For 2020, the Trust estimates to complete 497,000 square feet of developments, which will lead to $330.7 million cost transfers from PUD to IPP in 2020 and $16.9 million incremental NOI upon project stabilization.

Mortgages and Loans Receivable

Contractual mortgages and loans receivable as at December 31, 2018 and December 31, 2017 are comprised of the following:

	Contractual rates				
(thousands of dollars)	Low	High	Weighted Average Rate	**December 31, 2018**	December 31, 2017
Mezzanine financing to co-owners	—%	7.95%	6.5%	**$ 146,680**	$ 126,868
Vendor-take-back and other	5.0%	5.5%	5.1%	**17,334**	19,005
Total	—%	7.95%	6.4%	**$ 164,014**	$ 145,873

Effective January 1, 2018, the Trust adopted IFRS 9 without restatement of prior periods. Pursuant to the requirements of IFRS 9, mortgages and loans receivable are classified and measured on the basis of both the business model for managing the assets and the contractual cash flow characteristics of the asset. The amortized cost method of accounting is permitted where mortgages and loans receivable are held with the objective of collecting contractual cash flows and those cash flows represent solely payments of principal and interest (SPPI) otherwise, they are measured at fair value. Of the total $164.0 million of mortgages and loans receivable as at December 31, 2018, none are carried at fair value.

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 to the amount of capital that can be invested in greenfield developments and development properties held for resale to no more than 15% of the book value of RioCan's total consolidated unitholders' equity, and this limitation also applies to any mortgages receivable to fund the co-owners' share of such developments referred to as mezzanine financing. At December 31, 2018, RioCan was in compliance with these restrictions.

CAPITAL RESOURCES AND LIQUIDITY

Liquidity and Cash Management

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

Capital Management Framework

RioCan defines capital as the aggregate of common 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 Trust's Declaration, and/or approved by the Trust's Board, through the Board's annual review of the strategic plan and budget, supplemented by periodic Board and 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 and debt covenants (refer to note 27 of RioCan's 2018 Annual 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 marketable securities, sale of non-core properties and secondary markets properties, and through public offerings of unsecured debentures and common equity. If market conditions become challenging, the Trust could finance certain assets currently unencumbered by debt or issue preferred units.

Credit Ratings

RioCan intends to maintain strong debt service coverage and fixed charge coverage ratios as part of its commitment to maintaining its investment-grade debt ratings from Standard and Poor's (S&P) and from Dominion Bond Rating Services Limited (DBRS). A credit rating generally provides an indication of the risk that the borrower will not fulfill its obligations in a timely manner with respect to both interest and principal commitments. Rating categories range from highest credit quality (generally AAA) to default payment (generally D). The addition of a rating outlook modifier, such as "Positive", "Negative", "Stable" or "Developing" assesses the potential direction of a long-term credit rating over the intermediate term (typically six months to two years).

The following table summarizes RioCan's credit ratings as at December 31, 2018:

Debt	**Rating Agency**	**Long-term credit rating**	**Trend/Outlook**
Senior Unsecured Debentures	S&P	BBB	Stable
Senior Unsecured Debentures	DBRS	BBB (high)	Stable

An obligor with a credit rating of BBB by S&P exhibits adequate capacity to meet its financial obligations, however, adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity of the obligor to meet its financial commitment on the obligation. A credit rating of BBB- or higher is an investment grade rating.

A credit rating of BBB by DBRS is generally an indication of adequate credit quality, the capacity for the payment of financial obligations is considered acceptable but the entity may be vulnerable to future events.

Capital Structure

RioCan's capital structure is as follows:

(thousands of dollars)	IFRS		RioCan's proportionate share	
As at	**December 31, 2018**	December 31, 2017	**December 31, 2018**	December 31, 2017
Capital:				
Debentures payable	**$ 2,742,633**	$ 2,694,619	**$ 2,742,633**	$ 2,694,619
Mortgages payable	**2,218,270**	2,300,247	**2,286,836**	2,364,415
Lines of credit and other bank loans	**913,130**	904,429	**958,187**	947,930
Mortgages on properties held for sale	**—**	32,670	**—**	32,670
Total debt	**$ 5,874,033**	$ 5,931,965	**$ 5,987,656**	$ 6,039,634
Common unit equity	**7,666,390**	8,044,686	**7,666,390**	8,044,686
Total capital	**$ 13,540,423**	$ 13,976,651	**$ 13,654,046**	$ 14,084,320
Total assets	**$ 14,003,765**	$ 14,376,578	**$ 14,117,865**	$ 14,492,113
Cash and cash equivalents	**$ 74,698**	$ 70,225	**$ 77,188**	$ 73,423
Ratio of total debt to total assets (net of cash and cash equivalents)	**41.6%**	41.0%	**42.1%**	41.4%
Ratio of floating rate debt to total debt	**15.8%**	16.5%	**16.4%**	17.1%

The Trust's leverage ratio at RioCan's proportionate share increased modestly from 41.4% at December 31, 2017 to 42.1% as at December 31, 2018, largely in line with its 38.0% to 42.0% target range. Over the next twelve months, the Trust expects its leverage to be at the upper end of its target range, although its leverage ratio as of a quarter end may exceed the upper target range from time to time due to the timing of its dispositions and NCIB program.

As at December 31, 2018, RioCan's ratio of floating rate debt to total debt at RioCan's proportionate share decreased to 16.4% (December 31, 2017 - 17.1%), primarily as a result of a decrease in unhedged floating rate mortgages partially offset by an increase in lines of credit. This ratio has also decreased from 19.6% as of September 30, 2018.

Subsequent to the year end, the Trust extended the maturity date of its $150.0 million non-revolving unsecured credit facility from December 27, 2019 to June 27, 2024 and fixed the annual all-in interest rate at 3.43% through an interest rate swap. The Trust also fixed the annual all-in interest rate for $125.0 million of its other non-revolving unsecured credit facility maturing on January 31, 2023 at 3.38% through an interest rate swap. Further, the Trust also entered into 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) and has fully drawn on the credit facility to repay certain debt and for general Trust purposes. This credit facility matures on February 7, 2024 and, through an interest rate swap, bears an annual all-in fixed interest rate of 3.34%. These transactions further extend the average term to maturity of the Trust's total debt and reduce the Trust's floating interest rate debt exposure.

Debt Metrics

RioCan’s debt metrics are tracked and disclosed on a quarterly basis to help facilitate financial statement users’ and stakeholders’ understanding of RioCan’s ability to service its debt and fixed charges. Presented below are the Trust's key debt metrics presented on both an IFRS and RioCan's proportionate share basis in comparison to our targeted ratios:

		Rolling 12 months ended			
		IFRS		RioCan's proportionate share	
	Targeted Ratios	**December 31, 2018**	December 31, 2017	**December 31, 2018**	December 31, 2017
Debt to Adjusted EBITDA (i)	<8.0x	**7.76**	7.49	**7.88**	7.57
Interest coverage (i)	>3.00x	**3.68**	3.87	**3.63**	3.84
Debt service coverage (i)	>2.25x	**3.09**	3.08	**3.05**	3.06
Fixed charge coverage (i)	>1.10x	**1.16**	1.17	**1.15**	1.17
Unencumbered assets		**$ 7,966,491**	$ 7,663,381	**$ 7,970,296**	$ 7,666,992
Unencumbered assets to unsecured debt	>200%	**231%**	226%	**231%**	226%
NOI generated from unencumbered assets (ii)	>50.0%	**59.1%**	56.7%	**59.1%**	56.7%
Unsecured debt to total debt	60%	**58.7%**	57.1%	**57.6%**	56.1%

(i) Refer to the *Non-GAAP Measures* section of this MD&A for further details. See tables below for the calculation of Adjusted EBITDA for the respective periods.

(ii) Ratio is calculated on a continuing operations basis.

As at December 31, 2018, we outperformed our targets for all the debt metrics as summarized above.

Despite nearly $1.0 billion of secondary market asset dispositions completed during the year, the Trust's Debt to Adjusted EBITDA at RioCan's proportionate share outperformed its target of under 8.0x, albeit with a modest increase from 7.57x for the rolling twelve months ended December 31, 2017 to 7.88x for the rolling twelve months ended December 31, 2018. Adjusted EBITDA, which is an input in the calculation of the first four metrics in the table above, declined modestly by $12.6 million or 1.6% at RioCan's proportionate share despite substantial property dispositions, as the loss of EBITDA from property dispositions was offset, to quite an extent, by strong same property NOI growth, development completions and higher gains from the sale of marketable securities.

The interest coverage ratio at RioCan's proportionate share for the rolling twelve months ended December 31, 2018 declined modestly compared to December 31, 2017, mainly due to a modest decline in Adjusted EBITDA and higher interest costs resulting from a higher average debt balance and higher effective interest rates over the comparable periods.

Debt service coverage at RioCan's proportionate share for the rolling twelve months ended December 31, 2018 declined slightly when compared to December 31, 2017 due to the impact of modestly lower Adjusted EBITDA and higher interest costs as noted above, while being mostly offset by lower scheduled principal amortization.

Similarly, the fixed charge coverage ratio at RioCan's proportionate share for the rolling twelve months ended December 31, 2018 declined marginally compared to December 31, 2017, mainly due to modestly lower Adjusted EBITDA and higher interest costs, largely offset by lower distributions resulting from the redemption of Series C preferred units in Q2 2017 and unit buybacks since Q4 2017.

The Trust continued to grow its unencumbered asset pool, increasing it from $7.7 billion as at December 31, 2017 to $8.0 billion as at December 31, 2018. The percentage of NOI generated from unencumbered assets increased by 240 basis points to 59.1% as of December 31, 2018 over the comparable period. The unencumbered assets to unsecured debt ratio increased from 226% to 231% as at December 31, 2018, well above our 200% target.

The following tables present a reconciliation of consolidated net income from continuing and discontinued operations attributable to unitholders to Adjusted EBITDA:

	IFRS					
Year ended December 31	**2018**			2017		
(thousands of dollars)	Continuing Operations	Discontinued Operations	Total	Continuing Operations	Discontinued Operations	Total
Net income attributable to unitholders	**$ 527,362**	**$ 741**	**$ 528,103**	$ 708,265	$ 7,021	$ 715,286
Add (deduct) the following items:						
Income tax expenses (recovery):						
Current	**—**	**1,188**	**1,188**	—	(2,871)	(2,871)
Deferred	**(1,440)**	**—**	**(1,440)**	(320)	—	(320)
Fair value (gains) on investment properties, net	**(18,304)**	**—**	**(18,304)**	(136,942)	—	(136,942)
Change in unrealized fair value on marketable securities (i)	**42,767**	**—**	**42,767**	—	—	—
Internal leasing costs	**11,294**	**—**	**11,294**	10,882	—	10,882
Non-cash unit based compensation expense	**6,826**	**—**	**6,826**	4,757	—	4,757
Interest costs	**168,299**	**—**	**168,299**	171,418	—	171,418
Depreciation and amortization	**4,575**	**—**	**4,575**	9,865	—	9,865
Transaction gains on the sale of investment properties, net (ii)	**(78)**	**—**	**(78)**	(1,275)	(1,651)	(2,926)
Transaction costs on investment properties	**17,761**	**153**	**17,914**	5,136	(549)	4,587
Adjusted EBITDA	**$ 759,062**	**$ 2,082**	**$ 761,144**	$ 771,786	$ 1,950	$ 773,736
Debt, net of cash and cash equivalents is calculated as follows:						
Average debt outstanding			**$ 5,988,106**			$ 5,848,033
Less: average cash and cash equivalents			**(80,999)**			(53,153)
Debt, net of cash and cash equivalents			**$ 5,907,107**			$ 5,794,880
Debt to Adjusted EBITDA			**7.76**			7.49

(i) Adjustment is a result of adopting IFRS 9 on January 1, 2018 without prior period restatement. The $16.5 million fair value gains on marketable securities under IFRS 9 for the year ended December 31, 2018 include both the change in unrealized fair value and realized gains on sale of marketable securities during the year ended December 31, 2018. Refer to note 19 of the 2018 Annual Consolidated Financial Statement for this breakdown. 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. Refer to the *Non-GAAP Measures* section of this MD&A for more detailed discussion on Adjusted EBITDA and IFRS 9's impact on Adjusted EBITDA. Refer to the *Adoption of New Accounting Standards* section of this MD&A and notes 19 and 37 of the 2018 Annual Consolidated Financial Statements for a more fulsome discussion on the impact of IFRS 9.

(ii) Includes transaction gains and losses realized on the disposal of Canadian and U.S. investment properties.

	RioCan's proportionate share					
Year ended December 31	**2018**			2017		
(thousands of dollars)	Continuing Operations	Discontinued Operations	Total	Continuing Operations	Discontinued Operations	Total
Net income attributable to unitholders	**$ 527,362**	**$ 741**	**$ 528,103**	$ 708,265	$ 7,021	$ 715,286
Add (deduct) the following items:						
Income tax expense (recovery):						
Current	**—**	**1,188**	**1,188**	—	(2,871)	(2,871)
Deferred	**(1,440)**	**—**	**(1,440)**	(320)	—	(320)
Fair value gains on investment property, net	**(19,526)**	**—**	**(19,526)**	(136,534)	—	(136,534)
Change in unrealized fair value on marketable securities (i)	**42,767**	**—**	**42,767**	—	—	—
Internal leasing costs	**11,294**	**—**	**11,294**	10,882	—	10,882
Non-cash unit based compensation expense	**6,826**	**—**	**6,826**	4,757	—	4,757
Interest costs	**172,279**	**—**	**172,279**	173,791	—	173,791
Depreciation and amortization	**4,575**	**—**	**4,575**	9,865	—	9,865
Transaction gains on the sale of investment properties, net (ii)	**(78)**	**—**	**(78)**	(1,275)	(1,651)	(2,926)
Transaction costs on investment properties	**17,762**	**153**	**17,915**	5,136	(549)	4,587
Adjusted EBITDA	**$ 761,821**	**$ 2,082**	**$ 763,903**	$ 774,567	$ 1,950	$ 776,517
Debt, net of cash and cash equivalents is calculated as follows:						
Average debt outstanding			**$ 6,099,892**			$ 5,933,897
Less: average cash and cash equivalents			**(84,034)**			(55,498)
Debt, net of cash and cash equivalents			**$ 6,015,858**			$ 5,878,399
Debt to Adjusted EBITDA			**7.88**			7.57

(i) Adjustment is a result of adopting IFRS 9 on January 1, 2018 without prior period restatement. The $16.5 million fair value gains on marketable securities under IFRS 9 for the year ended December 31, 2018 include both the change in unrealized fair value and realized gains on sale of marketable securities during the year ended December 31, 2018. Refer to note 19 of the 2018 Annual Consolidated Financial Statement for this breakdown. 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. Refer to the *Non-GAAP Measures* section of this MD&A for more detailed discussion on Adjusted EBITDA and IFRS 9's impact on Adjusted EBITDA. Refer to the *Adoption of New Accounting Standards* section of this MD&A and note 19 and 37 of the 2018 Annual Consolidated Financial Statement for a more fulsome discussion on the impact of IFRS 9.

(ii) Includes transaction gains and losses realized on the disposal of Canadian and U.S. investment properties.

Total Debt Profile

RioCan's fixed and floating rate debt as a percentage of total debt and term to maturity are as follows:

As at December 31, 2018		Total debt	Percentage of total RioCan's aggregate debt	Weighted average term to maturity in years	Weighted average contractual	Weighted average effective
Total debt at:						
Fixed rate	$	4,945,718	84.2%	3.42	3.54%	3.59%
Floating rate (i)		928,315	15.8%	2.64	3.34%	3.34%
Total debt	**$**	**5,874,033**	**100.0%**	**3.30**	**3.51%**	**3.55%**

(i) Subsequent to the year end, the Trust extended the maturity date of its $150.0 million non-revolving unsecured credit facility from December 27, 2019 to June 27, 2024 and fixed the all-in annual interest rate at 3.43% through an interest rate swap. The Trust also fixed the annual all-in interest rate for $125.0 million of its other non-revolving unsecured credit facility maturing on January 31, 2023 at 3.38% through an interest rate swap. These transactions would further extend the average term-to maturity of the Trust's debt and reduce its floating rate debt exposure.

As at December 31, 2017		Total debt	Percentage of total RioCan's aggregate debt	Weighted average term to maturity in years	Weighted average contractual	Weighted average effective
Total debt at:						
Fixed rate	$	4,951,392	83.5%	3.37	3.55%	3.52%
Floating rate		980,573	16.5%	3.08	2.47%	2.50%
Total debt	**$**	**5,931,965**	**100.0%**	**3.32**	**3.37%**	**3.35%**

The following table summarizes the activity in debt for the year ended December 31, 2018:

(thousands of dollars)

Year ended December 31, 2018		Debentures		Mortgages Payable		Lines of Credit and Other Bank Loans		Total
Contractual obligations, beginning of year	$	2,700,000	$	2,324,252	$	907,978	**$**	**5,932,230**
Borrowings		300,000		496,860		318,768		**1,115,628**
Scheduled amortization		—		(39,295)		—		**(39,295)**
Repayments		(250,000)		(547,210)		(310,265)		**(1,107,475)**
Disposed on the sale of properties		—		(58,870)		—		**(58,870)**
Assumed on the acquisition of properties (i)		—		36,063		—		**36,063**
Contractual obligations, end of year	**$**	**2,750,000**	**$**	**2,211,800**	**$**	**916,481**	**$**	**5,878,281**
Unamortized differential between contractual and market interest rates on liabilities assumed at the acquisition of properties		—		10,115		—		10,115
Unamortized debt financing costs, net of premiums and discounts		(7,367)		(3,645)		(3,351)		(14,363)
Balance, end of year	**$**	**2,742,633**	**$**	**2,218,270**	**$**	**913,130**	**$**	**5,874,033**

(i) Excludes a mark-to-market adjustment of $2.5 million on debt relating to one acquisition.

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

	Contractual principal maturities and interest rates							
(thousands of dollars, except percentage amounts)	Debentures payable	Weighted average interest rate	Mortgages payable	Weighted average interest rate	Lines of credit and other bank loans	Weighted average interest rate	Total aggregate debt	Weighted average interest rate
Year of debt maturity								
2019	$ 350,000	3.85%	$ 310,217	4.21%	$ 363,481	3.27%	$ 1,023,698	3.76%
2020	400,000	2.72%	485,731	3.67%	—	—%	885,731	3.24%
2021	550,000	2.89%	407,379	4.25%	—	—%	957,379	3.47%
2022	550,000	3.25%	158,772	3.25%	—	—%	708,772	3.25%
2023	500,000	3.42%	285,628	3.48%	553,000	3.34%	1,338,628	3.40%
Thereafter	400,000	3.95%	564,073	3.83%	—	—%	964,073	3.88%
	$ 2,750,000	3.31%	$ 2,211,800	3.84%	$ 916,481	3.32%	$ 5,878,281	3.51%
Unamortized differential between contractual and market interest rates on liabilities assumed at the acquisition of properties							10,115	
Unamortized debt financing costs, net of premiums and discounts							(14,363)	
Balance							$ 5,874,033	

Debentures Payable

The following series of senior unsecured debentures were outstanding as at December 31, 2018 and 2017:

Series	Maturity date	Coupon rate	Interest payment frequency	**2018**	2017
S	March 5, 2018	2.87%	Semi-annual	**$ —**	$ 250,000
Q	June 28, 2019	3.85%	Semi-annual	**350,000**	350,000
U	June 1, 2020	3.62%	Semi-annual	**150,000**	150,000
X	August 26, 2020	2.19%	Semi-annual	**250,000**	250,000
Z	April 9, 2021	2.19%	Semi-annual	**300,000**	300,000
R	December 13, 2021	3.72%	Semi-annual	**250,000**	250,000
V	May 30, 2022	3.75%	Semi-annual	**250,000**	250,000
Y	October 3, 2022	2.83%	Semi-annual	**300,000**	300,000
T	April 18, 2023	3.73%	Semi-annual	**200,000**	200,000
AA	September 29, 2023	3.21%	Semi-annual	**300,000**	—
W	February 12, 2024	3.29%	Semi-annual	**300,000**	300,000
I	February 6, 2026	5.95%	Semi-annual	**100,000**	100,000
Contractual obligations				**$ 2,750,000**	$ 2,700,000
Unamortized debt financing costs				**(7,367)**	$ (5,381)
Balance - end of year				**$ 2,742,633**	$ 2,694,619

The unsecured debentures have covenants similar to our 60% debt to Aggregate Assets limit as set out in RioCan's Declaration of Trust, the maintenance of at least $1.0 billion in consolidated unitholders' equity and maintenance of an interest coverage ratio of 1.65 times or better. There are no requirements under the unsecured debenture covenants that require RioCan to maintain unencumbered assets. The Series I debentures, which are due in 2026 and 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, minimum consolidated unitholders' equity and interest coverage ratio would be eliminated for this series of debentures.

Issuances

On January 31, 2018, the Trust issued $300 million of Series AA senior unsecured debentures, which mature on September 29, 2023 and carry a coupon rate of 3.209%. The interest on these debentures is payable semi-annually commencing September 29, 2018. The debentures were sold at a price of $999.95 per $1,000 principal amount with an effective yield of 3.209% if held to maturity. Prior to maturity, the Series AA debentures can be redeemed in whole or in part at par on or after August 29, 2023.

The Series AA senior unsecured debentures have similar terms as the rest of RioCan's debentures, with the exception of the additional provision for the Series I debentures, as described above, and a double trigger change of control provision (refer to the prospectus and indenture agreement publicly filed on www.sedar.com). The net proceeds from these issuances were used by RioCan to fund development and property acquisitions, to repay certain indebtedness and other general trust purposes.

Redemptions

On March 5, 2018, RioCan redeemed, in full, its $250 million 2.87% Series S senior unsecured debentures in accordance with its terms.

Mortgages Payable

Mortgages payable consist of the following and are presented net of unamortized financing costs:

As at	**December 31, 2018**	December 31, 2017
Mortgages payable	**$ 2,218,270**	$ 2,300,247
Mortgages on properties held for sale	**—**	32,670
	$ 2,218,270	$ 2,332,917
Fixed rate mortgages	**$ 2,128,255**	$ 2,181,976
Floating rate mortgages	**90,015**	150,941
	$ 2,218,270	$ 2,332,917

At the outset of 2018, RioCan had $578.9 million of mortgage principal maturing in 2018 at a weighted average contractual interest rate of 3.67%. For the year ended December 31, 2018, RioCan completed new term mortgage borrowings of $496.9 million at a weighted average interest rate of 3.68% and a weighted average term of 7 years. For the year ended December 31, 2018, repayments of mortgage balances and scheduled amortization amounted to $586.5 million.

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

Lines of Credit and Other Bank Loans

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

As at	December 31, 2018	December 31, 2017
Revolving unsecured operating line of credit (i)	$ 350,190	$ 387,093
Non-revolving unsecured credit facilities (i)	349,459	299,360
Construction lines and other bank loans	213,481	217,976
	$ 913,130	$ 904,429

(i) Amount outstanding is net of a total of $3.4 million in unamortized financing costs.

Revolving Unsecured Operating Line of Credit

RioCan had drawn balance of $353.0 million and $647.0 million of credit availability to be drawn from this revolving unsecured operating line of credit at December 31, 2018. The weighted average contractual interest rate on amounts drawn under this facility was 3.41% (December 31, 2017 - 2.53%).

On May 4, 2018, the Trust exercised its option to extend the maturity date on its operating line of credit to May 31, 2023. All other terms and conditions remained the same.

Non-revolving Unsecured Credit Facilities

The Trust has a $200 million non-revolving unsecured credit facility with two financial institutions (consisting of a Schedule I and a Schedule III bank), maturing January 31, 2023 bearing interest at a rate of Bankers' Acceptances plus 110 basis points per annum. Subsequent to year end, the Trust fixed the annual all-in interest rate for $125.0 million of this credit facility at 3.38% through an interest rate swap. The remaining $75.0 million of this credit facility was previously fixed at 3.125%.

The Trust also has a $150 million non-revolving unsecured credit facility with two financial institutions (consisting of a Schedule I and a Schedule III bank), maturing December 27, 2019 bearing interest at a rate of Bankers' Acceptances plus 100 basis points per annum. Subsequent to the year end, the Trust extended the maturity date of this credit facility to June 27, 2024 and fixed the annual all-in interest rate at 3.43% through an interest rate swap.

As of December 31, 2018, the above two non-revolving unsecured credit facilities in total amount of $350.0 million are fully drawn. Refer to notes 36 of the 2018 Annual Consolidated Financial Statements for additional subsequent event on financing activity.

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 variable rate non-revolving secured construction facilities for the funding of certain development properties. At December 31, 2018, these secured facilities and other bank loans have an aggregate maximum borrowing capacity of $311.4 million and mature in 2019, of which the Trust had drawn $213.5 million (December 31, 2017 - $218.0 million). The weighted average contractual interest rate on the aggregate amounts outstanding is 3.36% (December 31, 2017 - 2.28%).

Letter of Credit Facilities

The Trust has aggregate letter of credit facilities with certain Schedule I banks totaling $77.9 million (December 31, 2017 - $79.0 million). As at December 31, 2018, the Trust's outstanding letters of credit under these facilities was $47.5 million (December 31, 2017 - $37.2 million).

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, distributions to unitholders and planned growth in the business.

RioCan retains a portion of its operating cash flows to help fund ongoing maintenance capital expenditures including tenant improvements costs and long term unfunded contractual obligations, among other items.

Cash on hand, borrowings under the revolving unsecured operating line of credit, non-revolving unsecured credit facilities, construction financing facilities, debt and equity capital markets, secured financing and the potential sale of assets also provide the necessary liquidity to fund ongoing and future capital expenditures and obligations.

As at December 31, 2018, RioCan had the following sources of liquidity available:

- $74.7 million of cash and cash equivalents;
- $647.0 million of cash available under its undrawn revolving unsecured operating line of credit;
- $97.9 million of cash available under undrawn construction facilities to fund future construction commitments; and
- 153 unencumbered investment properties with a fair value of $8.0 billion.

RioCan's liquidity profile is as follows:

(thousands of dollars)	IFRS		RioCan's proportionate share	
As at	**December 31, 2018**	December 31, 2017	**December 31, 2018**	December 31, 2017
Cash and cash equivalents	**$ 74,698**	$ 70,225	**$ 77,188**	$ 73,423
Undrawn revolving unsecured operating line of credit	**647,000**	610,000	**647,000**	610,000
Undrawn construction lines of credit and other bank loans	**97,923**	169,927	**97,923**	169,927
Liquidity	**$ 819,621**	$ 850,152	**$ 822,111**	$ 853,350
Contractual debt:				
Debentures payable	**$ 2,750,000**	$ 2,700,000	**$ 2,750,000**	$ 2,700,000
Mortgages payable	**2,211,800**	2,324,252	**2,280,391**	2,388,481
Lines of credit and other bank loans	**916,481**	907,977	**961,548**	951,477
Total contractual debt	**$ 5,878,281**	$ 5,932,229	**$ 5,991,939**	$ 6,039,958
Percentage of total contractual debt:				
Liquidity	**13.9%**	14.3%	**13.7%**	14.1%
Unsecured debt	**58.7%**	57.1%	**57.6%**	56.1%
Secured debt	**41.3%**	42.9%	**42.4%**	43.9%

Our liquidity is impacted by contractual debt commitments and committed expenditures on active development projects. Our contractual debt commitments and committed development expenditures for the next five years are as follows:

(thousands of dollars)	2019	2020	2021	2022	2023	Thereafter	Total
Contractual obligations:							
Lines of credit and other bank loans	$ 363,481	$ —	$ —	$ —	$ 553,000	$ —	$ 916,481
Mortgages payable	310,217	485,731	407,379	158,772	285,628	564,073	2,211,800
Unsecured debentures	350,000	400,000	550,000	550,000	500,000	400,000	2,750,000
Lease commitments	3,841	3,551	3,272	3,219	3,080	21,288	38,251
Total	$ 1,027,539	$ 889,282	$ 960,651	$ 711,991	$ 1,341,708	$ 985,361	$ 5,916,532
Active committed developments (i)	326,330	256,242	114,398	—	—	—	696,972
Total	$ 1,353,869	$ 1,145,524	$ 1,075,049	$ 711,991	$ 1,341,708	$ 985,361	$ 6,613,504

(i) Represents estimated development costs spending to complete properties under active development only 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. The costs of additional projects will be added to this schedule once a project becomes committed.

The Trust's contractual debt obligations and projected development expenditures can be funded by net proceeds from the sale of non-core and secondary market assets (including, but not limited to, sale of excess land and potential air rights), existing cash on hand, our revolving unsecured operating line of credit, proceeds from mortgage refinancing and proceeds from the issuance of unsecured debentures or issuance of equity units. In addition, RioCan has undrawn construction facilities to fund future construction commitments as it pertains to certain development projects and our unencumbered asset pool of $8.0 billion as at December 31, 2018 can also allow us to support additional financing, if needed.

RioCan, as a mutual fund trust, expects to make monthly distributions to unitholders with the cash generated from ongoing operating activities. Our unitholder dividend reinvestment plan ("DRIP") allows us to conserve liquidity by issuing additional units, as opposed to paying cash distributions. Although RioCan suspended its DRIP effective November 1, 2017, RioCan can elect to reinstate the DRIP in the future, should we decide that it is beneficial to do so. During the prior year comparative year ended December 31, 2017, the Trust issued 1.0 million units pursuant to our DRIP resulting in $25.3 million savings in cash outlay, representing a participation rate of 5.5%. Refer to the *Distributions to Unitholders* section of this MD&A for further discussion.

Base Shelf Short Form Prospectus

During the third quarter, the Trust renewed its Base Shelf Short Form Prospectus which provides for the issuance of up to $3.0 billion in debt securities, trust units and preferred units up to April 3, 2020.

Unencumbered Assets

The fair value of the unencumbered investment property assets as at December 31, 2018 is estimated at approximately $8.0 billion for 153 properties or 61.2% of the total fair value of investment properties as compared to 187 properties with a fair value of $7.7 billion as at December 31, 2017. This has resulted in approximately 59.1% of the Trust's annualized NOI being generated by unencumbered assets (December 31, 2017 - 56.7%), providing RioCan with access to a pool of assets for obtaining additional secured debt.

The table below presents RioCan's investment properties at fair value that are available to finance and/or refinance mortgages maturing in 2019, 2020 and thereafter:

(thousands of dollars) As at December 31, 2018	Number of Properties		Investment Properties	Total contractual mortgages payable					
					2019		2020		Thereafter
Unencumbered assets (i)	153	**$**	**7,966,491**	$	—	$	—	$	—
Encumbered assets with mortgages maturing in 2019	17		**964,303**		310,217		—		—
Encumbered assets with mortgages maturing in 2020	18		**1,338,879**		—		485,731		—
Encumbered assets with mortgages maturing thereafter	45		**2,933,975**		—		—		1,415,852
Total	233	**$**	**13,203,648**	$	310,217	$	485,731	$	1,415,852

(i) Substantially all of the Trust's unencumbered assets are income producing properties and 100% owned.

Considering the availability of our revolving operating line of credit, unencumbered asset pool, relatively low leverage, investment grade credit ratings and demonstrated historical access to debt capital markets, we expect that all maturities will be refinanced or repaid in the normal course of business, and as such, do not anticipate that we will be required to sell assets in 2019 to meet our maturing debt obligations in 2019, although we will sell assets as part of our acceleration of major markets focus strategy.

The table below presents RioCan's unencumbered assets and unsecured debt:

(thousands of dollars) As at	IFRS **December 31, 2018**	IFRS December 31, 2017	RioCan's proportionate share **December 31, 2018**	RioCan's proportionate share December 31, 2017
Unencumbered assets	**$ 7,966,491**	$ 7,663,381	**$ 7,970,296**	$ 7,666,992
Unsecured debt:				
Debentures	**$ 2,750,000**	$ 2,700,000	**$ 2,750,000**	$ 2,700,000
Amounts drawn on revolving unsecured operating line of credit	**353,000**	390,000	**353,000**	390,000
Amounts drawn on non-revolving unsecured credit facilities	**350,000**	300,000	**350,000**	300,000
Total unsecured debt outstanding	**$ 3,453,000**	$ 3,390,000	**$ 3,453,000**	$ 3,390,000
Unsecured debt to total debt	**58.7%**	57.1%	**57.6%**	56.1%
Unencumbered assets to unsecured debt	**231%**	226%	**231%**	226%
NOI generated from unencumbered assets (i)	**59.1%**	56.7%	**59.1%**	56.7%

(i) Refer to the Non-GAAP Measures section of this MD&A for further details.

Guarantees

As at December 31, 2018, the maximum exposure to loss resulting from the Trust's mortgage guarantees, on behalf of certain of our co-owners' interests and mortgages assumed by purchasers on property dispositions, is $309.2 million, with expiries between 2019 and 2023 (December 31, 2017 - $385.0 million). 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, 2018, 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 2018 Annual Consolidated Financial Statements.

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

(thousands of dollars) As at		**December 31, 2018**		December 31, 2017
Partners and co-owners				
HBC (RioCan-HBC JV)	**$**	**43,523**	$	122,467
KingSett		**—**		60,368
Bayfield		**63,230**		63,230
Metropia and Bazis		**119,454**		72,834
Trinity		**10,306**		22,614
Other		**14,678**		7,410
	$	**251,191**	$	348,923
Assumption of mortgages by purchasers on property dispositions		**58,029**		36,103
	$	**309,220**	$	385,026