

RioCan Acquired RealFund REIT effective May 31, 1999

How to Exchange a RealFund Certificate for RioCan Certificate

If you have not yet exchanged your RealFund units in certificate form for RioCan units in certificate form, please download a [Letter of Transmittal form](#), complete the information and forward the completed form to CIBC Mellon Trust (address provided on the form), together with your unendorsed RealFund certificate. Alternatively, please call 1-800-465-2733 or (416) 866-3022 to request a fax of the form.

Tax Information for Previous RealFund Unitholders

The following summary is for general information purposes only. All unitholders are urged to consult their own tax advisors in order to determine the particular tax effects on them of the Takeover or the Merger Transaction (as applicable).

RioCan's acquisition of RealFund was structured as a two-step transaction so as to provide RealFund unitholders with flexibility to achieve the most appropriate tax consequence to them upon the exchange of RealFund units for RioCan units. RealFund unitholders had the option to tender their units to RioCan's takeover bid (the "Takeover") and thus crystallize any accrued tax losses or gains. Alternatively, RealFund unitholders had the option to exchange their units on a tax free "roll-over" basis as part of the merger (the "Merger Transaction").

1999 Tax Information - Acquisition of RealFund

A disposition of RealFund units pursuant to the Takeover in exchange for RioCan units resulted in a capital gain (or a capital loss) equal to the amount by which the proceeds of disposition of the RealFund units, net of any costs of disposition, exceeded (or were less than) the adjusted cost base of the RealFund units to the RealFund unitholder immediately prior to the disposition. The proceeds of disposition of the RealFund units were equal to the fair market value of the RioCan units received in exchange therefore (i.e. \$13.70 per unit, being 1.45 x \$9.45, RioCan's unit closing price on The Toronto Stock Exchange on May 28, 1999). Such amount was also the cost for tax purposes of the RioCan units received.

RealFund unitholders who tendered to the Takeover received either a T5008 directly from The Trust Company of the Bank of Montreal or a trading summary (or similar document) from the unitholder's financial institution/brokerage house at the end of February 2000 that indicated the proceeds of disposition.

Three-quarters of any capital gain resulting from the disposition will be required to be included in computing the taxpayer's income under the Canadian Income Tax Act ("Income Tax Act") and, subject to the detailed rules in the Income Tax Act, three-quarters of any capital loss resulting from the disposition will be deductible against taxable capital gains of the taxpayer.

Disposition of RealFund Units Pursuant to the Merger Transaction

The Merger Transaction constituted a "qualifying exchange" as defined in section 132.2

of the Income Tax Act. Accordingly, where a RealFund unitholder disposed of RealFund units to RioCan pursuant to the Merger Transaction in exchange for RioCan units, the RealFund unitholder's proceeds of disposition for the RealFund units disposed of, and the cost to the RealFund unitholder of the RioCan units received in exchange therefore, were deemed to be equal to the adjusted cost base to the RealFund unitholder of the RealFund units immediately prior to their disposition.

No T5008 tax slip was issued to RealFund unitholders who disposed of their RealFund units pursuant to the Merger Transaction.

Full Text of Income Tax Treatment

For the full text of the tax treatment of the Takeover and Merger Transaction, please refer to pages 40 - 41 of the [Offer to Purchase RealFund](#).