

# MANAGEMENT'S DISCUSSION AND ANALYSIS

## Mortgages and Loans Receivable

Contractual mortgages and loans receivable as at March 31, 2019 and December 31, 2018 are comprised of the following:

<i>(thousands of dollars)</i>	Contractual rates		Weighted Average Rate	March 31, 2019	December 31, 2018
	Low	High			
Mezzanine financing to co-owners	—%	7.95%	6.5%	\$ 150,686	\$ 146,680
Vendor-take-back and other	5.0%	5.5%	5.0%	16,754	17,334
<b>Total</b>	—%	7.95%	6.4%	<b>\$ 167,440</b>	<b>\$ 164,014</b>

All of the \$167.4 million of mortgages and loans receivable as at March 31, 2019, 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 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 March 31, 2019, 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 23 of RioCan's 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.

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## 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 March 31, 2019:

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:

<i>(thousands of dollars)</i>	IFRS		RioCan's proportionate share	
	March 31, 2019	December 31, 2018	March 31, 2019	December 31, 2018
As at				
Capital:				
Debtures payable	\$ 2,742,556	\$ 2,742,633	\$ 2,742,556	\$ 2,742,633
Mortgages payable	2,214,851	2,218,270	2,315,477	2,286,836
Lines of credit and other bank loans	974,248	913,130	989,086	958,187
Total debt	\$ 5,931,655	\$ 5,874,033	\$ 6,047,119	\$ 5,987,656
Common unit equity	7,707,425	7,666,390	7,707,425	7,666,390
Total capital	\$ 13,639,080	\$ 13,540,423	\$ 13,754,544	\$ 13,654,046
Total assets	\$ 14,118,732	\$ 14,003,765	\$ 14,243,345	\$ 14,117,865
Cash and cash equivalents	\$ 49,881	\$ 74,698	\$ 53,826	\$ 77,188
Ratio of total debt to total assets (net of cash and cash equivalents)	41.8%	41.6%	42.2%	42.1%
Ratio of floating rate debt to total debt	6.2%	15.8%	6.4%	16.4%

The Trust's leverage ratio at RioCan's proportionate share increased modestly from 42.1% at December 31, 2018 to 42.2% as at March 31, 2019, largely in line with its 38.0% to 42.0% target range.

During Q1 2019, 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). 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 weighted average term to maturity of the Trust's total debt and reduce the Trust's floating interest rate debt exposure to 6.4% as at March 31, 2019 (December 31, 2018 - 16.4%). This ratio has also decreased from 19.8% as of March 31, 2018.

Subsequent to quarter end, the Trust exercised its option to extend the maturity date on its operating line of credit to May 31, 2024. All other terms and conditions remained the same.

# MANAGEMENT'S DISCUSSION AND ANALYSIS

## 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:

	Targeted Ratios	Rolling 12 months ended			
		IFRS		RioCan's proportionate share	
		March 31, 2019	December 31, 2018	March 31, 2019	December 31, 2018
Debt to Adjusted EBITDA (i)	<8.0x	<b>7.84</b>	7.76	<b>7.94</b>	7.88
Interest coverage (i)	>3.00x	<b>3.60</b>	3.68	<b>3.55</b>	3.63
Debt service coverage (i)	>2.25x	<b>3.04</b>	3.09	<b>3.01</b>	3.05
Fixed charge coverage (i)	>1.10x	<b>1.15</b>	1.16	<b>1.15</b>	1.15
Unencumbered assets		<b>\$ 7,960,084</b>	\$ 7,966,491	<b>\$ 8,000,315</b>	\$ 7,970,296
Unencumbered assets to unsecured debt	>200%	<b>228%</b>	231%	<b>229%</b>	231%
NOI generated from unencumbered assets (ii)	>50.0%	<b>59.2%</b>	59.1%	<b>59.6%</b>	59.1%
Unsecured debt to total debt	60%	<b>58.9%</b>	58.7%	<b>57.7%</b>	57.6%

(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 March 31, 2019, we outperformed our targets for all the debt metrics as summarized above.

Despite nearly \$1.3 billion of secondary market asset dispositions completed since the announcement of the Canadian major market strategy and a development balance of \$1.2 billion as of March 31, 2019, 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 7.88x for the rolling twelve months ended December 31, 2018 to 7.94x for the rolling twelve months ended March 31, 2019. Adjusted EBITDA, which is an input in the calculation of the first four metrics in the table above, declined modestly by \$5.3 million or 0.7% at RioCan's proportionate share despite substantial property dispositions, as the loss of EBITDA from property dispositions was offset, to quite an extent, by same property NOI growth and development completions.

The interest coverage ratio at RioCan's proportionate share for the rolling twelve months ended March 31, 2019 declined modestly compared to December 31, 2018, mainly due to a modest decline in Adjusted EBITDA and higher interest costs resulting from higher effective interest rates over the comparable periods.

Debt service coverage at RioCan's proportionate share for the rolling twelve months ended March 31, 2019 declined slightly when compared to December 31, 2018 due to the impact of modestly lower Adjusted EBITDA and higher interest costs as noted above.

The fixed charge coverage ratio at RioCan's proportionate share for the rolling twelve months ended March 31, 2019 is consistent with December 31, 2018, mainly due to modestly lower Adjusted EBITDA and higher interest costs, largely offset by lower distributions as a result of unit buybacks since Q4 2017.

The Trust continued to grow its unencumbered asset pool at RioCan's proportionate share, increasing it from \$7.97 billion as at December 31, 2018 to \$8.00 billion as at March 31, 2019. The percentage of NOI at RioCan's proportionate share generated from unencumbered assets increased by 50 basis points to 59.6% as of March 31, 2019 over the same period. The unencumbered assets to unsecured debt ratio at RioCan's proportionate share decreased from 231% as at December 31, 2018 to 229% as at March 31, 2019, remaining well above our 200% target.

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

Twelve months ended <i>(thousands of dollars)</i>	IFRS					
	March 31, 2019			December 31, 2018		
	Continuing Operations	Discontinued Operations	Total	Continuing Operations	Discontinued Operations	Total
Net income attributable to unitholders	\$ 584,687	\$ 716	\$ 585,403	\$ 527,362	\$ 741	\$ 528,103
Add (deduct) the following items:						
Income tax expenses (recovery):						
Current	(298)	799	501	—	1,188	1,188
Deferred	(760)	—	(760)	(1,440)	—	(1,440)
Fair value (gains) on investment properties, net	(69,574)	—	(69,574)	(18,304)	—	(18,304)
Change in unrealized fair value on marketable securities (i)	30,326	—	30,326	42,767	—	42,767
Internal leasing costs	11,442	—	11,442	11,294	—	11,294
Non-cash unit based compensation expense	6,821	—	6,821	6,826	—	6,826
Interest costs	170,990	—	170,990	168,299	—	168,299
Depreciation and amortization	4,514	—	4,514	4,575	—	4,575
Transaction gains on the sale of investment properties, net (ii)	(728)	—	(728)	(78)	—	(78)
Transaction costs on investment properties	14,922	160	15,082	17,761	153	17,914
Operational lease revenue and expenses from ROU assets (iii)	428	—	428	—	—	—
<b>Adjusted EBITDA</b>	<b>\$ 752,770</b>	<b>\$ 1,675</b>	<b>\$ 754,445</b>	<b>\$ 759,062</b>	<b>\$ 2,082</b>	<b>\$ 761,144</b>
Debt, net of cash and cash equivalents is calculated as follows:						
Average debt outstanding			\$ 5,988,044			\$ 5,988,106
Less: average cash and cash equivalents			(76,930)			(80,999)
<b>Debt, net of cash and cash equivalents</b>			<b>\$ 5,911,114</b>			<b>\$ 5,907,107</b>
<b>Debt to Adjusted EBITDA</b>			<b>7.84</b>			<b>7.76</b>

- (i) Adjustment is a result of adopting IFRS 9 on January 1, 2018 without prior period restatement. The \$6.8 million fair value gains on marketable securities under IFRS 9 for the three months ended March 31, 2019 include both the change in unrealized fair value and realized gains on sale of marketable securities. Refer to note 15 of RioCan's Consolidated Financial Statements 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.
- (ii) Includes transaction gains and losses realized on the disposal of Canadian and U.S. investment properties.
- (iii) The Trust has also included adjustments for certain subleases or leases that are classified as finance leases under IFRS 16 effective January 1, 2019, consistent with the adjustments in the REALPAC definitions of FFO and ACFO that were recently released in February 2019. The adjustment relates to operational revenue and expenses from ROU assets as a result of certain subleases and leases that were classified as operating leases under IAS 17 and are classified as finance leases under IFRS 16, such that the principal portion of the relevant lease receipt and/or lease payment continues to be reflected in Adjusted EBITDA upon the adoption of IFRS 16 on January 1, 2019.

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Twelve months ended	RioCan's proportionate share					
	March 31, 2019			December 31, 2018		
(thousands of dollars)	Continuing Operations	Discontinued Operations	Total	Continuing Operations	Discontinued Operations	Total
Net income attributable to unitholders	\$ 584,687	\$ 716	\$ 585,403	\$ 527,362	\$ 741	\$ 528,103
Add (deduct) the following items:						
Income tax expense (recovery):						
Current	(298)	799	501	—	1,188	1,188
Deferred	(760)	—	(760)	(1,440)	—	(1,440)
Fair value gains on investment property, net	(69,701)	—	(69,701)	(19,526)	—	(19,526)
Change in unrealized fair value on marketable securities (i)	30,326	—	30,326	42,767	—	42,767
Internal leasing costs	11,442	—	11,442	11,294	—	11,294
Non-cash unit based compensation expense	6,821	—	6,821	6,826	—	6,826
Interest costs	175,257	—	175,257	172,279	—	172,279
Depreciation and amortization	4,514	—	4,514	4,575	—	4,575
Transaction gains on the sale of investment properties, net (ii)	(728)	—	(728)	(78)	—	(78)
Transaction costs on investment properties	14,923	160	15,083	17,762	153	17,915
Operational lease revenue and expenses from ROU assets (iii)	412	—	412	—	—	—
<b>Adjusted EBITDA</b>	<b>\$ 756,895</b>	<b>\$ 1,675</b>	<b>\$ 758,570</b>	<b>\$ 761,821</b>	<b>\$ 2,082</b>	<b>\$ 763,903</b>
Debt, net of cash and cash equivalents is calculated as follows:						
Average debt outstanding			\$ 6,100,591			\$ 6,099,892
Less: average cash and cash equivalents			(80,115)			(84,034)
<b>Debt, net of cash and cash equivalents</b>			<b>\$ 6,020,476</b>			<b>\$ 6,015,858</b>
<b>Debt to Adjusted EBITDA</b>			<b>7.94</b>			<b>7.88</b>

- (i) Adjustment is a result of adopting IFRS 9 on January 1, 2018 without prior period restatement. The \$6.8 million fair value gains on marketable securities under IFRS 9 for the three months ended March 31, 2019 include both the change in unrealized fair value and realized gains on sale of marketable securities. Refer to note 15 of RioCan's Consolidated Financial Statements 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.
- (ii) Includes transaction gains and losses realized on the disposal of Canadian and U.S. investment properties.
- (iii) The Trust has also included adjustments for certain subleases or leases that are classified as finance leases under IFRS 16 effective January 1, 2019, consistent with the adjustments in the REALPAC definitions of FFO and ACFO that were recently released in February 2019. The adjustment relates to operational revenue and expenses from ROU assets as a result of certain subleases and leases that were classified as operating leases under IAS 17 and are classified as finance leases under IFRS 16, such that the principal portion of the relevant lease receipt and/or lease payment continues to be reflected in Adjusted EBITDA upon the adoption of IFRS 16 on January 1, 2019.

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## 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 March 31, 2019	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	\$ 5,566,351	93.8%	3.52	3.52%	3.56%
Floating rate	365,304	6.2%	1.14	3.21%	3.27%
<b>Total debt</b>	<b>\$ 5,931,655</b>	<b>100.0%</b>	<b>3.37</b>	<b>3.50%</b>	<b>3.54%</b>

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	928,315	15.8%	2.64	3.34%	3.34%
<b>Total debt</b>	<b>\$ 5,874,033</b>	<b>100.0%</b>	<b>3.30</b>	<b>3.51%</b>	<b>3.55%</b>

The following table summarizes the activity in total debt for the three months ended March 31, 2019:

(thousands of dollars)

Three months ended March 31, 2019	Debentures	Mortgages Payable	Lines of Credit and Other Bank Loans	Total
Contractual obligations, beginning of period	\$ 2,750,000	\$ 2,211,800	\$ 916,481	\$ 5,878,281
Borrowings	—	80,000	374,165	454,165
Scheduled amortization	—	(9,191)	—	(9,191)
Repayments	—	(132,967)	(312,874)	(445,841)
Assumed on the acquisition of properties (i)	—	58,913	—	58,913
<b>Contractual obligations, end of period</b>	<b>\$ 2,750,000</b>	<b>\$ 2,208,555</b>	<b>\$ 977,772</b>	<b>\$ 5,936,327</b>
Unamortized differential between contractual and market interest rates on liabilities assumed at the acquisition of properties and unamortized debt modification losses	—	9,660	718	10,378
Unamortized debt financing costs, net of premiums and discounts	(7,444)	(3,364)	(4,242)	(15,050)
<b>Balance, end of period</b>	<b>\$ 2,742,556</b>	<b>\$ 2,214,851</b>	<b>\$ 974,248</b>	<b>\$ 5,931,655</b>

(i) Contractual balance of debt assumed excludes a mark-to-market adjustment of \$0.4 million on debt relating to one acquisition, which is included in the Unamortized differential between contractual and market interest rates on liabilities assumed at the acquisition of properties and unamortized debt modification losses line item.

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

(thousands of dollars, except percentage amounts)	Contractual principal maturities and interest rates							
	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 (i)	\$ 350,000	3.85%	\$ 235,487	4.33%	\$ 233,646	3.17%	\$ 819,133	3.79%
2020	400,000	2.72%	488,752	3.66%	—	—%	888,752	3.24%
2021	550,000	2.89%	345,513	4.39%	—	—%	895,513	3.47%
2022	550,000	3.25%	173,680	3.34%	—	—%	723,680	3.27%
2023	500,000	3.42%	288,397	3.48%	244,126	3.28%	1,032,523	3.40%
Thereafter	400,000	3.95%	676,726	3.79%	500,000	3.36%	1,576,726	3.70%
	\$ 2,750,000	3.31%	\$ 2,208,555	3.84%	\$ 977,772	3.30%	\$ 5,936,327	3.50%
Unamortized differential between contractual and market interest rates on liabilities assumed at the acquisition of properties							10,378	
Unamortized debt financing costs, net of premiums and discounts							(15,050)	
<b>Balance</b>							<b>\$ 5,931,655</b>	

(i) Amounts pertain to the remaining nine months of 2019.



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## Debentures Payable

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

Year of debenture maturity	Weighted average contractual interest rate	Principal maturities
2019 (i)	3.85%	\$ 350,000
2020	2.72%	400,000
2021	2.89%	550,000
2022	3.25%	550,000
2023	3.42%	500,000
Thereafter	3.95%	400,000
Contractual obligations		\$ 2,750,000
Unamortized debt financing costs		(7,444)
		\$ 2,742,556

(i) Amounts pertain to the remaining nine months of 2019.

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.

## Mortgages Payable

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

As at	March 31, 2019	December 31, 2018
Fixed rate mortgages	\$ 2,124,800	\$ 2,128,255
Floating rate mortgages	90,051	90,015
	\$ 2,214,851	\$ 2,218,270

At the outset of 2019, RioCan had \$310.2 million of mortgage principal maturing in 2019 at a weighted average contractual interest rate of 4.12%. For the three months ended March 31, 2019, RioCan completed new term mortgage borrowings of \$80.0 million at a weighted average interest rate of 3.71% and a weighted average term of 10 years. For the three months ended March 31, 2019, repayments of mortgage balances and scheduled amortization amounted to \$142.2 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	March 31, 2019	December 31, 2018
Revolving unsecured operating line of credit (i)	\$ 41,607	\$ 350,190
Non-revolving unsecured credit facilities (i)	698,995	349,459
Construction lines and other bank loans	233,646	213,481
	\$ 974,248	\$ 913,130

(i) Amount outstanding is net of a total of \$4.2 million in unamortized financing costs.

### Revolving Unsecured Operating Line of Credit

RioCan had a drawn balance of \$44.1 million and \$955.9 million of credit availability to be drawn from this revolving unsecured operating line of credit at March 31, 2019. Proceeds from a new non-revolving unsecured facility were used to reduce the drawn balance on the revolving unsecured operating line of credit during the quarter. The weighted average contractual interest rate on amounts drawn under this facility was 3.27% (December 31, 2018 - 3.41%).

Subsequent to quarter end, the Trust exercised its option to extend the maturity date on its operating line of credit to May 31, 2024. 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), with a maturity date of January 31, 2023 bearing interest at a rate of Bankers' Acceptances plus 110 basis points per annum. On January 7, 2019, 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 million of this credit facility was previously fixed at 3.125%.

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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), with an initial maturity date of December 27, 2019 and initial interest at a rate of Bankers' Acceptances plus 100 basis points per annum. On February 7, 2019, 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.

On February 7, 2019, 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). 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%.

As of March 31, 2019, all of the Trusts non-revolving unsecured credit facilities are fully drawn.

### 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 March 31, 2019, these secured facilities and other bank loans have an aggregate maximum borrowing capacity of \$307.4 million and mature in 2019, of which the Trust had drawn \$233.6 million (December 31, 2018 - \$213.5 million). The weighted average contractual interest rate on the aggregate amounts outstanding is 3.17% (December 31, 2018 - 3.36%).

### Letter of Credit Facilities

The Trust has aggregate letter of credit facilities with certain Schedule I banks totaling \$77.9 million (December 31, 2018 - \$77.9 million). As at March 31, 2019, the Trust's outstanding letters of credit under these facilities was \$52.0 million (December 31, 2018 - \$47.5 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 March 31, 2019, RioCan had the following sources of liquidity available:

- \$49.9 million of cash and cash equivalents;
- \$955.9 million of cash available under its undrawn revolving unsecured operating line of credit;
- \$73.8 million of cash available under undrawn construction facilities to fund future construction commitments; and
- 154 unencumbered investment properties with a fair value of \$8.0 billion.

RioCan's liquidity profile is as follows:

<i>(thousands of dollars)</i>	IFRS		RioCan's proportionate share	
	March 31, 2019	December 31, 2018	March 31, 2019	December 31, 2018
As at				
Cash and cash equivalents	\$ 49,881	\$ 74,698	\$ 53,826	\$ 77,188
Undrawn revolving unsecured operating line of credit	955,873	647,000	955,873	647,000
Undrawn construction lines of credit and other bank loans	73,758	97,923	73,758	97,923
<b>Liquidity</b>	<b>\$ 1,079,512</b>	<b>\$ 819,621</b>	<b>\$ 1,083,457</b>	<b>\$ 822,111</b>
Contractual debt:				
Debentures payable	\$ 2,750,000	\$ 2,750,000	\$ 2,750,000	\$ 2,750,000
Mortgages payable	2,208,555	2,211,800	2,309,485	2,280,391
Lines of credit and other bank loans	977,772	916,481	992,653	961,548
<b>Total contractual debt</b>	<b>\$ 5,936,327</b>	<b>\$ 5,878,281</b>	<b>\$ 6,052,138</b>	<b>\$ 5,991,939</b>
Percentage of total contractual debt:				
Liquidity	18.2%	13.9%	17.9%	13.7%
Unsecured debt	58.9%	58.7%	57.7%	57.6%
Secured debt	41.1%	41.3%	42.3%	42.4%



## MANAGEMENT'S DISCUSSION AND ANALYSIS

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:

<i>(thousands of dollars)</i>	2019(ii)	2020	2021	2022	2023	Thereafter	Total
<b>Contractual obligations:</b>							
Lines of credit and other bank loans	\$ 233,646	\$ —	\$ —	\$ —	\$ 244,126	\$ 500,000	\$ 977,772
Mortgages payable	235,487	488,752	345,513	173,680	288,397	676,726	2,208,555
Unsecured debentures	350,000	400,000	550,000	550,000	500,000	400,000	2,750,000
Lease liabilities (iii)	1,505	1,684	1,307	1,413	1,474	29,255	36,638
Other lease obligations	241	702	—	—	—	—	943
<b>Total</b>	<b>\$ 820,879</b>	<b>\$ 891,138</b>	<b>\$ 896,820</b>	<b>\$ 725,093</b>	<b>\$ 1,033,997</b>	<b>\$ 1,605,981</b>	<b>\$ 5,973,908</b>
Active committed developments (i)	273,551	288,582	98,584	—	—	—	660,717
<b>Total</b>	<b>\$ 1,094,430</b>	<b>\$ 1,179,720</b>	<b>\$ 995,404</b>	<b>\$ 725,093</b>	<b>\$ 1,033,997</b>	<b>\$ 1,605,981</b>	<b>\$ 6,634,625</b>

(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.

(ii) Amounts pertain to the remaining nine months of 2019.

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

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 March 31, 2019 can also allow us to support additional financing, if needed.

RioCan has also entered into purchase obligations to acquire certain interests from its partners as further described in note 5 in the Consolidated Financial Statements.

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.

### Unencumbered Assets

The fair value of the unencumbered investment property assets as at March 31, 2019 is estimated at approximately \$8.0 billion for 154 properties or 59.9% of the total fair value of investment properties as compared to 153 properties with a fair value of \$8.0 billion as at December 31, 2018. This has resulted in approximately 59.2% of the Trust's annualized NOI being generated by unencumbered assets (December 31, 2018 - 59.1%), 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:

<i>(thousands of dollars)</i>	Number of Properties	Investment Properties	Total contractual mortgages payable		
			2019	2020	Thereafter
As at March 31, 2019					
Unencumbered assets (i)	154	\$ 7,960,084	\$ —	\$ —	\$ —
Encumbered assets with mortgages maturing in 2019	14	869,251	235,487	—	—
Encumbered assets with mortgages maturing in 2020	18	1,360,690	—	488,752	—
Encumbered assets with mortgages maturing thereafter	44	3,089,645	—	—	1,484,316
<b>Total</b>	<b>230</b>	<b>\$ 13,279,670</b>	<b>\$ 235,487</b>	<b>\$ 488,752</b>	<b>\$ 1,484,316</b>

(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 strategy to focus on major markets.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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

<i>(thousands of dollars)</i>	IFRS		RioCan's proportionate share	
	March 31, 2019	December 31, 2018	March 31, 2019	December 31, 2018
As at				
Unencumbered assets	\$ 7,960,084	\$ 7,966,491	\$ 8,000,315	\$ 7,970,296
Unsecured debt:				
Debentures	\$ 2,750,000	\$ 2,750,000	\$ 2,750,000	\$ 2,750,000
Amounts drawn on revolving unsecured operating line of credit	44,127	353,000	44,127	353,000
Amounts drawn on non-revolving unsecured credit facilities	700,000	350,000	700,000	350,000
Total unsecured debt outstanding	\$ 3,494,127	\$ 3,453,000	\$ 3,494,127	\$ 3,453,000
Unsecured debt to total debt	58.9%	58.7%	57.7%	57.6%
Unencumbered assets to unsecured debt	228%	231%	229%	231%
NOI generated from unencumbered assets (i)	59.2%	59.1%	59.6%	59.1%

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

### Guarantees

As at March 31, 2019, the maximum exposure to loss resulting from the Trust's debt guarantees, on behalf of certain of our co-owners' interests and mortgages assumed by purchasers on property dispositions, is \$323.7 million (December 31, 2018 - \$309.2 million), with expiries between 2019 and 2023. 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 three months ended March 31, 2019, 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 Consolidated Financial Statements.

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

<i>(thousands of dollars)</i>	March 31, 2019	December 31, 2018
As at		
Partners and co-owners		
HBC (RioCan-HBC JV)	\$ 43,186	\$ 43,523
Bayfield	63,110	63,230
Metropia and Bazis	130,109	119,454
Other	29,615	24,984
	\$ 266,020	\$ 251,191
Assumption of mortgages by purchasers on property dispositions	57,687	58,029
	\$ 323,707	\$ 309,220

### Hedging Activities

#### Interest Rate Risk

As at March 31, 2019, the outstanding notional amount of floating-to-fixed interest rate swaps was \$1.3 billion (December 31, 2018 – \$764.4 million) and the term to maturity of these agreements ranges from April 2020 to November 2028. We assess the effectiveness of the hedging relationship on a quarterly basis and have determined there is no ineffectiveness in the hedging of interest rate exposures as at March 31, 2019. Refer to note 22 of the Consolidated Financial Statements for further details.

#### Cross Currency Interest Rate Swaps

On occasion, we will fund our Canadian assets by electing to draw on our operating credit facility in U.S. dollars bearing interest at U.S. LIBOR when it is determined that it is economically advantageous to do so. As at March 31, 2019, the Trust has no cross currency interest rate swaps outstanding.