leasing activity includes leasing that is conditional on receiving municipal approvals and meeting construction deadlines. The percentage of commercial leasing activity is as at October 28, 2020.

(ii) Excluding approximately 17 thousand square feet of planned but still undeveloped pads, 93% of the space currently under construction has been leased.

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

As of the release date of this MD&A, approximately 290,000 square feet of the above greenfield development NLA has committed leases, which includes tenants that have taken possession of the space, at a weighted average net rental rate of approximately $22.33 per square foot.

Urban Intensification

A focus within our development growth strategy is urban intensification, which is the category for our residential mixed-use and commercial development program. The Trust currently has 10 active urban intensification projects with detailed cost estimates that will generate approximately 2.9 million square feet of NLA at RioCan's interest upon completion over the next five years, including air rights that have been or are expected to be sold. Excluding such air rights, these 10 active urban intensification projects are expected to generate approximately 1.9 million square feet of estimated NLA. Our urban intensification program currently is focused on properties located in densely populated areas in the urban cores of Toronto, Ottawa and Calgary.

A summary of our urban intensification projects with detailed cost estimates as at September 30, 2020 is as follows:

		At RioCan's Interest									
		Total PUD NLA Upon Project Completion				Costs incurred to date					
(thousands of dollars or thousands of sq. ft.)	RioCan’s % Ownership	Completed	PUD	Total	Total Estimated Costs	Completed	PUD	Total	Estimated PUD Costs to Complete	% Commercial Leased (i)	Anticipated Date of Development Completion
Dupont Street (Litho), Toronto, ON (iv)	50 %	—	89	89	$ 77,603	$ —	$ 48,480	$ 48,480	$ 29,123	100 %	2021
Fifth and Third East Village (5th & THIRD), Calgary, AB (iv)	100 %	365	389	754	118,233	67,727	46,253	113,980	4,253	89 %	2021
Yorkville (11 YV), Toronto, ON (iv) (vii)	50 %	—	40	40	48,434	—	15,031	15,031	33,403	n/a	2024
Gloucester - Phase Two (Latitude), Ottawa, ON (iv)	50 %	—	80	80	45,552	—	23,695	23,695	21,857	n/a	2021
College & Manning (Strada),Toronto, ON (iv)	50 %	27	27	54	42,214	9,123	21,004	30,127	12,087	91 %	2021
The Well, Toronto, ON (iii) (iv) (v)	50% of commercial 40% of residential air rights	—	1,200	1,200	888,353	—	516,950	516,950	371,403	84 %	2021-2023
The Well - (FourFifty The Well), Toronto, ON (iv)	50 %	—	196	196	143,640	—	10,108	10,108	133,532	n/a	2023
Yonge Sheppard Centre Residential (Pivot), Toronto, ON (iv)	100 %	—	258	258	237,828	—	218,285	218,285	19,543	n/a	2020
Elmvale Acres - Phase One (Luma), Ottawa, ON (iv) (vi)	50 %	—	68	68	45,281	—	18,048	18,048	27,233	n/a	2022
Westgate - Phase One (Rhythm), Ottawa, ON (iv)	100 %	—	165	165	98,478	—	23,022	23,022	75,456	n/a	2022-2023
Total Estimated Costs (ii)		**392**	**2,512**	**2,904**	**$1,745,616**	**$ 76,850**	**$940,876**	**$1,017,726**	**$ 727,890**		
Fair Value to date						**$ 86,223**	**$998,692**	**$1,084,915**			

(i) Leasing activity includes leasing that is conditional on receiving municipal approvals and meeting construction deadlines. Leasing shown in this table is calculated as a percentage of commercial square footage only as there is typically no pre-leasing for residential rental square footage. The percentage of commercial leasing activity is as at October 28, 2020.

(ii) Total Estimated Costs exclude fair value gains of $57.8 million for properties under development.

(iii) The total estimated PUD costs for The Well are net of approximately $61.0 million of recoverable costs at RioCan's interest relating to matters such as parking, parkland dedication, and an Enwave thermal energy tank based on the air rights sale agreement and other agreements in place. However, the estimated PUD costs have not deducted approximately $75.6 million (at RioCan's interest) of estimated proceeds from the sale of residential air rights at the project. Net of the estimated proceeds from the sale of residential air rights, the total estimated PUD costs for The Well (at RioCan's interest) would be $812.8 million. As of October 28, 2020, over 95% of the hard costs have been tendered and 95% awarded.

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

(v) The 84% leased at The Well is based on committed leases, including extension rights, for office space only. The Well project will be completed in phases with the first office possession expected to occur in 2021, with the majority of the phases expected to reach completion by 2022 and the final building in Q1 2023.

(vi) During the three months ended September 30, 2020, RioCan sold a 50% interest in an approximately 1.45 acre discrete portion of Elmvale Acres.

(vii) The Yorkville project (11 YV) consists of three components; the condominium tower, rental replacement units and retail. The NLA noted above represents only the rental replacement units and retail components of the project representing approximately 17% of the total area. For information on the condominium component refer to the *Residential Inventory* section in the MD&A.

During the three months ended September 30, 2020, Brentwood Village (Brio) was transferred out of the development pipeline.

As of the release date of this MD&A, approximately 640,000 square feet of the above urban intensification NLA under development has committed or in-place leases at a weighted average net rent rate of approximately $34.58 per square foot. In comparison to the previous quarter, the committed or in-place lease square footage decreased by 2,000 square feet due to the exclusion of the completed project at Brio offset by additional leasing at the other sites.

Expansion & Redevelopment

A summary of RioCan’s expansion and redevelopment projects as at September 30, 2020 is as follows:

		At RioCan's Interest					
				Costs Incurred to Date			
(thousands of dollars or thousands of sq. ft.)	RioCan's % Ownership	Total PUD NLA Upon Project Completion	Total Estimated Costs	Costs Incurred to Date	Historical IPP Costs (iii)	Total	Estimated PUD Cost to Complete
Burlington Centre, Burlington, ON	50 %	9	$ 3,936	$ 1,222	$ 2,481	$ 3,703	$ 233
Five Points Shopping Centre, Oshawa, ON	100 %	10	6,969	9	2,680	2,689	4,280
Place St Jean, Saint-Jean-sur-Richelieu, QC	100 %	2	1,454	354	—	354	1,100
Tanger Outlets - Kanata, Kanata, ON	50 %	18	10,304	4,040	3,626	7,666	2,638
Yonge Sheppard Centre Commercial, Toronto, ON	100 %	31	41,879	31,507	—	31,507	10,372
1208 1216 Dundas Street East, Whitby, ON	100 %	2	2,182	1,021	459	1,480	702
Properties with former Sears units (ii) - 3 projects		42	11,226	4,357	3,066	7,423	3,803
Total Estimated PUD Costs (i)		**114**	**$ 77,950**	**$ 42,510**	**$ 12,312**	**$ 54,822**	**$ 23,128**
PUD Fair Value to date						**$ 39,402**	

(i) Total estimated PUD costs include carrying amounts transferred from IPP for redevelopment and exclude historical fair value losses of $15.4 million.

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

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

The 47,000 square foot decrease in NLA during the nine months ended September 30, 2020 from the prior year end was primarily due to the transfer of certain projects from PUD to IPP upon project completions.

Residential Inventory

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

						At RioCan's Interest						
		Condominium/Townhouse Units Upon Project Completion (at 100%)				Costs incurred to date						
(thousands of dollars or thousands of sq. ft., except where otherwise noted)	RioCan's Ownership % (Partner)	Completed (i)	Inventory	Total	Total Estimated Costs (ii)	Completed	Inventory	Commissions (ii)	Total	Estimated Costs to Complete (ii)	Inventory gain ($ millions)	Anticipated Date of Completion
A. Active mixed-use residential inventory projects with detailed cost estimates												
Yorkville (11 YV), Toronto, ON (iii)	50% (CD Capital / Metropia)	—	586	586	$ 258,420	$ —	$ 79,481	$ 5,683	$ 85,164	$ 173,256	$65.0 - $71.0	2024
Windfields Farm U.C. Towns, Oshawa, ON	50% (Tribute)	166	4	170	35,067	33,211	775	—	33,986	1,081	$12.9	2020
Windfields Farm U.C. Uptowns, Oshawa, ON (iii)	50% (Tribute)	—	153	153	30,228	—	2,686	67	2,753	27,475	$5.0 - $5.5	2022
Windfields Farm U.C. Tower, Oshawa, ON (iii)	50% (Tribute)	—	503	503	72,633	—	12,019	1,250	13,269	59,364	$14.0 - $16.0	2023
Subtotal		**166**	**1,246**	**1,412**	**$ 396,348**	**$ 33,211**	**$ 94,961**	**$ 7,000**	**$135,172**	**$ 261,176**	**$96.9 - $105.4**	
B. Active mixed-use residential inventory projects with detailed cost estimates in progress												
Windfields Farm Future Phases, Oshawa, ON (iv)	50% (Tribute)	—	194	194	TBD	$ —	$ 1,208	$ —	$ 1,208	TBD	TBD	2023+
Dufferin Plaza, Toronto, ON (v)	50% (Maplelands)	—	561	561	TBD	—	16,172	—	16,172	TBD	TBD	2023+
Shoppers World Brampton Phase One, Brampton, ON (iii)	100 %	—	274	274	TBD	—	2,281	—	2,281	TBD	TBD	2025
RioCan Leaside Centre, Toronto, ON	100 %	—	637	637	TBD	—	38,192	—	38,192	TBD	TBD	2027
Queensway, Toronto, ON (iii)	50% (Talisker)	—	525	525	TBD	—	11,430	—	11,430	TBD	TBD	2025
GTA Property, Toronto, ON	100 %	—	TBD	TBD	TBD	—	4,636	—	4,636	TBD	TBD	TBD
Subtotal		**—**	**TBD**	**TBD**	**TBD**	**$ —**	**$ 73,919**	**$ —**	**$ 73,919**	**TBD**	**TBD**	
Total		**166**	**TBD**	**TBD**	**TBD**	**$ 33,211**	**$168,880**	**$ 7,000**	**$209,091**	**TBD**	**TBD**	

(i) Excludes a total of 755 condominium units at eCondos and Kingly for which all final closings have occurred.

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

(iii) These projects are included in the 2,000 condominium and townhouse units that are at various stages of active development referred to in the *Business Overview* section of this MD&A.

(iv) Windfields Farm Future Phases represents the additional townhomes expected to be developed at the site.

(v) During the three months ended September 30, 2020, RioCan sold a 50% interest in Dufferin Plaza.

The table above summarizes the key condominium projects that are currently under active development.

- **Yorkville (11 YV)** - This is a 50/25/25 joint venture project amongst RioCan, Metropia and Capital Development in the prestigious Toronto neighborhood of Yorkville, which consists of 586 luxury condominium units, retail uses and up to 81 residential rental replacement units. Demolition has commenced at the site and the project is expected to be completed by fall of 2024. The property is 98.5% (577 units) pre-sold as of October 28, 2020 at an average price of over $1,700 per square foot, exceeding initial expectations.
- **Windfields Farm** - This is a 50/50 joint venture project with Tribute Communities to develop a 31-acre residential component of lands at the Windfields Farm site located in Oshawa, Ontario, which includes 513 townhouses to be constructed in four phases and two phases of high rise condominiums.

  U.C. Tower is a 503-unit high rise condominium tower project. As of October 28, 2020, the Trust and its partner Tribute Communities have entered into agreements to sell 94.8% (477 units) of all units, at an average sale price of approximately $590 per square foot. Construction of the project is underway.

  Sales at the 153-unit three storey townhouse development at U.C. Uptowns commenced late in the first quarter and all units, except for one, have been pre-sold as of October 28, 2020 despite the pandemic. This project is selling at approximately $309 per square foot. Site work commenced in September 2020.
- **Dufferin Plaza** - The current property is situated on 3.8 acres of land at the intersection of Dufferin Street and Apex Road in Toronto, Ontario in close proximity to Yorkdale Shopping Centre as well as major arterial roads, highways and public transit. On August 10, 2020, RioCan sold a 50% interest in Dufferin Plaza to Maplelands, a newly formed Canadian real estate company and affiliate of an international reputable real estate conglomerate, at approximately $115 per square foot of future density. RioCan and Maplelands will develop Dufferin Plaza into a mixed-use property with approximately 561 condominium units and 32,000 square feet of retail. This transaction marks Maplelands' first real estate investment in Canada and illustrates the value inherent in RioCan's portfolio of well-located, high quality residential assets.
- **Shoppers World Brampton Phase One** - Shoppers World Brampton is a large shopping centre on a 53-acre site located in Brampton, Ontario. It is located on Brampton’s regional intensification corridor just outside of downtown Brampton. It currently has a large bus terminal and is designated as the end terminal for the new LRT line. The City of Brampton has identified it as the city's uptown western anchor suitable for large scale mixed-use development. RioCan has estimated the property to have 4.5 million square feet of future excess density, which will be developed through multiple phases. Phase One of the development is located on two acres of vacant land at the southwest corner of the property, consisting of an estimated 274 condominium units and 220 rental residential units across two 25-storey towers and a 20,000 square foot retail podium.
- **RioCan Leaside Centre** - Leaside Centre is located at the corner of Eglinton Avenue East and Laird Drive in Toronto, Ontario. It is situated in the affluent Leaside area of Toronto and is adjacent to a new station along the new Eglinton Crosstown LRT. The property will have a direct secondary station entrance for the LRT. RioCan is in the process of rezoning the site to include residential rental, condominium, retail and office. The project will have five buildings with a total estimated GFA of 1.5 million square feet, which includes 240,000 square feet of commercial space. Building D of the project site, which represents approximately 33% of the total GFA, is anticipated to be residential condominium with 637 units and 9,795 square feet of retail.
- **Queensway** - This property is located at the corner of Islington Avenue and the Queensway in Toronto, Ontario and is minutes away from the TTC Bloor Line and Mimico GO station, as well as close to major highways. This project will consist of four towers with 525 condominium units, 12 affordable housing rental units and 40,000 square feet of retail.

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

	Three months ended September 30		Nine months ended September 30	
(thousands of dollars)	**2020**	2019	**2020**	2019
Balance, beginning of period	**$ 177,648**	$ 152,191	**$ 108,956**	$ 206,123
Dispositions	**(16,450)**	(58,387)	**(17,450)**	(138,012)
Development expenditures	**7,682**	5,025	**24,700**	30,718
Transfers from investment properties	**—**	—	**52,674**	—
Balance, end of period	**$ 168,880**	$ 98,829	**$ 168,880**	$ 98,829

For the three and nine months ended September 30, 2020, the Trust recognized residential inventory gains of $11.4 million and $11.9 million, respectively, from the sale of a 50% interest in Dufferin Plaza in Q3 2020, the eCondos condominium corporation taking possession of their guest suites during Q1 2020, the closing of additional units at Windfields Farm U.C. Towns, partially offset by cost adjustments for Kingly.

Incremental Value Creation

As of September 30, 2020, the Trust has recognized $81.3 million of cumulative fair value gains for properties under development, including completed components. Most of the recognized cumulative fair value gains are related to the present value of the expected air rights sales at The Well and 5th & THIRD projects based on firm agreements or fair value gains upon sales of co-ownership interests to partners such as in the case of Sunnybrook Plaza.

The Trust anticipates realizing substantial net value creation from its additional 17.9 million square feet of excess density that are either zoned or with zoning application submitted as well as 20.5 million square feet of future density. As of September 30, 2020, nominal fair value gains or inventory gains have been recognized relating to these 38.4 million square feet of densities.

Mortgages and Loans Receivable

Contractual mortgages and loans receivable as at September 30, 2020 and December 31, 2019 are comprised of the following:

(thousands of dollars)	Contractual interest rates				
As at	Low	High	Weighted average interest rate	**September 30, 2020**	December 31, 2019
Mezzanine financing to co-owners	4.20%	6.35%	5.73%	**$ 172,054**	$ 155,399
Vendor-take-back and other	5.00%	6.35%	5.53%	**29,439**	20,552
Total	4.20%	6.35%	5.70%	**$ 201,493**	$ 175,951

All of the $201.5 million of mortgages and loans receivable as at September 30, 2020 are carried at amortized cost.

RioCan's Declaration of Trust contains provisions that have the effect of limiting the aggregate value of the investment by the Trust in mortgages, other than mortgages taken back on the sale of RioCan's properties, to a maximum of 30% of consolidated Unitholders' equity. Additionally, RioCan is limited in the amount of capital that can be invested in greenfield developments and development properties held for resale, including any mortgages receivable to fund the co-owners' share of such developments referred to as mezzanine financing, to no more than 15% of the book value of RioCan's total consolidated Unitholders' equity. At September 30, 2020, RioCan was in compliance with these restrictions.

CAPITAL RESOURCES AND LIQUIDITY

Capital Management Framework

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

- complies with investment and debt restrictions pursuant to the Trust's Declaration;
- complies with debt covenants;
- enables RioCan to achieve target credit ratings;
- 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. Capital adequacy is monitored by management of the Trust by assessing performance against the approved annual plan throughout the year, which is updated accordingly, and by monitoring adherence to investment and debt restrictions contained in the Declaration of Trust and debt covenants (refer to Note 24 of RioCan's Condensed Consolidated Financial Statements). In selecting appropriate funding choices, RioCan's objective is to manage its capital structure such that it diversifies its funding sources while minimizing its funding costs and risks. RioCan expects to be able to satisfy all of its financing requirements through the use of some or all of the following: cash on hand, cash generated by operations, refinancing of maturing debt, utilization of its operating line of credit, credit facilities, construction financing facilities, sale of non-core properties and secondary markets properties, and through public offerings of unsecured debentures and common equity. In challenging market conditions, the Trust could finance certain assets currently unencumbered by debt or issue preferred units.