RioCan-HBC JV

As at December 31, 2020, the Trust's ownership interest in RioCan-HBC JV was 12.6% (December 31, 2019 - 12.6%). The following tables present the financial results of RioCan-HBC JV on a 100% basis:

Condensed Statements of Financial Position

(thousands of dollars)				
As at		**December 31, 2020**		December 31, 2019
Current assets	**$**	**4,068**	$	4,679
Non-current assets		**1,990,538**		2,037,539
Current liabilities		**313,707**		10,006
Non-current liabilities (i)		**508,094**		812,093
Net assets	**$**	**1,172,805**	$	1,220,119
RioCan's share of net assets in RioCan-HBC JV (ii)	**$**	**150,578**	$	156,554

(i) Includes mortgages payable and lines of credit with maturities beyond twelve months.

(ii) Represents RioCan's proportionate share of net assets and other acquisition-related costs.

Condensed Statements of Income (Loss)

	Three months ended December 31				Years ended December 31			
(thousands of dollars)		**2020**		2019		**2020**		2019
Rental revenue	**$**	**35,470**	$	35,985	**$**	**142,409**	$	145,255
Operating expenses		**5,304**		4,864		**22,499**		20,767
Fair value losses		**(18,149)**		(45,739)		**(70,566)**		(67,772)
Interest expense		**8,968**		9,845		**36,632**		39,042
Net income (loss)	**$**	**3,049**	$	(24,463)	**$**	**12,712**	$	17,674
RioCan's share of net income (loss) in RioCan-HBC JV	**$**	**382**	$	(3,087)	**$**	**1,590**	$	2,208
RioCan's share of FFO in RioCan-HBC JV	**$**	**2,664**	$	2,677	**$**	**10,463**	$	10,733

The changes in RioCan's share of net income (loss) in this JV over the comparable periods were primarily due to fair value changes. RioCan's share of FFO in the JV has been relatively stable for the quarter and year when compared to the same periods in the prior year. Relative to the previous quarter, FFO from the JV increased by about $0.2 million.

On February 5, 2021, RioCan contributed the remaining $140.1 million investment commitment related to the RioCan-HBC JV, which increased RioCan's ownership interest in the RioCan-HBC JV to 20.2%.

DEVELOPMENT PROGRAM

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. Refer to the *Business Overview and Strategy, Business Environment and Outlook,* and *Risks and Uncertainties* sections of this MD&A for discussions about the development environment in general and under the pandemic specifically, as well as associated risks. Development risk management is essential to the Trust's success. 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 suboptimal development activities.
- RioCan utilizes strategic partnerships 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 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 *Development Program* section of this MD&A, are subject to change. Such changes may be material to the Trust. 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 December 31, 2020, RioCan's investments in greenfield development and residential inventory as a percentage of consolidated Unitholders' equity is 4.8% 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 December 31, 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 26 of the 2020 Annual Consolidated Financial Statements for further details.

Development Pipeline

RioCan's development pipeline as at December 31, 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	434	434	—	434	—	—
Urban Intensification (vi)	10	3,158	2,947	211	1,007	865	1,075
	12	**3,592**	**3,381**	**211**	**1,441**	**865**	**1,075**
Expansion & Redevelopment (vii)	8	111	111	—	111	—	—
Subtotal	**20**	**3,703**	**3,492**	**211**	**1,552**	**865**	**1,075**
B. Active projects with cost estimates in progress(viii)	**23**	**18,112**	**16,503**	**1,609**	**3,446**	**13,057**	**—**
Total Active Projects	**43**	**21,815**	**19,995**	**1,820**	**4,998**	**13,922**	**1,075**
C. Future estimated density(ix)	**15**	**19,947**	**19,636**	**311**	**2,016**	**17,620**	**—**
Total development pipeline	**58**	**41,762**	**39,631**	**2,131**	**7,014**	**31,542**	**1,075**

(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 0.3 million square feet that are currently IPP.

(vi) Urban Intensification projects include approximately 1.2 million square feet that are currently IPP including 0.8 million of air rights that have been sold.

(vii) Expansion and Redevelopment projects include approximately 49 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 2.2 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 until the air rights are sold. As a result, density related to air rights sales is included as part of the PUD square footage.

It should be noted that the explanations or definitions in the footnotes for terms of the above table have the same meanings for the same terms across this MD&A. They will not be repeated after each relevant table.

Approximately 6.4 million square feet of NLA out of the total estimated 41.8 million square feet development pipeline is existing NLA which is currently income producing or air rights that have been sold, resulting in net incremental density estimated at 35.5 million square feet as of December 31, 2020. When compared to the Trust's development pipeline as of December 31, 2019, the development pipeline has increased by 12.7 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 the following projects:

- 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
- 0.8 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 at RioCan's ownership interest. ePlace, King Portland Centre, Frontier and Brio were removed from the pipeline in 2020 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.

			Estimated Density (NLA) at RioCan's interest					
						Components of PUD		
(thousands of sq. ft., unless otherwise noted)	Number of Projects	% of square footage zoned	Total	PUD	Residential Inventory	Commercial	Residential Rental	Air Rights Sale
Zoning approved	36	33.8 %	14,100	12,741	1,359	4,225	7,441	1,075
Zoning applications submitted	7	18.4 %	7,715	7,254	461	773	6,481	—
Future estimated density	15	47.8 %	19,947	19,636	311	2,016	17,620	—
Total development pipeline	**58**	**100.0 %**	**41,762**	**39,631**	**2,131**	**7,014**	**31,542**	**1,075**

Zoned NLA decreased by 0.5 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 removal of ePlace, King Portland Centre, Frontier and Brio which were completed. With the exception of two small redevelopment projects, all of the projects in development pipeline are located in the six major markets and are typically located in the vicinity of existing or planned substantive transit infrastructure with 73.6% 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	38	30,741	73.6 %
Ottawa	8	2,519	6.0 %
Calgary	4	2,864	6.9 %
Montreal	2	1,181	2.8 %
Edmonton	2	2,712	6.5 %
Vancouver	2	1,712	4.1 %
Total Six Major Markets	56	41,729	99.9 %
Other (i)	2	33	0.1 %
Total development pipeline	**58**	**41,762**	**100.0 %**

(i) Relates to smaller redevelopment projects.

Estimated PUD Project Costs

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, but are net of estimated costs recoveries and proceeds from air rights sales.

RioCan's share of estimated PUD project costs as of December 31, 2020 for the 20 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 and net of projected proceeds from development dispositions, are summarized in the table below. Costs relating to condominiums and townhouse developments are excluded in the following table as they are included in *Residential Inventory* in the 2020 Annual 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	Total Estimated Costs	Completed (IPP)	PUD	Total	Estimated PUD Costs to Complete
Greenfield Development	2	434	$ 191,221	$ 104,523	$ 56,520	$ 161,043	$ 30,178
Urban Intensification	10	2,947	1,655,847	316,915	749,085	1,066,000	589,847
	12	3,381	1,847,068	421,438	805,605	1,227,043	620,025
Expansion & Redevelopment (iii)	8	111	72,456	—	51,808	51,808	20,648
Active projects with detailed cost estimates	**20**	**3,492**	**$ 1,919,524**	**$ 421,438**	**$ 857,413**	**$ 1,278,851**	**$ 640,673**
Development Lands and Other (i)		—	391,057	—	391,057	391,057	—
Projected proceeds from dispositions (ii)		—	(43,248)	—	—	—	(43,248)
Total			**$ 2,267,333**	**$ 421,438**	**$ 1,248,470**	**$ 1,669,908**	**$ 597,425**
Fair Value to Date				**$ 426,940**	**$ 1,353,982**	**$ 1,780,922**	

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

(ii) Represents conditional land 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.

(iii) 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 costs for the 20 active projects with detailed cost estimates as of December 31, 2020 decreased by $467.7 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 and the deduction of proceeds from air right sales for two Urban Intensification projects, 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 December 31, 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)	$ 1,876,276	$ 421,438	$ 857,413	$ 1,278,851	$ 597,425
Non-committed	391,057	—	391,057	391,057	—
Total	**$ 2,267,333**	**$ 421,438**	**$ 1,248,470**	**$ 1,669,908**	**$ 597,425**

(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.

Incremental Value Creation

For the 20 active properties under development with detailed costs estimates, as well as development lands and other, as summarized under the *Estimated PUD Project Costs* section of this MD&A, the Trust has recognized $111.0 million of cumulative fair value gains as of December 31, 2020. Most of the recognized cumulative fair value gains are related to the present value of the air rights sales at The Well based on firm agreements, increased valuations of excess land held for future development or fair value gains upon sales of co-ownership interests to partners such as in the case of Sandalwood Square.

The Trust anticipates realizing substantial net value creation from its additional 18.1 million square feet of excess density that are either zoned or have zoning applications submitted as well as the 19.9 million square feet of future density. As of December 31, 2020, nominal fair value gains or inventory gains have been recognized relating to these 38.1 million square feet of density.

Properties under Development Continuity

	Three months ended December 31		Years ended December 31	
(thousands of dollars)	**2020**	2019	**2020**	2019
Balance, beginning of year	**$ 1,489,164**	$ 1,229,477	**$ 1,260,382**	$ 1,036,495
Acquisitions (i)	**2,110**	—	**36,149**	118,541
Dispositions (i)	**(48,157)**	—	**(84,610)**	(38,141)
Development expenditures	**129,801**	139,313	**457,109**	438,820
Transfers PUD to IPP - cost	**(290,194)**	(92,302)	**(386,630)**	(347,575)
Transfers PUD to IPP - fair value (gains) losses	**18,637**	(2,574)	**4,817**	(10,830)
Transfers IPP to PUD	**48,700**	32,715	**161,037**	37,615
Transfers to residential inventory	**(18,585)**	(32,301)	**(71,259)**	(32,301)
Fair value (losses) gains, net	**19,616**	(14,627)	**(25,903)**	57,077
Earn-out consideration	**2,890**	681	**2,890**	681
Balance end of year	**$ 1,353,982**	$ 1,260,382	**$ 1,353,982**	$ 1,260,382

(i) Refer to *Acquisitions and Dispositions* section of this MD&A for development property acquisitions and dispositions.

Completed Developments in 2020

During the year, RioCan transferred $386.6 million in costs to income producing properties pertaining to 529,000 square feet of completed development projects. A summary of RioCan’s NLA development completions during the year is as follows:

		NLA at RioCan's Interest					
(thousands of sq. ft.)		2020					
Property location	RioCan’s % ownership	Total NLA	Q4	Q3	Q2	Q1	Tenants
Greenfield Development							
Windfields Farm	100 %	90	59	31	—	—	The Bank of Nova Scotia, Starbucks, TD Bank, Symposium Café, Pet Valu, FreshCo, LCBO
Total Greenfield Development		**90**	**59**	**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 %	44	1	20	—	23	Olympia Liquor, Winners
Yonge Sheppard Centre Residential (Pivot)	100 %	258	258	—	—	—	Residential Tower
Total Urban Intensification		**374**	**259**	**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 %	7	2	5	—	—	Mr. Lube, Tim Hortons, A&W
East Hills North	40 %	6	—	6	—	—	Staples
Burlington Centre	50 %	8	—	8	—	—	Mark's Work Wearhouse
Total Expansion and Redevelopment		**65**	**2**	**21**	**—**	**42**	
Total Development Completion		**529**	**320**	**72**	**4**	**133**	

Annual Development Spending and Completion Outlook

As most of the Trust's current development projects are considered essential projects under the government guidelines, we did not experience material slowdowns in construction in 2020. During the year, the Trust's reduced development spend in the early stages of the COVID-19 pandemic was more than offset by productivity gains when restrictions for essential projects were eased.

Similarly and despite the ongoing pandemic, annual development expenditures for 2021 are estimated to be in the $500 million range, which are net of projected cost recovery and proceeds from air rights sales. This estimate range includes approximately $400 million of costs on PUD projects and approximately $100 million on residential inventory projects. Inventory projects satisfy market demand for home ownership and enable the Trust to accelerate capital recycling to further fund its development program. For 2022 and beyond, the Trust expects that development spend will be lower than that of 2021 due to the completion of a significant portion of The Well in 2021, staggering development starts and sharing development costs and risks through existing and future strategic partnerships.

Overall, the Trust expects 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 at approximately 10%, despite the maximum of 15% permitted under the Trust's revolving unsecured operating line of credit and other credit facilities agreements. As of December 31, 2020, this metric was 10.3%. Refer to Note 26 of the 2020 Annual Consolidated Financial Statements for additional details. The increase in this metric when compared to last year was driven by the timing of development spending and completions, as well as fair value write-downs in the year as a result of the pandemic.

The Trust has been funding and will continue to fund its developments primarily through proceeds from 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. The one-third distribution reduction taking effect in January 2021 will conserve approximately $152.0 million on a year to fund development and other value creation initiatives.

The Trust's estimated development completions for the next two years are summarized as follows:

(thousands of dollars, unless otherwise noted)	Projected Development Completions (at RioCan's Interest)		
Year of completion	NLA Completion (SF)	Cost Transfers from PUD to IPP (i)	Incremental Stabilized NOI
2021	610,395	$481,779	$20,495
2022	888,870	$812,171	$38,233

(i) 2022 cost transfers include multiple projects, most notably the substantial completion of The Well and its transfer to IPP.

The above project completion estimates are subject to changes due to risks and uncertainties as discussed in this MD&A. The cost transfers estimates represent estimated gross IFRS project costs net of proceeds from sales of air rights including costs recoveries 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.

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 and Strategy*, *Business Environment and Outlook,* 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. The Trust currently has four RioCan Living properties or 1,218 residential rental units in operation and lease-up. In addition, the Trust has 1,453 residential rental units currently under construction among six projects and estimates to have an additional 1,542 residential rental units in different phases of development by 2022, including construction. The following table summarizes the Trust's mixed-use residential projects that have been currently identified, 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						
								PUD Components			
	(thousands of sq. ft.)	Locations	RioCan Ownership % (Partner)	Total NLA at 100%	Total	PUD	Residential Inventory	Commercial	Residential Rental	Air Rights Sale
A	**Active mixed-use residential projects with detailed cost estimates (ii)**									
	Urban Intensification									
	Dupont Street (Litho) (i)	Toronto, ON	50% (Woodbourne)	178	89	89	—	16	73	—
	Fifth and Third East Village (5th & THIRD) (i)	Calgary, AB	100%	795	795	795	—	153	—	642
	Yorkville (11 YV) (i)	Toronto, ON	50% (CD Capital/ Metropia)	502	251	40	211	17	23	—
	The Well (i)	Toronto, ON	50% commercial (Allied), 40% residential (Allied/Diamond)	2,615	1,199	1,199	—	766	—	433
	Yonge Sheppard Centre Residential (Pivot) (i)	Toronto, ON	100%	258	258	258	—	—	258	—
	College & Manning (Strada) (i)	Toronto, ON	50% (Allied)	108	54	54	—	30	24	—
	Gloucester - Phase Two (Latitude) (i)	Gloucester, ON	50% (Killam)	167	83	83	—	—	83	—
	Elmvale Acres - Phase One (Luma) (i)	Ottawa, ON	50% (Killam)	135	68	68	—	5	63	—
	Westgate - Phase One (Rhythm) (i)	Ottawa, ON	100%	165	165	165	—	20	145	—
	The Well - (FourFifty The Well) (i)	Toronto, ON	50% (Woodbourne)	393	196	196	—	—	196	—
	Total active mixed-use residential projects with detailed cost estimates - 10 projects (ii)			**5,316**	**3,158**	**2,947**	**211**	**1,007**	**865**	**1,075**
B	**Active mixed-use residential projects with cost estimates in progress (iii)**									
	Approved Zoning									
	Sunnybrook Plaza (i)	Toronto, ON	50% (Concert)	339	170	170	—	22	148	—
	Clarkson Village (i)	Mississauga, ON	100%	454	454	454	—	35	419	—
	Gloucester Future Phases (i)	Gloucester, ON	50% (Killam)	482	241	241	—	10	231	—
	Brentwood Village - Phase Two (i)	Calgary, AB	100%	810	810	810	—	405	405	—
	Millwoods Town Centre (i)	Edmonton, AB	100%	1,649	1,649	1,649	—	749	900	—
	Elmvale Acres Future Phases (i)	Ottawa, ON	100%	423	423	423	—	113	310	—
	Westgate Future Phases (i)	Ottawa, ON	100%	537	537	537	—	67	470	—
	Southland Crossing (i)	Calgary, AB	100%	968	968	968	—	187	781	—
	Windfields Farm (i)(v)	Oshawa, ON	100% of commercial, 50% of residential (Tribute)	1,807	1,251	695	556	695	—	—
	Markington Square (i)	Toronto, ON	100%	893	893	893	—	79	814	—
	RioCan Durham Centre (i)	Ajax, ON	100%	292	292	292	—	8	284	—
	Queensway (i)	Toronto, ON	100%	426	426	43	383	35	8	—
	Dufferin Plaza (i)	Toronto, ON	50% (Maplelands)	449	224	15	209	15	—	—
	Strawberry Hill Shopping Centre (i)	Surrey, BC	100%	900	900	900	—	—	900	—
	Jasper Gates Shopping Centre(i)	Edmonton, AB	100%	1,063	1,063	1,063	—	243	820	—
	2955 Bloor Street (i)	Toronto, ON	100%	96	96	96	—	10	86	—
				11,588	**10,397**	**9,249**	**1,148**	**2,673**	**6,576**	**—**
	Zoning applications submitted									
	RioCan Grand Park	Mississauga, ON	100%	216	216	216	—	17	199	—
	RioCan Scarborough Centre	Toronto, ON	100%	3,851	3,851	3,851	—	71	3,780	—
	RioCan Leaside Centre	Toronto, ON	100%	1,345	1,345	884	461	240	644	—
	RioCan Hall	Toronto, ON	100%	757	757	757	—	280	477	—
	Sandalwood Square	Mississauga, ON	50% (Boardwalk)	1,196	598	598	—	15	583	—
	Impact Plaza	Surrey, BC	100%	812	812	812	—	114	698	—
	2323 Yonge Street	Toronto, ON	50% (Streamliner)	271	136	136	—	36	100	—
				8,448	**7,715**	**7,254**	**461**	**773**	**6,481**	**—**
	Total active mixed-use residential projects with cost estimates in progress - 23 projects ((iii)			**20,036**	**18,112**	**16,503**	**1,609**	**3,446**	**13,057**	**—**
	Total active mixed-use residential projects - 33 projects			**25,352**	**21,270**	**19,450**	**1,820**	**4,453**	**13,922**	**1,075**
C	**Future estimated density - 15 projects (iv)**			**24,085**	**19,947**	**19,636**	**311**	**2,016**	**17,620**	**—**
	Total mixed-use residential developments - 48 projects			**49,437**	**41,217**	**39,086**	**2,131**	**6,469**	**31,542**	**1,075**
	Mixed-use residential developments as a percentage of total development pipeline				**98.7 %**	**98.6 %**	**100.0 %**	**92.2 %**	**100.0 %**	**100.0 %**

(i) 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.

(ii) Active mixed-use residential projects with detailed cost estimates include approximately 1.2 million square feet that are currently IPP including 0.8 million of air rights that have been sold.

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

(iv) Future estimated density includes approximately 2.2 million square feet that is currently IPP.

(v) 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 41.2 million square feet of NLA of the Trust’s total estimated development pipeline, of which 13.6 million square feet currently have zoning approvals, 7.7 million square feet currently have zoning applications submitted and 19.9 million square feet represent sites with future density. In comparison to Q4 2019 mixed-use residential projects increased by 12.8 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 83.2% or 34.7 million square feet of the Trust's current development pipeline.

Greenfield Development

As at December 31, 2020, RioCan's two active commercial greenfield development projects with detailed costs estimates are summarized 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 %	176	114	290	$ 111,852	$ 56,694	$ 35,951	$ 92,645	$ 19,207	61%	2022
Windfields Farm Commercial Phase One, Oshawa, ON(ii)	100 %	90	54	144	79,369	47,829	20,569	68,398	10,971	82%	2021
Total Estimated PUD Costs		**266**	**168**	**434**	**$ 191,221**	**$ 104,523**	**$ 56,520**	**$ 161,043**	**$ 30,178**		
Fair Value to date						**$ 111,278**	**$ 47,131**	**$ 158,409**			

(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 February 10, 2021.

(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 February 10, 2021, approximately 293,000 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 $22.63 per square foot.

Urban Intensification

A focus within our development growth strategy is urban intensification, which is the category for our mixed-use residential development program. As at year end, the Trust has 10 active urban intensification projects with detailed cost estimates, which are summarized in the following table. Most of the 10 projects are located in Toronto and Ottawa, except for one located in Calgary.

		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 (viii)	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	$ 77,655	$ —	$ 51,309	$ 51,309	$ 26,346	100 %	2021
Fifth and Third East Village (5th & THIRD), Calgary, AB (iv) (vii)	100 %	774	21	795	95,252	68,424	23,697	92,121	3,131	89 %	2021
Yorkville (11 YV), Toronto, ON (iv) (vi)	50 %	—	40	40	48,358	—	16,887	16,887	31,471	n/a	2024
Gloucester - Phase Two (Latitude), Ottawa, ON (iv)	50 %	—	83	83	45,777	—	28,670	28,670	17,107	n/a	2021
College & Manning (Strada),Toronto, ON (iv)	50 %	27	27	54	42,242	9,123	22,213	31,336	10,906	91 %	2021
The Well, Toronto, ON (iii) (iv) (v)	50% of commercial 40% of residential air rights	135	1,064	1,199	821,826	—	540,645	540,645	281,181	85 %	2021-2022
The Well - (FourFifty The Well), Toronto, ON (iv)	50 %	—	196	196	141,956	—	13,687	13,687	128,269	n/a	2023
Yonge Sheppard Centre Residential (Pivot), Toronto, ON (iv)	100 %	258	—	258	239,573	239,368	—	239,368	205	n/a	2020
Elmvale Acres - Phase One (Luma), Ottawa, ON (iv)	50 %	—	68	68	45,256	—	20,934	20,934	24,322	n/a	2022
Westgate - Phase One (Rhythm), Ottawa, ON (iv)	100 %	—	165	165	97,952	—	31,043	31,043	66,909	n/a	2022
Total Estimated Costs (ii)		**1,194**	**1,753**	**2,947**	**$1,655,847**	**$ 316,915**	**$749,085**	**$1,066,000**	**$ 589,847**		
Fair Value to date						**$ 315,662**	**$817,808**	**$1,133,470**			

(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 February 10, 2021.

(ii) Total Costs incurred to date exclude fair value gains of $68.7 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 and approximately $75.6 million of air rights sales based on the air rights sale agreement and other agreements in place. Air rights sales for buildings A & B with gross sales proceeds of $25.0 million including costs recoveries were closed during Q4 2020. As of February 10, 2021, over 98% of the hard costs have been tendered and 98% 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 992,001 square feet or 85% of total commercial square footage 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) 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.

(vii) Approximately $32.1 million of air rights sale proceeds were received upon closing during the year ended December 31, 2020, which have been netted in total estimated and completed costs.

(viii) Completed NLA includes units transferred to IPP as well as NLA associated with air rights sold. As of December 31, 2020 RioCan has sold 0.8 million square feet of air rights.

As of February 10, 2021, approximately 706,000 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 $39.55 per square foot. In comparison to the previous quarter, the committed or in-place lease square footage increased by 66,000 square feet, primarily due to RioCan's share of the new leases signed at The Well during the fourth quarter.

Expansion & Redevelopment

A summary of RioCan's expansion and redevelopment projects as at December 31, 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	$ 4,136	$ 1,649	$ 2,481	$ 4,130	$ 6
Five Points Shopping Centre, Oshawa, ON	100 %	10	7,310	311	2,680	2,991	4,319
Place St Jean, Saint-Jean-sur-Richelieu, QC	100 %	2	1,755	356	—	356	1,399
Tanger Outlets - Kanata, Kanata, ON	50 %	18	7,991	4,040	1,314	5,354	2,637
Yonge Sheppard Centre Commercial, Toronto, ON	100 %	31	39,190	31,416	—	31,416	7,774
Properties with former Sears units (ii) - 3 projects		41	12,074	4,495	3,066	7,561	4,513
Total Estimated PUD Costs (i)		**111**	**$ 72,456**	**$ 42,267**	**$ 9,541**	**$ 51,808**	**$ 20,648**
PUD Fair Value to date						**$ 35,578**	

(i) Total estimated PUD costs include carrying amounts transferred from IPP for redevelopment and exclude historical fair value losses of $16.2 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.

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)	% Pre - sold (iii)	Inventory gain ($ millions)	Anticipated Date of Completion
A. Active mixed-use residential inventory projects with detailed cost estimates													
Windfields Farm U.C. Towns, Oshawa, ON	50% (Tribute)	170	—	170	$ 35,066	$ 35,066	$ —	$ —	$ 35,066	$ —	100.0 %	$13.0	2020
Windfields Farm U.C. Uptowns, Oshawa, ON	50% (Tribute)	—	153	153	30,228	—	6,097	236	6,333	23,895	100.0 %	$5.0 - $5.5	2022
Windfields Farm U.C. Tower, Oshawa, ON	50% (Tribute)	—	503	503	72,633	—	16,077	1,423	17,500	55,133	97.6 %	$14.0 - $16.0	2023
Yorkville (11 YV), Toronto, ON	50% (CD Capital / Metropia)	—	586	586	257,999	—	84,003	5,683	89,686	168,313	98.3 %	$68.0 - $73.0	2024
Subtotal		**170**	**1,242**	**1,412**	**$ 395,926**	**$ 35,066**	**$106,177**	**$ 7,342**	**$148,585**	**$ 247,341**		**$100.0- $107.5**	
B. Active mixed-use residential inventory projects with detailed cost estimates in progress													
Windfields Farm Future Phases, Oshawa, ON (iv)	50% (Tribute)	—	1,028	1,028	TBD	$ —	$ 1,208	$ —	$ 1,208	TBD	n.a	TBD	2026
Dufferin Plaza, Toronto, ON(v)	50% (Maplelands)	—	561	561	TBD	—	16,292	—	16,292	TBD	n.a	TBD	2027
Shoppers World Brampton Phase One, Brampton, ON	100 %	—	274	274	TBD	—	2,400	—	2,400	TBD	n.a	TBD	2025
RioCan Leaside Centre, Toronto, ON	100 %	—	637	637	TBD	—	38,560	—	38,560	TBD	n.a	TBD	2027
Queensway, Toronto, ON	100 %	—	520	520	TBD	—	30,959	—	30,959	TBD	n.a	TBD	2025
Clarkson Village, Mississauga, ON	100 %	—	470	470	TBD	—	18,585	—	18,585	TBD	n.a	TBD	2024+
Subtotal		**—**	**3,490**	**3,490**	**TBD**	**$ —**	**$108,004**	**$ —**	**$108,004**	**TBD**	**n.a**	**TBD**	
Total		**170**	**4,732**	**4,902**	**TBD**	**$ 35,066**	**$214,181**	**$ 7,342**	**$256,589**	**TBD**	**n.a**	**TBD**	

(i) Excludes a total of 755 condominium units at eCondos and Kingly[TM] for which all final closings have occurred prior to 2020.

(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) % Pre-sold as of February 10, 2021.

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

(v) During the year ended December 31, 2020, RioCan sold a 50% interest in Dufferin Plaza and acquired the remaining 50% interest in Queensway.

In addition to the above projects reported under Residential Inventory by IFRS, the Trust has a 50% interest in one condominium project at Bloor Street West in Toronto with approximately 240 condominium units. This project is reported as an equity-accounted investment under IFRS given the partnership structure. Overall, in addition to the 1,242 condominium or townhouse units currently under construction, the Trust has seven active condominium or townhouse projects in various stages of development, totalling an estimated 3,730 units, which are scheduled to be completed in phases between 2024 and 2027.

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

	Three months ended December 31		Years ended December 31	
(thousands of dollars)	**2020**	2019	**2020**	2019
Balance, beginning of year	**$ 168,880**	$ 98,829	**$ 108,956**	$ 206,123
Acquisitions	**18,987**	—	**18,987**	—
Dispositions	**(1,693)**	(26,366)	**(19,143)**	(164,378)
Development expenditures	**11,604**	4,192	**36,304**	34,910
Transfers from investment properties (i)	**18,585**	32,301	**71,259**	32,301
Transfers to equity-accounted investments (ii)	**(2,182)**	—	**(2,182)**	—
Balance, end of year	**$ 214,181**	$ 108,956	**$ 214,181**	$ 108,956

(i) During the year ended December 31, 2020, transfers to residential inventory from investment property include the components of the following mixed-use projects for which a change in use for the residential inventory component was established: RioCan Leaside Centre, the Queensway, Clarkson Village and 2939-2943 Bloor Street West.

(ii) The remaining 50% of the 2939-2943 Bloor Street project owned by RioCan post the 50% sale was transferred to equity-accounted investment under IFRS due to the partnership structure.

For the quarter ended December 31, 2020, the Trust recognized residential inventory gains of $3.6 million, consisting of $1.4 million from the sale of a 50% interest in 2939 – 2943 Bloor Street West and $2.2 million for cost adjustments on eCondos and Windfields Farm. For the year, the Trust recognized total inventory gains of $15.5 million, which also included the gain on the sale of a 50% interest in Dufferin Plaza, the sale of eCondos guest suites, and closing of additional units at Windfields Farm U.C. Towns, partially offset by cost adjustments for Kingly.

During the year ended December 31, 2020, the following new projects were added to residential inventory:

- **Dufferin Plaza** - The 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 as described under *Acquisitions and Dispositions* section of this MD&A. RioCan and Maplelands will develop Dufferin Plaza into a mixed-use property with approximately 561 condominium units and 32,000 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 property was previously co-owned 50/50 by RioCan and Talisker and was comprised of a development component and a Cineplex component. RioCan's original 50% interest in the development component of the project was transferred to inventory from investment properties in Q2 2020. Following the transaction in December 2020 as described in the *Acquisitions and Dispositions* section of this MD&A, the Trust now owns 100% of the development component and Talisker owns 100% of the Cineplex component. Zoning approval is in place for a 500,000 square foot mixed-use development, which will consist of four towers with 520 condominium units, 12 affordable housing rental units and 40,000 square feet of retail. Construction is currently anticipated to commence in 2022.
- **RioCan Leaside Centre** - Leaside Centre is situated in the affluent Leaside area of Toronto, right at the corner of Eglinton Avenue East and Laird Drive. It is adjacent to a new station along the new Eglinton Crosstown LRT and 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, which represents approximately 34% of the total GFA, is anticipated to be residential condominium with 637 units and 9,795 square feet of retail. The condominium component was transferred to inventory from investment properties during Q2 2020.
- **Clarkson Village** - This property is conveniently located near the intersection of Lakeshore Road and Southdown Road in Mississauga, Ontario, minutes away from the Clarkson GO station and major highways. The site is expected to have up to 500,000 square feet of GFA with residential density of up to 465,000 square feet and an estimated 35,000 square feet of retail.The condominium component was transferred to inventory from investment properties in Q4 2020.