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 June 30, 2021:

(thousands of dollars)	IFRS		RioCan's proportionate share	
As at	**June 30, 2021**	December 31, 2020	**June 30, 2021**	December 31, 2020
Capital:				
Debentures payable	**$ 2,791,755**	$ 3,340,278	**$ 2,791,755**	$ 3,340,278
Mortgages payable	**2,821,758**	2,797,066	**2,983,755**	2,905,403
Lines of credit and other bank loans	**1,150,405**	790,539	**1,191,939**	819,255
Total debt	**$ 6,763,918**	$ 6,927,883	**$ 6,967,449**	$ 7,064,936
Total equity	**7,873,070**	7,734,973	**7,873,070**	7,734,973
Total capital	**$ 14,636,988**	$ 14,662,856	**$ 14,840,519**	$ 14,799,909
Total assets	**$ 15,235,628**	$ 15,267,708	**$ 15,470,997**	$ 15,414,445
Cash and cash equivalents (i)	**$ 98,386**	$ 238,456	**$ 102,277**	$ 240,659

(i) Included in total assets.

Debt Metrics

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

		Rolling 12 months ended			
		IFRS		RioCan's proportionate share	
	Targeted Ratios	**June 30, 2021**	December 31, 2020	**June 30, 2021**	December 31, 2020
Ratio of total debt to total assets (net of cash and cash equivalents) (i)	38.0%-42.0%	**44.0%**	44.5%	**44.7%**	45.0%
Debt to Adjusted EBITDA (i)	<8.0x	**9.78**	9.49	**9.87**	9.47
Interest coverage (i)	>3.00x	**3.12**	3.11	**3.09**	3.10
Debt service coverage (i)	>2.25x	**2.57**	2.60	**2.54**	2.60
Fixed charge coverage (i)	>1.10x	**1.14**	1.02	**1.14**	1.03
Ratio of floating rate debt to total debt	<15.0%	**6.7%**	1.3%	**7.3%**	1.9%
Weighted average term to maturity (in years) (ii)		**3.94**	3.86	**3.77**	3.83
Weighted average contractual interest rate (ii)		**3.00%**	3.13%	**3.02%**	3.14%
Weighted average effective interest rate (ii)		**3.07%**	3.21%	**3.09%**	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 decreased from December 31, 2020 and Q1 2021, mainly due to the Trust's operations and valuations. The Trust remains committed to maintaining a strong balance sheet and maintains its goal to lower this metric to its long-term target range of between 38% - 42%.

The Trust's Debt to Adjusted EBITDA at proportionate share increased to 9.87x for the rolling twelve months ended June 30, 2021 when compared to December 31, 2020. The increase was primarily due to higher average debt balances and lower Adjusted EBITDA as a result of lower realized gains on the sale of marketable securities and higher general and administrative costs in 2021 for reasons set out in the *Other Expenses* section of this MD&A, partially offset by a lower pandemic-related provision and higher fee income. When compared to 10.02x in Q1 2021, Debt to Adjusted EBITDA improved mainly due to a lower pandemic-related provision on a rolling twelve-month basis. The Trust's goal remains to lower this metric to its long-term target range of below 8.0x.

The Trust expects disposition sale proceeds and continuous operations improvements will lower the leverage ratio and Debt to Adjusted EBITDA in the near to medium term.

The interest coverage ratio at RioCan's proportionate share for the rolling twelve months ended June 30, 2021 is above the Trust's target of 3.0x and declined marginally from December 31, 2020, mainly due to lower Adjusted EBITDA, as noted above, 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 June 30, 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. When compared to 2.99x and 2.49x in Q1 2021, both interest coverage and debt service coverage ratios, respectively have improved primarily from the above mentioned lower pandemic-related provision on a rolling twelve-month basis.

The fixed charge coverage ratio at RioCan's proportionate share for the rolling twelve months ended June 30, 2021 is above the Trust's target of 1.10x and was higher than December 31, 2020. The increase was primarily due to lower interest costs and lower distributions as a result of the one-third distribution reduction effective in January 2021, which will continue to increase the fixed charge coverage ratio in 2021 relative to 2020, partially offset by lower Adjusted EBITDA. When compared to 1.05x in Q1 2021, the fixed charge coverage ratio improved primarily from the above mentioned lower distributions and lower pandemic-related provisions on a rolling twelve-month basis.

The floating interest rate debt exposure increased from December 31, 2020 mainly because of timing. The prior year end ratio was unusually low due to the issuance of the $500 million green bond in December 2020. These green bond proceeds were used to redeem the $250.0 million fixed rate Series R unsecured senior debenture in January 2021 and the $300.0 million Series Z debenture in April 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.

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

	12 months ended			
	IFRS		RioCan's proportionate share	
(thousands of dollars)	**June 30, 2021**	December 31, 2020	**June 30, 2021**	December 31, 2020
Net income (loss) attributable to Unitholders	**$ 435,171**	$ (64,780)	**$ 435,171**	$ (64,780)
Add (deduct) the following items:				
Income tax expense (recovery):				
Current	**(1,481)**	(275)	**(1,481)**	(275)
Deferred	**10,705**	10,905	**10,705**	10,905
Fair value losses on investment properties, net	**19,020**	526,775	**23,417**	536,388
Change in unrealized fair value on marketable securities (i)	**—**	10,219	**—**	10,219
Internal leasing costs	**10,549**	10,192	**10,549**	10,192
Non-cash unit-based compensation expense	**13,832**	9,120	**13,832**	9,120
Interest costs	**176,600**	180,811	**182,324**	185,599
Debenture prepayment costs	**7,018**	—	**7,018**	—
Depreciation and amortization	**4,143**	4,342	**4,143**	4,342
Transaction losses (gains) on the sale of investment properties, net (ii)	**(1,232)**	503	**(1,232)**	503
Transaction costs on investment properties	**5,179**	768	**5,180**	768
Operational lease revenue and expenses from ROU assets	**2,864**	2,572	**2,831**	2,544
Adjusted EBITDA	**$ 682,368**	$ 691,152	**$ 692,457**	$ 705,525
Debt, net of cash and cash equivalents is calculated as follows:				
Average debt outstanding	**$ 6,785,690**	$ 6,667,444	**$ 6,946,114**	$ 6,793,278
Less: average cash and cash equivalents	**(111,383)**	(111,487)	**(114,549)**	(113,407)
Debt, net of cash and cash equivalents	**$ 6,674,307**	$ 6,555,957	**$ 6,831,565**	$ 6,679,871
Debt to Adjusted EBITDA	**9.78**	9.49	**9.87**	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 interest, debt service 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 June 4, 2021, S&P confirmed its rating of BBB and changed the outlook from stable to negative. A credit rating of BBB- or higher by S&P and BBB (low) or higher by DBRS is considered an investment-grade rating.

The following table summarizes RioCan's credit ratings as at June 30, 2021:

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

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

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)	$ —	—%	$ 126,931	4.19%	$ 65,864	1.66%	**$ 192,795**	**3.33%**
2022	550,000	3.25%	214,716	3.16%	6,630	2.21%	**771,346**	**3.21%**
2023	500,000	3.42%	342,859	3.31%	239,745	3.10%	**1,082,604**	**3.31%**
2024	300,000	3.29%	340,138	3.10%	509,450	3.34%	**1,149,588**	**3.25%**
2025	500,000	2.58%	529,381	3.33%	41,945	2.32%	**1,071,326**	**2.94%**
Thereafter	950,000	2.54%	1,273,843	3.02%	290,000	1.61%	**2,513,843**	**2.68%**
	$ 2,800,000	2.92%	$ 2,827,868	3.19%	$ 1,153,634	2.71%	**$ 6,781,502**	**3.00%**
Unamortized differential between contractual and market interest rates on liabilities assumed at the acquisition of properties and unamortized debt modification losses	—		4,068		409		**4,477**	
Unamortized debt financing costs, net of premiums and discounts	(8,245)		(10,178)		(3,638)		**(22,061)**	
Balance, end of period	**$ 2,791,755**		**$ 2,821,758**		**$ 1,150,405**		**$ 6,763,918**	

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

The total debt continuity schedule for the six months ended June 30, 2021 was as follows:

(thousands of dollars) Six months ended June 30, 2021	Debentures Payable	Mortgages Payable	Lines of Credit and Other Bank Loans	Total
Contractual obligations, beginning of period	$ 3,350,000	$ 2,801,848	$ 792,854	**$ 6,944,702**
Borrowings	—	344,000	360,780	**704,780**
Scheduled amortization	—	(23,950)	—	**(23,950)**
Repayments	(550,000)	(211,394)	—	**(761,394)**
Disposed on the sale of properties	—	(82,636)	—	**(82,636)**
Contractual obligations, end of period	**$ 2,800,000**	**$ 2,827,868**	**$ 1,153,634**	**$ 6,781,502**
Unamortized differential between contractual and market interest rates on liabilities assumed at the acquisition of properties and unamortized debt modification losses	—	4,068	409	**4,477**
Unamortized debt financing costs, net of premiums and discounts	(8,245)	(10,178)	(3,638)	**(22,061)**
Balance, end of period	**$ 2,791,755**	**$ 2,821,758**	**$ 1,150,405**	**$ 6,763,918**

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	— %	$ —
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		$ 2,800,000
Unamortized debt financing costs		(8,245)
		$ 2,791,755

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.

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

Mortgages Payable

Mortgages payable consist of the following:

(thousands of dollars)

As at		June 30, 2021		December 31, 2020
Fixed rate mortgages (i) (ii)	$	**2,821,758**	$	2,797,066

(i) Includes hedged floating rate mortgages.

(ii) Amount outstanding deducts a total of $6.1 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.

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 six months ended June 30, 2021, RioCan completed new term mortgage borrowings of $344.0 million and renewed maturity balances of $21.8 million at a combined weighted average interest rate of 2.35% and a weighted average term of seven years, repaid $235.3 million of mortgage balances and scheduled amortization and disposed of $82.6 million of mortgages on the sale of investment properties.

Included in mortgages payable at June 30, 2021 are CMHC insured mortgages for Pivot, Frontier and eCentral and the retail component ePlace in the aggregate net carrying amount of $192.4 million (at RioCan's interest), at a weighted average effective interest rate of 2.53% and a weighted average remaining term of 9.1 years. The slight 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 partially offset by the addition of Pivot. 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		June 30, 2021		December 31, 2020
Revolving unsecured operating line of credit (i) (ii)	$	**287,334**	$	(1,648)
Non-revolving unsecured credit facilities (i)		**699,438**		699,333
Construction lines and other bank loans		**163,633**		92,854
	$	**1,150,405**	$	790,539

(i) Amount outstanding deducts a total of $3.2 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 June 30, 2021, RioCan had a drawn balance of $290.0 million and $710.0 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 June 30, 2021 (December 31, 2020 - nil).

During the three months ended June 30, 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 material terms and conditions remained the same. The spread for this credit facility is based on the Trust's credit ratings.

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 June 30, 2021, all of the Trust's non-revolving unsecured credit facilities are fully drawn. The underlying spreads for the unsecured credit facilities were based on the Trust's credit ratings.

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 June 30, 2021, these secured facilities and other bank loans have an aggregate maximum borrowing capacity of $460.5 million (December 31, 2020 - $384.2 million) and mature between 2021 and 2025, of which the Trust had drawn $163.6 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 $94.9 million (December 31, 2020 - $93.6 million). As at June 30, 2021, the Trust's outstanding letters of credit under these facilities was $62.6 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 $86.8 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.

As at June 30, 2021, RioCan had approximately $1.2 billion of liquidity as summarized in the following table:

(thousands of dollars, except where otherwise noted)	IFRS		RioCan's proportionate share	
As at	**June 30, 2021**	December 31, 2020	**June 30, 2021**	December 31, 2020
Cash and cash equivalents	**$ 98,386**	$ 238,456	**$ 102,277**	$ 240,659
Undrawn revolving unsecured operating line of credit	**710,000**	1,000,000	**710,000**	1,000,000
Undrawn construction lines of credit and other bank loans	**296,855**	291,332	**340,544**	336,030
Liquidity	**$ 1,105,241**	$ 1,529,788	**$ 1,152,821**	$ 1,576,689
Contractual debt:				
Debentures payable	**$ 2,800,000**	$ 3,350,000	**$ 2,800,000**	$ 3,350,000
Mortgages payable	**2,827,868**	2,801,848	**2,990,319**	2,910,452
Lines of credit and other bank loans	**1,153,634**	792,854	**1,195,190**	821,597
Total contractual debt	**$ 6,781,502**	$ 6,944,702	**$ 6,985,509**	$ 7,082,049
Percentage of total contractual debt:				
Liquidity	**16.3%**	22.0%	**16.5%**	22.3%
Unsecured debt	**55.9%**	58.3%	**54.3%**	57.2%
Secured debt	**44.1%**	41.7%	**45.7%**	42.8%

The $423.9 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 for the early redemption of the $250.0 million Series R debenture on January 15, 2021 at a prepayment cost of $7.0 million, and the redemption upon maturity of the $300.0 million Series Z debenture on April 9, 2021.

RioCan has unencumbered investment properties with a fair value of $8.5 billion on a proportionate share basis as of June 30, 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 (54/46 as of June 30, 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:

(thousands of dollars)	2021(i)	2022	2023	2024	2025	Thereafter	Total
Contractual obligations:							
Lines of credit and other bank loans	$ 65,864	$ 6,630	$ 239,745	$ 509,450	$ 41,945	$ 290,000	$ 1,153,634
Mortgages payable	126,931	214,716	342,859	340,138	529,381	1,273,843	2,827,868
Unsecured debentures	—	550,000	500,000	300,000	500,000	950,000	2,800,000
Lease liabilities (ii)	6,872	1,620	1,668	1,669	1,655	26,258	39,742
Other lease obligations	357	592	379	19	—	—	1,347
	$ 200,024	$ 773,558	$ 1,084,651	$ 1,151,276	$ 1,072,981	$ 2,540,101	$ 6,822,591
Committed developments:							
Active committed PUD (iii)	151,419	281,792	60,413	9,109	2,832	—	505,565
Active committed residential inventory (iii)	42,344	65,925	34,776	53,138	22,294	—	218,477
	$ 193,763	$ 347,717	$ 95,189	$ 62,247	$ 25,126	$ —	$ 724,042
Total	$ 393,787	$ 1,121,275	$ 1,179,840	$ 1,213,523	$ 1,098,107	$ 2,540,101	$ 7,546,633

(i) Amounts pertain to the remaining six 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.

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. As of August 4, 2021, $41.9 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 June 30, 2021 have an estimated fair value of $8.5 billion, which represents 58.0% of the total fair value of investment properties and generates 57.2% 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, dispositions, as well as fair value decreases for certain unencumbered assets. The table below summarizes RioCan's unencumbered assets and unsecured debt:

		IFRS		RioCan's proportionate share	
(thousands of dollars, except where otherwise noted) As at	Targeted Ratios	**June 30, 2021**	December 31, 2020	**June 30, 2021**	December 31, 2020
Unencumbered assets (i) (ii)		**$ 8,415,163**	$ 8,685,469	**$ 8,479,824**	$ 8,727,354
Unsecured debt:					
Debentures		**$ 2,800,000**	$ 3,350,000	**$ 2,800,000**	$ 3,350,000
Amounts drawn on revolving unsecured operating line of credit		**290,000**	—	**290,000**	—
Amounts drawn on non-revolving unsecured credit facilities		**700,000**	700,000	**700,000**	700,000
Total unsecured debt outstanding		**$ 3,790,000**	$ 4,050,000	**$ 3,790,000**	$ 4,050,000
Unsecured debt to total debt	70.0%	**55.9%**	58.3%	**54.3%**	57.2%
Unencumbered assets to unsecured debt (i)	> 200%	**222%**	214%	**224%**	215%
NOI generated from unencumbered assets (i)	> 50.0%	**56.6%**	58.6%	**57.2%**	58.9%

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

(ii) As at June 30, 2021, included in total investment properties and properties held for sale of $14.2 billion on an IFRS basis are $8.4 billion of unencumbered assets and $5.8 billion of encumbered assets. On a proportionate share basis, included in total investment properties and properties held for sale of $14.6 billion are $8.5 billion of unencumbered assets and $6.1 billion of encumbered assets.

Guarantees

As at June 30, 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 $297.5 million (December 31, 2020 - $195.1 million), with expires between 2021 and 2030.

As at and for the six months ended June 30, 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		**June 30, 2021**	December 31, 2020
Partners and co-owners			
Woodbourne	**$**	**109,953**	$ 18,968
HBC (RioCan-HBC JV)		**37,044**	41,187
Bayfield		**21,700**	23,100
Metropia and Capital Developments		**41,945**	36,635
Other		**32,352**	20,019
	$	**242,994**	$ 139,909
Assumption of mortgages by purchasers on property dispositions		**54,468**	55,207
	$	**297,462**	$ 195,116

Hedging Activities

Interest Rate Risk

As at June 30, 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 September 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 June 30, 2021. Refer to Note 23 of the Condensed Consolidated Financial Statements for further details.

EQUITY

Trust Units

As at June 30, 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 and six months ended June 30, 2021 and 2020, we issued Units as follows:

	Three months ended June 30		Six months ended June 30	
(in thousands)	**2021**	2020	**2021**	2020
Units outstanding, beginning of period (i)	**317,761**	317,715	**317,748**	317,710
Units issued:				
Direct purchase plan	**4**	8	**11**	13
Exchangeable limited partnership units	**—**	—	**6**	—
Units outstanding, end of period (i)	**317,765**	317,723	**317,765**	317,723

(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 (June 30, 2021 – 499,754 LP units, June 30, 2020 – 481,769 LP units).

As of August 4, 2021, there are 317.8 million Units issued and 7.4 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 June 30, 2021, 404,854 Senior Executive REUs are outstanding (December 31, 2020 - 251,899), of which 98,746 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.

The number of REUs granted shall vest one-third on each of the first, second and third anniversary of the grant date, provided however that all vested REUs are only eligible for settlement upon the third anniversary of the grant date (Settlement Date). Settlement of vested REUs and accumulated distribution equivalents is generally made within 30 days after the Settlement Date by way of the delivery of an equivalent number of Units purchased on the secondary market, net of applicable withholding taxes.

Employee Restricted Equity Plan (Employee REU Plan)

As at June 30, 2021, 344,106 Employee REUs are unvested and outstanding (December 31, 2020 - 279,342).

On February 23, 2021, the Trust granted 139,714 REUs under its Employee REU Plan. The grant date price was $18.13 per unit,