

MANAGEMENT'S DISCUSSION AND ANALYSIS

CAPITAL RESOURCES AND LIQUIDITY

Capital Management Framework

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

- complies with investment and debt restrictions pursuant to the Trust's Declaration;
- complies with debt covenants;
- enables RioCan to achieve target credit ratings; and
- funds the Trust's business strategies and builds long-term Unitholder value.

The key elements of RioCan's capital management framework are set out in the Declaration of Trust, and/or approved by the Trust's Board, through the Board's annual review of the strategic plan and budget, supplemented by periodic Board and related committee meetings. Management monitors capital adequacy of the Trust by assessing performance against the approved annual plan throughout the year, which is updated accordingly, and by monitoring adherence to investment and debt restrictions contained in the Declaration of Trust and debt covenants (refer to Note 24 of RioCan's Condensed Consolidated Financial Statements). In selecting appropriate funding choices, RioCan's objective is to manage its capital structure such that it diversifies its funding sources while minimizing its funding costs and risks. RioCan expects to be able to satisfy all of its financing requirements through the use of some or all of the following: cash on hand, cash generated by operations, refinancing of maturing debt, utilization of its operating line of credit, credit facilities, construction financing facilities, sale of non-core and secondary market properties or sale of partial interests in developments or air rights, and through public offerings of unsecured debentures and common equity. In challenging market conditions, the Trust could finance certain assets currently unencumbered by debt or issue preferred units.

Total Capital

RioCan uses both debt and equity in its capital structure, which is summarized as follows as at March 31, 2021:

<i>(thousands of dollars)</i>	IFRS		RioCan's proportionate share	
	March 31, 2021	December 31, 2020	March 31, 2021	December 31, 2020
As at				
Capital:				
Debentures payable	\$ 3,091,134	\$ 3,340,278	\$ 3,091,134	\$ 3,340,278
Mortgages payable	2,750,234	2,797,066	2,912,616	2,905,403
Lines of credit and other bank loans	982,420	790,539	1,021,332	819,255
Total debt	\$ 6,823,788	\$ 6,927,883	\$ 7,025,082	\$ 7,064,936
Total equity	7,795,125	7,734,973	7,795,125	7,734,973
Total capital	\$ 14,618,913	\$ 14,662,856	\$ 14,820,207	\$ 14,799,909
Total assets	\$ 15,174,530	\$ 15,267,708	\$ 15,403,565	\$ 15,414,445
Cash and cash equivalents (i)	\$ 79,685	\$ 238,456	\$ 86,899	\$ 240,659

(i) Included in total assets.

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Debt Metrics

The following table summarizes the Trust's key debt metrics presented on both an IFRS and RioCan's proportionate share basis:

	Targeted Ratios	Rolling 12 months ended			
		IFRS		RioCan's proportionate share	
		March 31, 2021	December 31, 2020	March 31, 2021	December 31, 2020
Ratio of total debt to total assets (net of cash and cash equivalents) (i)	38.0%-42.0%	44.7%	44.5%	45.3%	45.0%
Debt to Adjusted EBITDA (i)	<8.0x	10.03	9.49	10.02	9.47
Interest coverage (i)	>3.00x	2.99	3.11	2.99	3.10
Debt service coverage (i)	>2.25x	2.50	2.60	2.49	2.60
Fixed charge coverage (i)	>1.10x	1.03	1.02	1.05	1.03
Ratio of floating rate debt to total debt	<15.0%	4.1%	1.3%	4.8%	1.9%
Weighted average term to maturity (in years) (ii)		3.88	3.86	3.78	3.83
Weighted average contractual interest rate (ii)		3.00%	3.13%	3.03%	3.14%
Weighted average effective interest rate (ii)		3.08%	3.21%	3.10%	3.22%

(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) Information is as of respective period end.

The Trust's leverage ratio (total debt to total assets) at proportionate share increased marginally from December 31, 2020, mainly due to higher debt levels (net of cash and cash equivalents) resulting from timing of development completions relative to development spends. The Trust remains committed to maintaining a strong balance sheet and maintains its long-term goal to lower this metric to its target range of between 38% - 42% although near-term increase is possible given the pandemic.

The Trust's Debt to Adjusted EBITDA at proportionate share increased to 10.02x for the rolling twelve months ended March 31, 2021 when compared to December 31, 2020. The increase was primarily because this is a twelve-month trailing metric and thus the ratio for the current quarter included four quarters under the pandemic while the year end ratio included only three quarters under the pandemic. The Trust's long-term goal remains to lower this metric to its target range of below 8.0x. It expects a marginal increase in this ratio in the near-term during the pandemic, but disposition sale proceeds and continuous operations improvements will bring down the metric in the medium-term.

The interest coverage ratio at RioCan's proportionate share for the rolling twelve months ended March 31, 2021 is slightly lower than its target of 3.0x and declined marginally compared to December 31, 2020, mainly due to lower Adjusted EBITDA because of four quarters under the pandemic, partially offset by lower interest costs from the net impact of lower average cost of debt and higher average debt balances. Debt service coverage at RioCan's proportionate share for the rolling twelve months ended March 31, 2021 also declined but remained above its target of 2.25x due to lower Adjusted EBITDA as noted above and higher scheduled principal amortization, partially offset by lower interest costs as noted above.

The fixed charge coverage ratio at RioCan's proportionate share for the rolling twelve months ended March 31, 2021 was slightly higher than December 31, 2020, primarily as a result of lower interest costs and lower distributions as a result of the one-third distribution reduction effective in January 2021, which will increase the fixed charge coverage ratio in 2021 relative to 2020, partially offset by lower Adjusted EBITDA.

The Trust has been reducing its floating interest rate debt exposure over the last couple of years. Its floating interest rate debt exposure increased from December 31, 2020 mainly because the prior year end ratio was unusually low due to the timing of the green bond issue in December 2020 and the timing of the use of proceeds from the green bond issue to redeem the \$250.0 million fixed rate Series R unsecured senior debenture in January 2021. The Trust's floating interest rate debt level is primarily driven by utilization on its revolving unsecured line of credit, which could vary quarter by quarter depending on the timing of various factors such as debenture or mortgage financing timing, and timing of dispositions, acquisitions and development spend.

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The following table presents a reconciliation of consolidated net income attributable to Unitholders to Adjusted EBITDA:

(thousands of dollars)	12 months ended			
	IFRS		RioCan's proportionate share	
	March 31, 2021	December 31, 2020	March 31, 2021	December 31, 2020
Net loss attributable to Unitholders	\$ (60,873)	\$ (64,780)	\$ (60,873)	\$ (64,780)
Add (deduct) the following items:				
Income tax expense (recovery):				
Current	(1,722)	(275)	(1,722)	(275)
Deferred	9,905	10,905	9,905	10,905
Fair value losses on investment properties, net	493,656	526,775	503,313	536,388
Change in unrealized fair value on marketable securities (i)	—	10,219	—	10,219
Internal leasing costs	10,001	10,192	10,001	10,192
Non-cash unit-based compensation expense	14,053	9,120	14,053	9,120
Interest costs	179,332	180,811	184,390	185,599
Debenture prepayment costs	7,018	—	7,018	—
Depreciation and amortization	4,256	4,342	4,256	4,342
Transaction losses on the sale of investment properties, net (ii)	636	503	636	503
Transaction costs on investment properties	3,826	768	3,827	768
Operational lease revenue and expenses from ROU assets	2,652	2,572	2,621	2,544
Adjusted EBITDA	\$ 662,740	\$ 691,152	\$ 677,425	\$ 705,525
Debt, net of cash and cash equivalents is calculated as follows:				
Average debt outstanding	\$ 6,754,038	\$ 6,667,444	\$ 6,895,909	\$ 6,793,278
Less: average cash and cash equivalents	(108,721)	(111,487)	(111,474)	(113,407)
Debt, net of cash and cash equivalents	\$ 6,645,317	\$ 6,555,957	\$ 6,784,435	\$ 6,679,871
Debt to Adjusted EBITDA	10.03	9.49	10.02	9.47

(i) The fair value gains on marketable securities in the consolidated statements of income include both the change in unrealized fair value and realized gains on the sale of marketable securities. 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.

(ii) Includes transaction gains and losses realized on the disposition of investment properties.

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. RioCan is rated by two independent credit rating agencies: Standard and Poor's (S&P) and DBRS Morningstar (DBRS). A credit rating generally provides an indication of the risk that the borrower will not fulfill its obligations in a timely manner. On October 12, 2020 S&P confirmed the rating of BBB with stable outlook and on November 30, 2020 DBRS confirmed the rating of BBB(high) and changed the trends on the ratings to Negative from Stable. A credit rating of BBB- or higher is an investment-grade rating.

The following table summarizes RioCan's credit ratings as at March 31, 2021:

	S&P		DBRS	
	Credit Rating	Outlook	Credit Rating	Trend
Issuer Credit Rating	BBB	Stable	BBB (high)	Negative
Senior Unsecured Debentures	BBB	N/A ⁽ⁱ⁾	BBB (high)	Negative

(i) S&P does not provide an outlook on the Debentures.

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Total Debt Profile

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

(thousands of dollars)	Contractual principal maturities and interest rates							
	Debentures payable	Weighted average contractual interest rate	Mortgages payable	Weighted average contractual interest rate	Lines of credit and other bank loans	Weighted average contractual interest rate	Total aggregate debt	Weighted average contractual interest rate
Year of debt maturity								
2021(i)	\$ 300,000	2.19%	\$ 139,673	4.12%	\$ 57,478	1.65%	\$ 497,151	2.67%
2022	550,000	3.25%	212,695	3.17%	—	—%	762,695	3.22%
2023	500,000	3.42%	340,786	3.31%	229,866	3.14%	1,070,652	3.32%
2024	300,000	3.29%	338,013	3.10%	658,578	2.94%	1,296,591	3.07%
2025	500,000	2.58%	527,202	3.34%	38,630	2.32%	1,065,832	2.94%
Thereafter	950,000	2.54%	1,195,399	3.06%	—	—%	2,145,399	2.83%
	\$ 3,100,000	2.85%	\$ 2,753,768	3.21%	\$ 984,552	2.89%	\$ 6,838,320	3.00%
Unamortized differential between contractual and market interest rates on liabilities assumed at the acquisition of properties and unamortized debt modification losses	—		4,395		443		4,838	
Unamortized debt financing costs, net of premiums and discounts	(8,866)		(7,929)		(2,575)		(19,370)	
Balance, end of period	\$ 3,091,134		\$ 2,750,234		\$ 982,420		\$ 6,823,788	

(i) Amounts pertain to the remaining nine months of 2021.

The total debt continuity schedule for the three months ended March 31, 2021 was as follows:

(thousands of dollars)	Debentures Payable	Mortgages Payable	Lines of Credit and Other Bank Loans	Total
Three months ended March 31, 2021				
Contractual obligations, beginning of period	\$ 3,350,000	\$ 2,801,848	\$ 792,854	\$ 6,944,702
Borrowings	—	256,000	191,698	447,698
Scheduled amortization	—	(11,522)	—	(11,522)
Repayments	(250,000)	(209,922)	—	(459,922)
Disposed on the sale of properties	—	(82,636)	—	(82,636)
Contractual obligations, end of period	\$ 3,100,000	\$ 2,753,768	\$ 984,552	\$ 6,838,320
Unamortized differential between contractual and market interest rates on liabilities assumed at the acquisition of properties and unamortized debt modification losses	—	4,395	443	4,838
Unamortized debt financing costs, net of premiums and discounts	(8,866)	(7,929)	(2,575)	(19,370)
Balance, end of period	\$ 3,091,134	\$ 2,750,234	\$ 982,420	\$ 6,823,788

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
2021(i)	2.19 %	\$ 300,000
2022	3.25 %	550,000
2023	3.42 %	500,000
2024	3.29 %	300,000
2025	2.58 %	500,000
Thereafter	2.54 %	950,000
Contractual obligations		\$ 3,100,000
Unamortized debt financing costs		(8,866)
		\$ 3,091,134

(i) Amounts pertain to the remaining nine months of 2021 and are comprised of \$300 million Series Z unsecured debentures that were redeemed in full upon maturity on April 9, 2021.

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The unsecured debentures have covenants similar to the Trust's 60% debt to aggregate assets limit as set out in RioCan's Declaration of Trust, the maintenance of at least \$1.0 billion in Adjusted Unitholders' Equity (as defined in the indenture) 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 Adjusted Unitholders' Equity and interest coverage ratio would be eliminated for this series of debentures.

Redemption

On January 15, 2021, RioCan redeemed, in full, its \$250.0 million, 3.716% Series R unsecured debentures due December 13, 2021, in accordance with their terms, at a total redemption price of \$256.8 million, plus accrued and unpaid interest of \$0.8 million, up to but excluding, the redemption date. The Trust recorded a prepayment cost of \$7.0 million, which includes a write-off of the related unamortized deferred financing costs.

On April, 9, 2021, RioCan redeemed, in full, its \$300.0 million, 2.194% Series Z unsecured debentures upon maturity.

Mortgages Payable

Mortgages payable consist of the following:

(thousands of dollars)

As at	March 31, 2021	December 31, 2020
Fixed rate mortgages (i) (ii)	\$ 2,750,234	\$ 2,797,066

(i) Includes hedged floating rate mortgages.

(ii) Amount outstanding deducts a total of \$3.5 million in unamortized financing costs, net of unamortized differential between contractual and market interest rates on liabilities assumed at the acquisition of properties and unamortized debt modification losses.

At the outset of 2021, RioCan had \$380.0 million of mortgage principal maturing in 2021 at a weighted average contractual interest rate of 4.23%. For the three months ended March 31, 2021, RioCan completed new term mortgage borrowings of \$256.0 million and renewed maturity balances of \$21.8 million at a combined weighted average interest rate of 2.29% and a weighted average term of six years, repaid \$221.4 million of mortgage balances and scheduled amortization and disposed of \$82.6 million mortgages on the sale of investment properties.

Included in mortgages payable at March 31, 2021 are CMHC insured mortgages for Frontier and eCentral and the retail component ePlace in the aggregate net carrying amount of \$107.6 million (at RioCan's interest), at a weighted average effective interest rate of 2.50% and a weighted average remaining term of 9.1 years. The decrease in CMHC financing over the prior year end was primarily because of the sale of a 50% non-managing interest in eCentral and the retail component of ePlace. Maximizing CMHC insured mortgages is a key component of the Trust's debt strategy as it provides access to a new source of financing and lowers its overall cost of debt.

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. The Trust follows 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:

(thousands of dollars)

As at	March 31, 2021	December 31, 2020
Revolving unsecured operating line of credit (i) (ii)	\$ 152,498	\$ (1,648)
Non-revolving unsecured credit facilities (i)	699,371	699,333
Construction lines and other bank loans	130,551	92,854
	\$ 982,420	\$ 790,539

(i) Amount outstanding deducts a total of \$2.1 million in unamortized financing costs, net of unamortized differential between contractual and market interest rates on liabilities assumed at the acquisition of properties and unamortized debt modification losses.

(ii) The negative balance shown for the 2020 year end represents unamortized financing costs.

Revolving Unsecured Operating Line of Credit

As at March 31, 2021, RioCan had a drawn balance of \$154.0 million and \$846.0 million of credit available to be drawn from this revolving unsecured operating line of credit compared to \$1.0 billion of undrawn credit availability as at December 31, 2020. The weighted average contractual interest rate on amounts drawn under this facility was 1.61% as of March 31, 2021 (December 31, 2020 - nil).

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Subsequent to March 31, 2021, the Trust exercised its option to extend the maturity on its operating line of credit by two years to May 31, 2026. All other terms and conditions remained the same. The spread for this credit facility has always been based on the higher of the credit ratings between S&P and DBRS.

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 and a weighted average annual all-in fixed interest rate of 3.28% through interest rate swaps.

In addition, the Trust has a \$150.0 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 June 27, 2024 and fixed annual all-in interest rate of 3.43% through an interest rate swap.

The Trust also has 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, 2021, all of the Trust's non-revolving unsecured credit facilities are fully drawn. The underlying spreads for these unsecured credit facilities have also been based on the higher of the credit ratings between S&P and DBRS.

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, 2021, these secured facilities and other bank loans have an aggregate maximum borrowing capacity of \$437.7 million (December 31, 2020 - \$384.2 million) and mature between 2021 and 2025, of which the Trust had drawn \$130.6 million (December 31, 2020 - \$92.9 million). The weighted average contractual interest rate on the aggregate amounts outstanding is 1.98% (December 31, 2020 - 1.97%).

Letter of Credit Facilities and Surety Bonds

The Trust has aggregate letter of credit facilities with certain Schedule I banks totalling \$95.0 million (December 31, 2020 - \$93.6 million). As at March 31, 2021, the Trust's outstanding letters of credit under these facilities was \$66.1 million (December 31, 2020 - \$66.8 million).

The Trust is contingently liable for surety bonds that have been provided to support condominium developments and warranties in the amount of \$70.8 million (December 31, 2020 - \$68.8 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 including maintenance capital and development capital expenditures, distributions to Unitholders and planned growth in the business.

RioCan maintains a committed revolving unsecured operating credit facility to provide financial liquidity which can be drawn or repaid on 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.

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As at March 31, 2021, RioCan had approximately \$1.3 billion of liquidity as summarized in the following table:

<i>(thousands of dollars, except where otherwise noted)</i>	IFRS		RioCan's proportionate share	
	March 31, 2021	December 31, 2020	March 31, 2021	December 31, 2020
As at				
Cash and cash equivalents	\$ 79,685	\$ 238,456	\$ 86,899	\$ 240,659
Undrawn revolving unsecured operating line of credit	846,000	1,000,000	846,000	1,000,000
Undrawn construction lines of credit and other bank loans	307,135	291,332	349,640	336,030
Liquidity	\$ 1,232,820	\$ 1,529,788	\$ 1,282,539	\$ 1,576,689
Contractual debt:				
Debentures payable	\$ 3,100,000	\$ 3,350,000	\$ 3,100,000	\$ 3,350,000
Mortgages payable	2,753,768	2,801,848	2,916,509	2,910,452
Lines of credit and other bank loans	984,552	792,854	1,023,493	821,597
Total contractual debt	\$ 6,838,320	\$ 6,944,702	\$ 7,040,002	\$ 7,082,049
Percentage of total contractual debt:				
Liquidity	18.0%	22.0%	18.2%	22.3%
Unsecured debt	57.8%	58.3%	56.2%	57.2%
Secured debt	42.2%	41.7%	43.8%	42.8%

The \$294.2 million decrease in liquidity on a proportionate share basis over the prior year end was primarily due to the timing of the green bond issue in December 2020 and the timing of the use of the proceeds to redeem the \$250.0 million Series R debenture on January 15, 2021 at a prepayment cost of \$7.0 million.

RioCan has unencumbered investment properties with a fair value of \$8.7 billion on a proportionate share basis as of March 31, 2021, which gives RioCan the potential to obtain additional mortgages to bolster liquidity, if needed, and preserve credit availability under its revolving unsecured line of credit, while maintaining compliance with debt covenants under various credit facilities.

Over the long-term, the Trust targets its unsecured/secured debt composition to 70/30 (56/44 as of March 31, 2021 on a proportionate share basis). This transition is going to take time and will be balanced with credit rating implications, cost of debt, debt ladder composition, and liquidity needs.

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

<i>(thousands of dollars)</i>	2021(i)	2022	2023	2024	2025	Thereafter	Total
Contractual obligations:							
Lines of credit and other bank loans	\$ 57,478	\$ —	\$ 229,866	\$ 658,578	\$ 38,630	\$ —	\$ 984,552
Mortgages payable	139,673	212,695	340,786	338,013	527,202	1,195,399	2,753,768
Unsecured debentures	300,000	550,000	500,000	300,000	500,000	950,000	3,100,000
Lease liabilities (ii)	7,387	1,621	1,668	1,669	1,655	26,256	40,256
Other lease obligations	542	477	358	21	—	—	1,398
	\$ 505,080	\$ 764,793	\$ 1,072,678	\$ 1,298,281	\$ 1,067,487	\$ 2,171,655	\$ 6,879,974
Committed developments:							
Active committed PUD (iii)	292,476	192,543	62,412	9,130	764	—	557,325
Active committed residential inventory (iii)	59,071	65,098	34,883	53,244	19,610	—	231,906
	\$ 351,547	\$ 257,641	\$ 97,295	\$ 62,374	\$ 20,374	\$ —	\$ 789,231
Total	\$ 856,627	\$ 1,022,434	\$ 1,169,973	\$ 1,360,655	\$ 1,087,861	\$ 2,171,655	\$ 7,669,205

(i) Amounts pertain to the remaining nine months of 2021.

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

(iii) Represents estimated development costs to complete committed properties under active development and active residential inventory projects. A project is committed only when all major planning issues have been resolved, anchor tenant(s) for the commercial components has/have been secured, and/or construction is about to commence or has commenced. The costs of additional projects will be added to this schedule once a project becomes committed. The amounts are presented net of projected proceeds from dispositions including air rights sale proceeds related to a portion of The Well in Toronto, Ontario, which sales currently remain on plan to close in 2021.

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The Trust's contractual debt obligations and projected development expenditures can be funded by proceeds from mortgage refinancing, net proceeds from the sale of assets (including, but not limited to, sale of excess land and development density), existing cash on hand, revolving unsecured operating line of credit, proceeds from the issuance of unsecured debentures or issuance of equity Units. The debenture maturity of \$300.0 million in the remainder of 2021 has been effectively refinanced through the green bond issue in December 2020 and was repaid on April 9, 2021. As of May 3, 2021, \$102.1 million of RioCan's mortgage maturities for the remainder of 2021 have yet to be refinanced or do not have refinancing commitments in place. They are all expected to be refinanced in due course.

RioCan has also entered into purchase obligations to acquire certain interests from its partners as further described in Note 3 in the Condensed Consolidated Financial Statements.

RioCan, as a mutual fund trust, expects to make monthly distributions to Unitholders with the cash generated from ongoing operating activities. Its Unitholder dividend reinvestment plan (DRIP) allows it 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

At RioCan's proportionate share, unencumbered investment property assets as at March 31, 2021 have an estimated fair value of \$8.7 billion, which represents 59.6% of the total fair value of investment properties and generates 59.5% of annualized NOI at RioCan's proportionate share. The decrease in the unencumbered assets from December 31, 2020 was due to mortgage financing obtained on certain formerly unencumbered assets, as well as fair value decreases for certain unencumbered assets. The table below summarizes RioCan's unencumbered assets and unsecured debt:

<i>(thousands of dollars, except where otherwise noted)</i> As at	Targeted Ratios	IFRS		RioCan's proportionate share	
		March 31, 2021	December 31, 2020	March 31, 2021	December 31, 2020
Unencumbered assets (i) (ii)		\$ 8,656,061	\$ 8,685,469	\$ 8,718,757	\$ 8,727,354
Unsecured debt:					
Debentures		\$ 3,100,000	\$ 3,350,000	\$ 3,100,000	\$ 3,350,000
Amounts drawn on revolving unsecured operating line of credit		154,000	—	154,000	—
Amounts drawn on non-revolving unsecured credit facilities		700,000	700,000	700,000	700,000
Total unsecured debt outstanding		\$ 3,954,000	\$ 4,050,000	\$ 3,954,000	\$ 4,050,000
Unsecured debt to total debt	70.0%	57.8%	58.3%	56.2%	57.2%
Unencumbered assets to unsecured debt (i)	> 200%	219%	214%	221%	215%
NOI generated from unencumbered assets (i)	> 50.0%	59.0%	58.6%	59.5%	58.9%

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

(ii) As at March 31, 2021, included in total investment properties and properties held for sale of \$14.2 billion on an IFRS basis are \$8.7 billion of unencumbered assets and \$5.5 billion of encumbered assets. On a proportionate share basis, included in total investment properties and properties held for sale of \$14.6 billion are \$8.7 billion of unencumbered assets and \$5.9 billion of encumbered assets.

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Guarantees

As at March 31, 2021, the Trust is contingently liable for debt guarantees, provided on behalf of certain of our co-owners' interests and mortgages assumed by purchasers on property dispositions, of \$282.8 million (December 31, 2020 - \$195.1 million), with expiries between 2021 and 2030.

As at and for the three months ended March 31, 2021, 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 Condensed Consolidated Financial Statements.

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

(thousands of dollars)

As at	March 31, 2021	December 31, 2020
Partners and co-owners		
Woodbourne	\$ 105,326	\$ 18,968
HBC (RioCan-HBC JV)	37,320	41,187
Bayfield	21,700	23,100
Metropia and Capital Developments	38,630	36,635
Other	24,944	20,019
	\$ 227,920	\$ 139,909
Assumption of mortgages by purchasers on property dispositions	54,839	55,207
	\$ 282,759	\$ 195,116

Hedging Activities

Interest Rate Risk

As at March 31, 2021, the outstanding notional amount of floating-to-fixed interest rate swaps was \$1.3 billion (December 31, 2020 – \$1.3 billion) and the term to maturity of these agreements ranges from April 2021 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, 2021. Refer to Note 23 of the Condensed Consolidated Financial Statements for further details.

EQUITY

Trust Units

As at March 31, 2021, there are 317.8 million Units outstanding, including exchangeable limited partnership units. All Units outstanding have equal rights and privileges and entitle the holder to one vote for each Unit at all meetings of Unitholders. During the three months ended March 31, 2021 and 2020, we issued Units as follows:

(in thousands)

Three months ended March 31,	2021	2020
Units outstanding, beginning of period (i)	317,748	317,710
Units issued:		
Direct purchase plan	7	5
Exchangeable limited partnership units	6	—
Units outstanding, end of period (i)	317,761	317,715

(i) Included in Units outstanding are exchangeable limited partnership units of three limited partnerships that are subsidiaries of the Trust (the LP units) which were issued to vendors, as partial consideration for investment properties acquired by RioCan (March 31, 2021 – 499,754 LP units, March 31, 2020 – 481,769 LP units).

As of May 3, 2021, there are 317.8 million Units issued and 7.6 million Unit options issued and outstanding under the Trust's incentive Unit option plan.

Senior Executive Restricted Equity Plan (Senior Executive REU Plan)

As at March 31, 2021, 401,631 Senior Executive REUs are outstanding (December 31, 2020 - 251,899), of which 97,606 are vested (December 31, 2020 - 55,720).

On February 23, 2021, the Trust granted 189,231 REUs under its Senior Executive REU Plan. The grant date price was \$18.13 per unit, based on the five-day volume weighted average market price of RioCan's Units traded on the TSX prior to the grant date, resulting in an aggregate fair value of \$3.4 million.