RioCan’s purpose is to deliver to our unitholders stable and reliable cash distributions that will increase over the long term. RioCan is Canada’s largest real estate investment trust with a coast-to-coast portfolio of retail properties in Canada’s strongest markets.
## Financial Highlights

(Thousands of dollars, except per unit amounts)

<table>
<thead>
<tr>
<th>Year ended December 31</th>
<th>2007</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total revenue</strong></td>
<td>$ 719,887</td>
<td>$ 646,406</td>
</tr>
<tr>
<td><strong>Net earnings</strong>*</td>
<td>$ 32,358</td>
<td>$ 163,812</td>
</tr>
<tr>
<td><strong>Net earnings per unit – basic and diluted</strong>*</td>
<td>$ 0.16</td>
<td>$ 0.83</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>$ 5,250,056</td>
<td>$ 4,607,963</td>
</tr>
<tr>
<td><strong>Total mortgages and debentures payable</strong></td>
<td>$ 3,235,248</td>
<td>$ 2,780,587</td>
</tr>
<tr>
<td><strong>Funds from operations (“FFO”)</strong>**</td>
<td>$ 314,613</td>
<td>$ 286,555</td>
</tr>
<tr>
<td><strong>FFO per unit</strong>**</td>
<td>$ 1.51</td>
<td>$ 1.45</td>
</tr>
<tr>
<td><strong>Total distributions to unitholders</strong></td>
<td>$ 276,688</td>
<td>$ 256,993</td>
</tr>
<tr>
<td><strong>Total distributions to unitholders per unit</strong></td>
<td>$ 1.3275</td>
<td>$ 1.2975</td>
</tr>
<tr>
<td><strong>Units outstanding</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Weighted average for the year</td>
<td>208,412</td>
<td>197,989</td>
</tr>
<tr>
<td>At December 31</td>
<td>210,883</td>
<td>199,647</td>
</tr>
</tbody>
</table>

* Refer to RioCan’s Management's Discussion and Analysis for a discussion and analysis relating to the two years ended December 31, 2007 and 2006.

** A non-GAAP measure for which a definition and a reconciliation to net earnings can be found in our Management's Discussion and Analysis under FFO.
I am pleased to report that in 2007, RioCan enhanced our strategy of being “rooted in major markets.”

Edward Sonshine, Q.C.  
President and Chief Executive Officer, RioCan Real Estate Investment Trust

President’s Report to Unitholders

Our strategy of being “rooted in major markets” is based on demographic trends. Of note, 45% of Canada’s population resides in our six largest urban centres. More significantly, with 64% or more of the population growth, these centres present major opportunities for your Trust. To maintain our roots in these major markets, RioCan is making strategic capital improvements in our properties, for today – and tomorrow.

To ensure safety of capital and strong returns, all our strategic growth investments are subject to rigorous financial and marketing analyses. Investments ensure that our major properties in high-growth markets incorporate the newest features to enhance the customer experience. That is why RioCan properties are “must destinations” for shopping, services and entertainment. To further capitalize on the attraction of our locations, some of our future developments will include spaces for living and working too.

Our award-winning properties garner the recognition among tenants, customers and unitholders that RioCan is where the action – and the money – are. That’s why RioCan properties consistently have some of the industry’s lowest vacancy rates. Due to changes in bylaws affecting the ratio of parking spaces to stores, many RioCan properties across Canada can now be expanded, providing exciting opportunities for RioCan and unitholders.

By showcasing a selection of major properties in high-growth markets across Canada, I invite you to take a closer look at RioCan in action.
Tillicum Centre – Victoria, British Columbia

Acquired in July 2002 with Kimco, our 50/50 partner, the site had a 3.9% vacancy rate, unacceptable for a property in this location. With a vision of what the site could be, a dramatic expansion was initiated in 2004. A 62,000 square foot addition was anchored by the introduction of two marquee tenants to Vancouver Island: Linens ‘N Things and Old Navy. During phase 2 of the expansion, Fabricland relocated to a larger store and TD Bank also took occupancy.

The entire Tillicum Centre property has been revitalized with improvements to roadways and entrances, signage and landscaping. In addition to improving the quality of the tenant base and the aesthetics of the centre, we have increased the return on investment (“ROI”) since acquisition by more than 100 basis points. RioCan’s strategy to rejuvenate this property has improved the net operating income from $5.3 million at time of purchase to the 2008 budget annualized net operating income of $7.2 million, a 35.8% increase. As well, the 96.1% occupancy rate at time of purchase has increased to the current 99.1%.

An anticipated mixed-use expansion scheduled for commencement in 2009 will feature 300,000 square feet of residential and 40,000 square feet of retail space. The new building will consist of 12 storeys of residential, one level of street retail and a four-level parkade.
South Trail Crossing – Calgary, Alberta

South Trail Crossing is conveniently located at a high-traffic intersection in the midst of a major retail node. Featuring over 432,000 square feet, the property offers a lively blend of stores, restaurants and services. A 30,000 square foot addition is currently under construction. Mexx, Liz Claiborne, Ricki’s, Warehouse One, Town Shoes and Addition-Elle are all on schedule for their 2008 openings. With the addition, an increase of 16.6% will be realized in net operating income, from $4.8 million in 2007 to $5.6 million annualized at December 2008, and the occupancy rate has increased from 95.8% at the time of purchase to 100%. The centre’s ROI upon completion (including monies invested) has increased by more than 100 basis points since acquisition.
RioCan Colossus Centre – Vaughan, Ontario

RioCan Colossus Centre is a premium draw for shoppers in the booming and affluent surrounding neighbourhoods and region of Vaughan. Easy access to the centre is available at the corners of Highway 400, Highway 407 and Highway 7. RioCan Colossus Centre features one of Canada’s largest movie theatres and over 698,000 square feet of shopping, services and restaurants. Plans were realized in 2007 for an additional 27,500 square feet of space to include retailers and eateries such as Spence Diamonds, EB Games, Hero Burgers, Moxie’s and Earls. This intensification plan has resulted in a current occupancy rate of 100%, and net operating income that is projected to increase from $9.4 million in 2007 to $10.4 million annualized at December 2008, a 10.6% increase. Upon completion of the most recent expansion, the ROI on the overall property is expected to be approximately 9.5%.

Coliseum Ottawa — Ottawa, Ontario

After shopping in this vibrant, new format retail centre, people can unwind at the Coliseum Theatres. An exciting, new 36,600 square foot addition to the property is well underway, including a Shoppers Drug Mart that is anticipated to open in March 2008. One restaurant, a medical clinic and a clothing store are expected to open later this year. RioCan’s strategy to intensify this property has improved net operating income from $1.03 million in 2007 to an expected $2.02 million annualized at December 2008, an impressive 96.1% increase. The centre was purchased at an ROI of approximately 7%, and upon completion of the expansion buildings, the ROI is expected to be approximately 8.5%.
RioCan Yonge Eglinton Centre – Toronto, Ontario

RioCan is pleased to make this important acquisition, completed in January 2007. To ensure that the over 70 stores and services in RioCan Yonge Eglinton Centre (YEC) are the area’s premiere shopping, entertainment and eating destination, we have launched an exciting revitalization plan. RioCan YEC is also capitalizing on the area’s “intensification designation” including new housing and transit improvements. As part of this intensification, two new Minto towers and their influx of 1,600 affluent consumers are within an easy 5 minute walk of RioCan YEC.

At RioCan YEC, patrons can enjoy a meal in the recently refurbished food court with new skylights. New flooring, furniture and lighting complete the food court transformation.

Passengers on the popular Yonge Street subway line who disembark at the station underneath the complex can enjoy convenient shopping, without stepping outside. For drivers to RioCan YEC, the revamped parking lot offers improved lighting, directional signage and enhanced security features. The overall enhancements to RioCan YEC command increased rents and an enhanced net operating income too. For instance, at the time of its acquisition net operating income was $13.3 million while the budget annualized at December 2008 is $18.7 million, an increase of 40.6%. The project’s ROI (including monies invested) is expected to increase by more than 180 basis points over the same time period. The complex’s overall occupancy rate has increased from 87.8% at the time of purchase, to the current 95%. And the two high rise office towers’ occupancy rate has also increased since its acquisition, from 85% to the current 93.9%.

As part of RioCan YEC’s expansion, a new development has been proposed for the corners of Yonge Street and Eglinton Avenue. It will feature 40,000 square feet of retail on three easily accessible levels. RioCan is pleased to announce that in February 2008, its headquarters moved to RioCan YEC.
In closing

Like a flourishing tree that anchors a site and welcomes all to it, RioCan also anchors a community – for shopping, entertainment, services – and increasingly living and working too. Some of the most desirable properties in Canada are RioCan’s. To solidify our roots for the long-term, RioCan is committed to making well-conceived, strategic investments. Modelling analyses, conservative leverage and financial management, prudent investments, decades of experience, superior marketing and communications, and deep relationships in the retail and wider community: RioCan has a steadfast commitment to lead the industry. These are some of the reasons why we have been one of Canada’s best-returning REITs for the last 14 years. The future looks bright for our strategy of being “rooted in major communities” to grow RioCan and to maximize unitholder return.

Edward Sonshine, Q.C.
President and Chief Executive Officer,
RioCan Real Estate Investment Trust
January 29, 2008
Using our wealth of experience and diversely talented management team, RioCan is poised to capitalize on new opportunities and enhance existing properties. Seasoned management preserve the traditions of the Trust while incorporating the newest techniques to keep RioCan at the forefront of our industry.
<table>
<thead>
<tr>
<th>Property and Location</th>
<th>Ownership Interest (%)</th>
<th>RioCan's Interests NLA (sq. ft.)</th>
<th>Total Site NLA (sq. ft.)</th>
<th>Leased (%)</th>
<th>Major or Anchor Tenants</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ALBERTA</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Brentwood Village, Calgary, AB</td>
<td>50%</td>
<td>155,745</td>
<td>311,490</td>
<td>98.5%</td>
<td>Safeway, London Drugs, Sears Whole Home, Linens ‘N’ Things</td>
</tr>
<tr>
<td>Glenmore Landing, Calgary, AB</td>
<td>50%</td>
<td>73,617</td>
<td>147,234</td>
<td>100.0%</td>
<td>Safeway</td>
</tr>
<tr>
<td>Jasper Gates Shopping Centre, Edmonton, AB</td>
<td>100%</td>
<td>94,460</td>
<td>149,460</td>
<td>100.0%</td>
<td>London Drugs, Safeway*</td>
</tr>
<tr>
<td>Lethbridge Towne Square, Lethbridge, AB</td>
<td>100%</td>
<td>79,396</td>
<td>79,396</td>
<td>100.0%</td>
<td>London Drugs</td>
</tr>
<tr>
<td>Mayfield Common, Edmonton, AB</td>
<td>30%</td>
<td>133,279</td>
<td>444,263</td>
<td>99.0%</td>
<td>Winners/HomeSense, Save-On-Foods, Office Depot, JYSK</td>
</tr>
<tr>
<td>North Edmonton Cineplex Centre, Edmonton, AB</td>
<td>100%</td>
<td>75,836</td>
<td>75,836</td>
<td>100.0%</td>
<td>Cineplex</td>
</tr>
<tr>
<td>Northgate Village Shopping Centre, Calgary, AB</td>
<td>100%</td>
<td>277,519</td>
<td>404,609</td>
<td>100.0%</td>
<td>Safeway, Staples/Business Depot, JYSK, Gold’s Gym, Home Depot*</td>
</tr>
<tr>
<td>RioCan Beacon Hill, Calgary, AB</td>
<td>40%</td>
<td>104,292</td>
<td>519,730</td>
<td>100.0%</td>
<td>Shoppers Drug Mart, Michaels, Linens ‘N’ Things, Sport Chek/ Coast Mountain Sports, Canadian Tire, Winners/HomeSense, PetSmart, The Brick, Future Shop, Home Depot*, Costco*</td>
</tr>
<tr>
<td>RioCan Centre Grande Prairie I, Grande Prairie, AB</td>
<td>100%</td>
<td>237,375</td>
<td>337,375</td>
<td>100.0%</td>
<td>Rona, London Drugs, Cineplex, Staples/Business Depot, Wal-Mart*</td>
</tr>
<tr>
<td>RioCan Centre Grande Prairie II, Grande Prairie, AB</td>
<td>50%</td>
<td>31,707</td>
<td>63,414</td>
<td>100.0%</td>
<td>Michaels</td>
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<tr>
<td>RioCan Meadows, Edmonton, AB</td>
<td>50%</td>
<td>116,758</td>
<td>233,516</td>
<td>100.0%</td>
<td>Home Depot, Staples/Business Depot, Winners, Best Buy, Loblaws*</td>
</tr>
<tr>
<td>RioCan Shawnessy I, Calgary, AB</td>
<td>50%</td>
<td>43,112</td>
<td>86,224</td>
<td>100.0%</td>
<td>Winners</td>
</tr>
<tr>
<td>RioCan Shawnessy II, Calgary, AB</td>
<td>50%</td>
<td>116,046</td>
<td>281,737</td>
<td>100.0%</td>
<td>Zellers, Canadian Tire*</td>
</tr>
<tr>
<td>RioCan Shawnessy III, Calgary, AB</td>
<td>50%</td>
<td>75,341</td>
<td>471,682</td>
<td>100.0%</td>
<td>Staples/Business Depot, Future Shop, Linens ‘N’ Things, Home Depot*, Wal-Mart*, Co-op*</td>
</tr>
<tr>
<td>RioCan Signal Hill Centre, Calgary, AB</td>
<td>100%</td>
<td>453,693</td>
<td>568,693</td>
<td>98.9%</td>
<td>Zellers, Winners, Staples/Business Depot, Chapters, Michaels, Real Canadian Superstore*</td>
</tr>
<tr>
<td>Riverbend Square Shopping Centre, Edmonton, AB</td>
<td>100%</td>
<td>136,291</td>
<td>136,291</td>
<td>100.0%</td>
<td>Safeway, Shoppers Drug Mart</td>
</tr>
<tr>
<td>South Edmonton Common, Edmonton, AB</td>
<td>50%</td>
<td>214,373</td>
<td>979,816</td>
<td>100.0%</td>
<td>London Drugs, The Brick, Michaels, Home Outfitters, Old Navy, Home Depot*, Wal-Mart*, Real Canadian Superstore*, Cineplex*, Staples/Business Depot*, Best Buy*</td>
</tr>
<tr>
<td>South Trail Crossing, Calgary, AB</td>
<td>100%</td>
<td>282,901</td>
<td>432,901</td>
<td>100.0%</td>
<td>Co-op, Winners, Staples/Business Depot, Sport Chek, Wal-Mart*, Safeway*</td>
</tr>
<tr>
<td>Property and Location</td>
<td>Ownership Interest (%)</td>
<td>RioCan's Interests NLA (sq. ft.)</td>
<td>Total Site NLA (sq. ft.)</td>
<td>Leased (%)</td>
<td>Major or Anchor Tenants</td>
</tr>
<tr>
<td>----------------------------------------------------------</td>
<td>------------------------</td>
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<td>------------</td>
<td>----------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Southland Crossing Shopping Centre, Calgary, AB</td>
<td>100%</td>
<td>132,072</td>
<td>132,072</td>
<td>98.3%</td>
<td>Safeway</td>
</tr>
<tr>
<td>Abbotsford Power Centre, Abbotsford, BC</td>
<td>50%</td>
<td>109,940</td>
<td>459,880</td>
<td>99.0%</td>
<td>Winners/HomeSense, Zellers, PetSmart, Costco*, Rona/Revy*</td>
</tr>
<tr>
<td>Cambie Street, Vancouver, BC</td>
<td>100%</td>
<td>148,215</td>
<td>148,215</td>
<td>100.0%</td>
<td>Canadian Tire, Best Buy</td>
</tr>
<tr>
<td>Clearbrook Town Square, Abbotsford, BC</td>
<td>50%</td>
<td>94,132</td>
<td>188,264</td>
<td>99.1%</td>
<td>Safeway, Staples/Business Depot</td>
</tr>
<tr>
<td>Dilworth Shopping Centre, Kelowna, BC</td>
<td>100%</td>
<td>197,432</td>
<td>197,432</td>
<td>99.6%</td>
<td>Safeway, Staples/Business Depot</td>
</tr>
<tr>
<td>Impact Plaza, Surrey, BC</td>
<td>100%</td>
<td>134,208</td>
<td>134,208</td>
<td>100.0%</td>
<td>TNT</td>
</tr>
<tr>
<td>The Junction, Mission, BC</td>
<td>50%</td>
<td>141,237</td>
<td>330,548</td>
<td>98.9%</td>
<td>Save-On-Foods, Famous Players, London Drugs, Staples/Business Depot, Canadian Tire*</td>
</tr>
<tr>
<td>Parkwood Place Shopping Centre, Prince George, BC</td>
<td>50%</td>
<td>186,363</td>
<td>372,726</td>
<td>95.8%</td>
<td>The Bay, London Drugs, Staples/Business Depot, Famous Players, Save-On-Foods</td>
</tr>
<tr>
<td>Peninsula Village Shopping Centre, South Surrey, BC</td>
<td>50%</td>
<td>85,353</td>
<td>170,706</td>
<td>100.0%</td>
<td>Safeway, London Drugs</td>
</tr>
<tr>
<td>RioCan Langley Centre I, Langley, BC</td>
<td>50%</td>
<td>76,162</td>
<td>152,324</td>
<td>100.0%</td>
<td>Sears Whole Home, HomeSense, Chapters, PetSmart</td>
</tr>
<tr>
<td>RioCan Langley Centre II, Langley, BC</td>
<td>50%</td>
<td>114,157</td>
<td>228,314</td>
<td>100.0%</td>
<td>Winners, Future Shop, Michaels, Office Depot</td>
</tr>
<tr>
<td>Strawberry Hill Shopping Centre, Surrey, BC</td>
<td>50%</td>
<td>168,966</td>
<td>337,932</td>
<td>100.0%</td>
<td>Home Depot, Cineplex, Winners, Chapters, Sport Chek</td>
</tr>
<tr>
<td>Tillicum Centre, Victoria, BC</td>
<td>50%</td>
<td>236,265</td>
<td>472,530</td>
<td>99.1%</td>
<td>Zellers, Famous Players, Safeway, Winners, London Drugs, Old Navy, Linens 'N' Things</td>
</tr>
<tr>
<td>Vernon Square Shopping Centre, Vernon, BC</td>
<td>100%</td>
<td>98,110</td>
<td>151,110</td>
<td>97.6%</td>
<td>London Drugs, Safeway*</td>
</tr>
<tr>
<td>Kildonan Crossing Shopping Centre, Winnipeg, MB</td>
<td>100%</td>
<td>178,877</td>
<td>178,877</td>
<td>88.9%</td>
<td>Safeway, Petcetera</td>
</tr>
</tbody>
</table>

**New Brunswick**

<table>
<thead>
<tr>
<th>Property and Location</th>
<th>Ownership Interest (%)</th>
<th>RioCan's Interests NLA (sq. ft.)</th>
<th>Total Site NLA (sq. ft.)</th>
<th>Leased (%)</th>
<th>Major or Anchor Tenants</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brookeside Mall, Fredericton, NB</td>
<td>50%</td>
<td>138,165</td>
<td>276,330</td>
<td>92.0%</td>
<td>Zellers, Sobeys, Rossy</td>
</tr>
<tr>
<td>Chaleur Centre, Bathurst, NB</td>
<td>100%</td>
<td>275,053</td>
<td>275,053</td>
<td>46.6%</td>
<td>Client Logic</td>
</tr>
<tr>
<td>Madawaska Centre, St. Basile, NB</td>
<td>100%</td>
<td>271,924</td>
<td>271,924</td>
<td>86.6%</td>
<td>Zellers, Staples/Business Depot</td>
</tr>
<tr>
<td>Northumberland Square, Miramichi, NB</td>
<td>100%</td>
<td>208,408</td>
<td>208,408</td>
<td>88.1%</td>
<td>Zellers, Shoppers Drug Mart</td>
</tr>
<tr>
<td>Quispamsis Town Centre, Quispamsis, NB</td>
<td>100%</td>
<td>83,376</td>
<td>83,376</td>
<td>95.3%</td>
<td>Shoppers Drug Mart</td>
</tr>
<tr>
<td>Property and Location</td>
<td>Ownership Interest (%)</td>
<td>RioCan’s Interests NLA (sq. ft.)</td>
<td>Total Site NLA (sq. ft.)</td>
<td>Leased (%)</td>
<td>Major or Anchor Tenants</td>
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<tr>
<td>Wheeler Park Power Centre, Moncton, NB</td>
<td>100%</td>
<td>271,973</td>
<td>647,588</td>
<td>100.0%</td>
<td>Sears Whole Home, Winners, Staples/Business Depot, Old Navy, Empire Theatres, Costco*, Kent*, Loblaws*</td>
</tr>
<tr>
<td><strong>NEWFOUNDLAND</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trinity Conception Square, Carbonear, NF</td>
<td>100%</td>
<td>182,642</td>
<td>182,642</td>
<td>92.6%</td>
<td>Dominion, Wal-Mart</td>
</tr>
<tr>
<td><strong>ONTARIO</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>404 Town Centre, Newmarket, ON</td>
<td>50%</td>
<td>122,191</td>
<td>244,382</td>
<td>96.0%</td>
<td>Zellers, A&amp;P</td>
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<tr>
<td>1717 Avenue Road, Toronto, ON</td>
<td>100%</td>
<td>25,137</td>
<td>25,137</td>
<td>84.6%</td>
<td>LCBO, Blockbuster</td>
</tr>
<tr>
<td>200-2040 Eglington Avenue, Toronto, ON</td>
<td>100%</td>
<td>45,025</td>
<td>45,025</td>
<td>100.0%</td>
<td>Staples/Business Depot, Zellers</td>
</tr>
<tr>
<td>Adelaide Centre, London, ON</td>
<td>100%</td>
<td>80,938</td>
<td>80,938</td>
<td>100.0%</td>
<td>A&amp;P</td>
</tr>
<tr>
<td>Albion Centre, Toronto, ON</td>
<td>50%</td>
<td>190,154</td>
<td>380,308</td>
<td>100.0%</td>
<td>Canadian Tire, No Frills</td>
</tr>
<tr>
<td>Barrie Loblaws, Barrie, ON</td>
<td>100%</td>
<td>71,821</td>
<td>71,821</td>
<td>100.0%</td>
<td>Zehrs</td>
</tr>
<tr>
<td>Bell Front Shopping Centre, Belleville, ON</td>
<td>100%</td>
<td>110,400</td>
<td>160,400</td>
<td>89.3%</td>
<td>Food Basics, Canadian Tire*</td>
</tr>
<tr>
<td>Belleville Stream Centre, Belleville, ON</td>
<td>100%</td>
<td>89,237</td>
<td>89,237</td>
<td>100.0%</td>
<td>Stream International</td>
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<tr>
<td>Belleville Wal-Mart Centre, Belleville, ON</td>
<td>100%</td>
<td>275,355</td>
<td>275,355</td>
<td>100.0%</td>
<td>Wal-Mart, Office Depot</td>
</tr>
<tr>
<td>Cambrian Mall, Sault Ste. Marie, ON</td>
<td>100%</td>
<td>129,697</td>
<td>311,528</td>
<td>91.8%</td>
<td>Winners, Sport Chek, Canadian Tire*, Loblaws*</td>
</tr>
<tr>
<td>Chapman Mills Marketplace, Ottawa, ON</td>
<td>62.5%</td>
<td>269,894</td>
<td>546,830</td>
<td>100.0%</td>
<td>Wal-Mart, Winners, Staples/ Business Depot, Galaxy Cinemas, Indigo, Loblaws*</td>
</tr>
<tr>
<td>Cherry Hill Shopping Centre, Fergus, ON</td>
<td>100.0%</td>
<td>73,837</td>
<td>73,837</td>
<td>100.0%</td>
<td>Zehrs</td>
</tr>
<tr>
<td>City View Plaza, Nepean, ON</td>
<td>100%</td>
<td>60,400</td>
<td>60,400</td>
<td>96.3%</td>
<td>Le Baron Sports, Pharma Plus, PartSource</td>
</tr>
<tr>
<td>Clappison’s Crossing, Flamborough, ON</td>
<td>50%</td>
<td>50,162</td>
<td>100,324</td>
<td>100.0%</td>
<td>Rona, No Frills</td>
</tr>
<tr>
<td>Clarkson Crossing, Mississauga, ON</td>
<td>50%</td>
<td>106,534</td>
<td>213,068</td>
<td>100.0%</td>
<td>Dominion, Canadian Tire, Shoppers Drug Mart</td>
</tr>
<tr>
<td>Clarkson Village Shopping Centre, Mississauga, ON</td>
<td>100%</td>
<td>51,771</td>
<td>51,771</td>
<td>100.0%</td>
<td>HomeSense</td>
</tr>
<tr>
<td>Colborne Plaza, Brantford, ON</td>
<td>100%</td>
<td>70,397</td>
<td>70,397</td>
<td>94.4%</td>
<td>Zehrs</td>
</tr>
<tr>
<td>Coliseum Theatre, Ottawa, ON</td>
<td>100%</td>
<td>73,821</td>
<td>73,821</td>
<td>100.0%</td>
<td>Famous Players, Shoppers Drug Mart</td>
</tr>
<tr>
<td>Collingwood Centre, Collingwood, ON</td>
<td>100%</td>
<td>248,009</td>
<td>248,009</td>
<td>98.4%</td>
<td>Zellers, Price Chopper, Canadian Tire</td>
</tr>
<tr>
<td>Commissioners Court Plaza, London, ON</td>
<td>100%</td>
<td>94,140</td>
<td>94,140</td>
<td>100.0%</td>
<td>Food Basics</td>
</tr>
</tbody>
</table>
## Property Portfolio

As at December 31, 2007

<table>
<thead>
<tr>
<th>Property and Location</th>
<th>Ownership Interest (%)</th>
<th>RioCan’s Interest NLA (sq. ft.)</th>
<th>Total Site NLA (sq. ft.)</th>
<th>Leased (%)</th>
<th>Major or Anchor Tenants</th>
</tr>
</thead>
<tbody>
<tr>
<td>Coulter’s Mill Marketplace, Thornhill, ON</td>
<td>100%</td>
<td>73,667</td>
<td>73,667</td>
<td>100.0%</td>
<td>Staples/Business Depot</td>
</tr>
<tr>
<td>County Fair Mall, Smiths Falls, ON</td>
<td>100%</td>
<td>162,942</td>
<td>162,942</td>
<td>90.2%</td>
<td>Zellers, Food Basics</td>
</tr>
<tr>
<td>Donald Plaza, Ottawa, ON</td>
<td>50%</td>
<td>45,830</td>
<td>91,660</td>
<td>95.9%</td>
<td>Winners</td>
</tr>
<tr>
<td>Dougall Plaza, Windsor, ON</td>
<td>100%</td>
<td>126,903</td>
<td>126,903</td>
<td>94.6%</td>
<td>Food Basics</td>
</tr>
<tr>
<td>Eastcourt Mall, Cornwall, ON</td>
<td>100%</td>
<td>179,861</td>
<td>179,861</td>
<td>97.5%</td>
<td>Zellers</td>
</tr>
<tr>
<td>Elmval Acres Shopping Centre, Ottawa, ON</td>
<td>100%</td>
<td>147,332</td>
<td>147,332</td>
<td>99.6%</td>
<td>Loblaw, Pharma Plus</td>
</tr>
<tr>
<td>Empress Walk, Toronto, ON</td>
<td>100%</td>
<td>180,811</td>
<td>238,811</td>
<td>100.0%</td>
<td>Empire Theatres, Staples/Business Depot, Future Shop, Loblaws*</td>
</tr>
<tr>
<td>Fairlawn Centre, Ottawa, ON</td>
<td>100%</td>
<td>8,322</td>
<td>8,322</td>
<td>80.8%</td>
<td></td>
</tr>
<tr>
<td>Fallingbrook Shopping Centre, Ottawa, ON</td>
<td>100%</td>
<td>97,109</td>
<td>97,109</td>
<td>100.0%</td>
<td>Loeb, Shoppers Drug Mart</td>
</tr>
<tr>
<td>Five Points Shopping Centre, Oshawa, ON</td>
<td>100%</td>
<td>408,547</td>
<td>408,547</td>
<td>98.6%</td>
<td>Zellers, A&amp;P, Staples/Business Depot, Winners, Sears, Premier Fitness, National Sports</td>
</tr>
<tr>
<td>Frontenac Mall, Kingston, ON</td>
<td>15%</td>
<td>42,228</td>
<td>281,520</td>
<td>83.7%</td>
<td>Premier Fitness, Food Basics, Liquidation World</td>
</tr>
<tr>
<td>Galaxy Centre, Owen Sound, ON</td>
<td>100%</td>
<td>91,563</td>
<td>91,563</td>
<td>100.0%</td>
<td>No Frills, Galaxy Cinemas</td>
</tr>
<tr>
<td>Gloucester Silver City, Gloucester, ON</td>
<td>60%</td>
<td>136,334</td>
<td>287,223</td>
<td>100.0%</td>
<td>Famous Players, Chapters, Future Shop, Old Navy, Loblaws*</td>
</tr>
<tr>
<td>Goderich Wal-Mart Centre, Goderich, ON</td>
<td>100%</td>
<td>96,930</td>
<td>204,786</td>
<td>100.0%</td>
<td>Wal-Mart, Canadian Tire*, Zehrs*</td>
</tr>
<tr>
<td>Green Lane Centre, Newmarket, ON</td>
<td>33%</td>
<td>52,864</td>
<td>416,037</td>
<td>100.0%</td>
<td>Michaels, PetSmart, Linens ‘N’ Things, Costco*, Loblaws*</td>
</tr>
<tr>
<td>Hamilton Highbury Plaza, London, ON</td>
<td>100%</td>
<td>5,269</td>
<td>5,269</td>
<td>100.0%</td>
<td></td>
</tr>
<tr>
<td>Hartsland Market Square, Guelph, ON</td>
<td>100%</td>
<td>108,717</td>
<td>108,717</td>
<td>100.0%</td>
<td>Zehrs</td>
</tr>
<tr>
<td>Heart Lake Town Centre, Brampton, ON</td>
<td>100%</td>
<td>127,489</td>
<td>127,489</td>
<td>100.0%</td>
<td>A&amp;P</td>
</tr>
<tr>
<td>Highbury Shopping Plaza, London, ON</td>
<td>100%</td>
<td>70,987</td>
<td>70,987</td>
<td>75.5%</td>
<td>Premier Fitness</td>
</tr>
<tr>
<td>Hunt Club Centre, Ottawa, ON</td>
<td>100%</td>
<td>67,147</td>
<td>67,147</td>
<td>99.1%</td>
<td>A&amp;P</td>
</tr>
<tr>
<td>Innes Road Plaza, Ottawa, ON</td>
<td>100%</td>
<td>47,658</td>
<td>167,658</td>
<td>100.0%</td>
<td>PetSmart, Costco*</td>
</tr>
<tr>
<td>Kanata Centrum Shopping Centre, Kanata, ON</td>
<td>100%</td>
<td>316,402</td>
<td>496,402</td>
<td>100.0%</td>
<td>Wal-Mart, Chapters, Loblaws, Canadian Tire*, AMC Theatres*</td>
</tr>
<tr>
<td>Kendalwood Park Plaza, Whitby, ON</td>
<td>50%</td>
<td>79,560</td>
<td>159,120</td>
<td>93.8%</td>
<td>Price Chopper, Value Village, Shoppers Drug Mart</td>
</tr>
<tr>
<td>Kennedy Commons, Toronto, ON</td>
<td>50%</td>
<td>193,487</td>
<td>467,974</td>
<td>100%</td>
<td>AMC Theatres, The Brick, Dominion, Sears Whole Home, Chapters, Rona*</td>
</tr>
<tr>
<td>Langstaff Place Shopping Centre, Woodbridge, ON</td>
<td>100%</td>
<td>37,769</td>
<td>62,769</td>
<td>100.0%</td>
<td>No Frills*</td>
</tr>
<tr>
<td>Property and Location</td>
<td>Ownership Interest (%)</td>
<td>RioCan’s Interests NLA (sq. ft.)</td>
<td>Total Site NLA (sq. ft.)</td>
<td>Leased (%)</td>
<td>Major or Anchor Tenants</td>
</tr>
<tr>
<td>-----------------------------------------------</td>
<td>------------------------</td>
<td>---------------------------------</td>
<td>-------------------------</td>
<td>------------</td>
<td>----------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Lawrence Square, Toronto, ON</td>
<td>100%</td>
<td>678,246</td>
<td>678,246</td>
<td>99.5%</td>
<td>Zellers, Fortino’s, Canadian Tire</td>
</tr>
<tr>
<td>Lincoln Fields Shopping Centre, Ottawa, ON</td>
<td>50%</td>
<td>144,262</td>
<td>288,524</td>
<td>94.4%</td>
<td>Wal-Mart, Loeb</td>
</tr>
<tr>
<td>London Plaza, London, ON</td>
<td>100%</td>
<td>138,828</td>
<td>138,828</td>
<td>91.0%</td>
<td>Value Village, Gold’s Gym</td>
</tr>
<tr>
<td>Markington Square, Scarborough, ON</td>
<td>100%</td>
<td>114,997</td>
<td>114,997</td>
<td>100.0%</td>
<td>Dominion, Shoppers Drug Mart</td>
</tr>
<tr>
<td>Meadowlans Power Centre, Ancaster, ON</td>
<td>100%</td>
<td>145,573</td>
<td>589,177</td>
<td>100.0%</td>
<td>HomeSense, Future Shop, Sport Chek, Costco*, Home Depot*, Zellers*, Sobeys*, Staples/Business Depot*</td>
</tr>
<tr>
<td>Merivale Market, Nepean, ON</td>
<td>75%</td>
<td>59,135</td>
<td>78,847</td>
<td>100.0%</td>
<td>Food Basics, Shoppers Drug Mart</td>
</tr>
<tr>
<td>Midtown Mall, Oshawa, ON</td>
<td>100%</td>
<td>137,542</td>
<td>177,542</td>
<td>90.4%</td>
<td>A&amp;P*</td>
</tr>
<tr>
<td>Millcroft Shopping Centre, Burlington, ON</td>
<td>50%</td>
<td>185,227</td>
<td>370,454</td>
<td>100.0%</td>
<td>Zellers, Canadian Tire, Ultra Food &amp; Drug</td>
</tr>
<tr>
<td>Miracle Plaza, Hamilton, ON</td>
<td>100%</td>
<td>83,765</td>
<td>83,765</td>
<td>100.0%</td>
<td>A&amp;P</td>
</tr>
<tr>
<td>Mississauga Plaza, Mississauga, ON</td>
<td>100%</td>
<td>176,286</td>
<td>176,286</td>
<td>100.0%</td>
<td>Price Chopper, Premier Fitness</td>
</tr>
<tr>
<td>New Liskeard Wal-Mart Centre, New Liskeard, ON</td>
<td>100%</td>
<td>82,742</td>
<td>127,498</td>
<td>100.0%</td>
<td>Wal-Mart, Canadian Tire*</td>
</tr>
<tr>
<td>Niagara Falls Plaza, Niagara Falls, ON</td>
<td>100%</td>
<td>143,815</td>
<td>143,815</td>
<td>100.0%</td>
<td>Zellers, IGA</td>
</tr>
<tr>
<td>Niagara Square, Niagara Falls, ON</td>
<td>15%</td>
<td>46,379</td>
<td>309,193</td>
<td>92.1%</td>
<td>Cineplex, Sport Chek, Winners, JYSK, Future Shop, Linens ‘N’ Things, Michaels</td>
</tr>
<tr>
<td>Norwest Plaza, Kingston, ON</td>
<td>100%</td>
<td>40,603</td>
<td>40,603</td>
<td>100.0%</td>
<td>Petcetera</td>
</tr>
<tr>
<td>Oakridge Centre, London, ON</td>
<td>100%</td>
<td>39,557</td>
<td>145,057</td>
<td>100.0%</td>
<td>Pharma Plus, CIBC, Loblaws*</td>
</tr>
<tr>
<td>Orillia Square Mall, Orillia, ON</td>
<td>100%</td>
<td>322,536</td>
<td>322,536</td>
<td>99.5%</td>
<td>Zellers, Canadian Tire, No Frills, Staples/Business Depot</td>
</tr>
<tr>
<td>Pharmacy 1 Centre, Brampton, ON</td>
<td>100%</td>
<td>32,294</td>
<td>32,294</td>
<td>100.0%</td>
<td>Pharmacy 1</td>
</tr>
<tr>
<td>Pine Plaza, Sault Ste. Marie, ON</td>
<td>100%</td>
<td>42,380</td>
<td>42,380</td>
<td>97.9%</td>
<td>A&amp;P</td>
</tr>
<tr>
<td>Port Elgin Shopping Centre, Port Elgin, ON</td>
<td>100%</td>
<td>47,076</td>
<td>82,076</td>
<td>100.0%</td>
<td>Giant Tiger, LCBO, Canadian Tire*</td>
</tr>
<tr>
<td>Premier Plaza, St. Catharines, ON</td>
<td>100%</td>
<td>144,983</td>
<td>144,983</td>
<td>100.0%</td>
<td>Premier Fitness, Canadian Tire (call centre)</td>
</tr>
<tr>
<td>Renfrew Mall, Renfrew, ON</td>
<td>100%</td>
<td>138,648</td>
<td>138,648</td>
<td>49.8%</td>
<td>Teletech Canada</td>
</tr>
<tr>
<td>RioCan Centre Burloak, Oakville, ON</td>
<td>50%</td>
<td>119,002</td>
<td>336,004</td>
<td>100.0%</td>
<td>Cineplex, Longo’s, Home Outfitters, Home Depot*</td>
</tr>
<tr>
<td>RioCan Centre Kingston I, Kingston, ON</td>
<td>100%</td>
<td>396,826</td>
<td>517,871</td>
<td>98.2%</td>
<td>HomeSense, Old Navy, Cineplex, Sears, Staples/Business Depot, Michaels, Winners, Future Shop, Home Depot*</td>
</tr>
<tr>
<td>RioCan Centre Kingston II, Kingston, ON</td>
<td>100%</td>
<td>219,007</td>
<td>219,007</td>
<td>98.7%</td>
<td>Home Outfitters, The Brick, Best Buy, JYSK, PetSmart</td>
</tr>
<tr>
<td>RioCan Centre London North, London, ON</td>
<td>100%</td>
<td>105,040</td>
<td>165,040</td>
<td>100.0%</td>
<td>Chapters, PetSmart, Loblaws*</td>
</tr>
<tr>
<td>Property and Location</td>
<td>Ownership Interest (%)</td>
<td>RioCan's Interests NLA (sq. ft.)</td>
<td>Total Site NLA (sq. ft.)</td>
<td>Leased (%)</td>
<td>Major or Anchor Tenants</td>
</tr>
<tr>
<td>--------------------------------------------</td>
<td>------------------------</td>
<td>----------------------------------</td>
<td>--------------------------</td>
<td>------------</td>
<td>----------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>RioCan Centre London South, London, ON</td>
<td>100%</td>
<td>139,600</td>
<td>139,600</td>
<td>100.0%</td>
<td>A&amp;P</td>
</tr>
<tr>
<td>RioCan Centre Milton, Milton, ON</td>
<td>100%</td>
<td>114,424</td>
<td>199,424</td>
<td>100.0%</td>
<td>Galaxy Cinemas, Premier Fitness, Home Depot*, Sobeys*,</td>
</tr>
<tr>
<td>RioCan Centre Newmarket, Newmarket, ON</td>
<td>40%</td>
<td>26,688</td>
<td>66,720</td>
<td>100.0%</td>
<td>Staples/Business Depot, Mark's Work Wearhouse</td>
</tr>
<tr>
<td>RioCan Centre Sudbury I, Sudbury, ON</td>
<td>50%</td>
<td>76,088</td>
<td>287,572</td>
<td>100.0%</td>
<td>Famous Players, Staples/Business Depot, Chapters, Costco*</td>
</tr>
<tr>
<td>RioCan Centre Sudbury II &amp; III, Sudbury, ON</td>
<td>50%</td>
<td>125,824</td>
<td>381,648</td>
<td>100.0%</td>
<td>Sears, HomeSense, Winners, Linens 'N' Things, PetSmart, Michaels Old Navy, Home Depot*</td>
</tr>
<tr>
<td>RioCan Centre Thunder Bay, Thunder Bay, ON</td>
<td>100%</td>
<td>294,723</td>
<td>294,723</td>
<td>100.0%</td>
<td>Wal-Mart, Staples/Business Depot, Future Shop, Winners, Chapters, PetSmart</td>
</tr>
<tr>
<td>RioCan Centre Windsor, Windsor, ON</td>
<td>100%</td>
<td>239,321</td>
<td>349,321</td>
<td>100.0%</td>
<td>Famous Players, Sears, The Brick, Staples/Business Depot, Costco*</td>
</tr>
<tr>
<td>RioCan Colossus Centre, Vaughan, ON</td>
<td>60%</td>
<td>340,854</td>
<td>698,090</td>
<td>100.0%</td>
<td>HomeSense, Office Place, Rona, Famous Players, Costco*</td>
</tr>
<tr>
<td>RioCan Durham Centre Annex, Ajax, ON</td>
<td>100%</td>
<td>55,090</td>
<td>55,090</td>
<td>100.0%</td>
<td></td>
</tr>
<tr>
<td>RioCan Durham Centre I &amp; V, Ajax, ON</td>
<td>100%</td>
<td>515,204</td>
<td>650,204</td>
<td>100.0%</td>
<td>Zellers, HomeSense, Winners, Chapters, Future Shop, Linens 'N' Things, Costco*</td>
</tr>
<tr>
<td>RioCan Durham Centre II, Ajax, ON</td>
<td>100%</td>
<td>300,297</td>
<td>431,297</td>
<td>100.0%</td>
<td>Wal-Mart, Canadian Tire, Cineplex, Home Depot*</td>
</tr>
<tr>
<td>RioCan Durham Centre III, Ajax, ON</td>
<td>100%</td>
<td>65,151</td>
<td>180,151</td>
<td>100.0%</td>
<td>Best Buy, Old Navy, Loblaw*</td>
</tr>
<tr>
<td>RioCan Elgin Mills Crossing, Richmond Hill, ON</td>
<td>50%</td>
<td>84,056</td>
<td>289,112</td>
<td>100.0%</td>
<td>Costco, Staples/Business Depot, Michaels, PetSmart, Home Depot*</td>
</tr>
<tr>
<td>RioCan Fairgrounds, Orangeville, ON</td>
<td>100%</td>
<td>330,729</td>
<td>474,816</td>
<td>99.2%</td>
<td>Wal-Mart, Price Chopper, Winners, Galaxy Cinemas, Future Shop, Home Depot*, Canadian Tire*</td>
</tr>
<tr>
<td>RioCan Grand Park, Mississauga, ON</td>
<td>50%</td>
<td>59,319</td>
<td>118,638</td>
<td>100.0%</td>
<td>Winners, Staples/Business Depot, Shoppers Drug Mart</td>
</tr>
<tr>
<td>RioCan Hall, Toronto, ON</td>
<td>100%</td>
<td>247,420</td>
<td>247,420</td>
<td>100.0%</td>
<td>Famous Players, Chapters</td>
</tr>
<tr>
<td>RioCan Leamington, Leamington, ON</td>
<td>100%</td>
<td>192,889</td>
<td>192,889</td>
<td>100.0%</td>
<td>Wal-Mart, A&amp;P</td>
</tr>
<tr>
<td>RioCan Leaside Centre, Toronto, ON</td>
<td>50%</td>
<td>66,518</td>
<td>133,036</td>
<td>100.0%</td>
<td>Canadian Tire, Future Shop, PetSmart</td>
</tr>
<tr>
<td>RioCan Marketplace, Toronto, ON</td>
<td>33%</td>
<td>56,972</td>
<td>413,339</td>
<td>99.6%</td>
<td>Winners, Real Canadian Superstore*, Home Depot*</td>
</tr>
<tr>
<td>RioCan Merivale Place, Nepean, ON</td>
<td>100%</td>
<td>201,670</td>
<td>201,670</td>
<td>100.0%</td>
<td>Your Independent Grocer, Winners, Home Outfitters</td>
</tr>
<tr>
<td>RioCan Niagara Falls, Niagara Falls, ON</td>
<td>100%</td>
<td>269,136</td>
<td>367,711</td>
<td>100.0%</td>
<td>Wal-Mart, Staples/Business Depot, Zehrs, Home Depot*</td>
</tr>
<tr>
<td>Property and Location</td>
<td>Ownership Interest (%)</td>
<td>RioCan’s Interests NLA (sq. ft.)</td>
<td>Total Site NLA (sq. ft.)</td>
<td>Leased (%)</td>
<td>Major or Anchor Tenants</td>
</tr>
<tr>
<td>-----------------------</td>
<td>------------------------</td>
<td>-------------------------------</td>
<td>------------------------</td>
<td>------------</td>
<td>------------------------</td>
</tr>
<tr>
<td>RioCan Orleans, Orleans, ON</td>
<td>100%</td>
<td>182,251</td>
<td>297,251</td>
<td>100.0%</td>
<td>Loeb, JYSK, Staples/Business Depot, Home Depot*</td>
</tr>
<tr>
<td>RioCan Renfrew Centre, Renfrew, ON</td>
<td>100%</td>
<td>44,626</td>
<td>118,626</td>
<td>100.0%</td>
<td>Staples/Business Depot, Loblaws*</td>
</tr>
<tr>
<td>RioCan St. Laurent, Ottawa, ON</td>
<td>50%</td>
<td>105,220</td>
<td>210,440</td>
<td>100.0%</td>
<td>Zellers, Food Basics, Loeb</td>
</tr>
<tr>
<td>RioCan Thickson Ridge, Whitby, ON</td>
<td>50%</td>
<td>181,520</td>
<td>493,040</td>
<td>100.0%</td>
<td>Sears Whole Home, Future Shop, HomeSense, JYSK, Home Outfitters, Winners, PetSmart, Home Depot*</td>
</tr>
<tr>
<td>RioCan Warden, Toronto, ON</td>
<td>100%</td>
<td>232,367</td>
<td>232,367</td>
<td>100.0%</td>
<td>Wal-Mart, Winners, Future Shop</td>
</tr>
<tr>
<td>RioCan West Ridge, Orillia, ON</td>
<td>100%</td>
<td>240,303</td>
<td>370,303</td>
<td>99.2%</td>
<td>Food Basics, Wal-Mart, Galaxy Cinemas, Home Depot*</td>
</tr>
<tr>
<td>RioCan Yonge Eglinton Centre, Toronto, ON</td>
<td>100%</td>
<td>1,015,605</td>
<td>1,015,605</td>
<td>95.8%</td>
<td>Dominion, Famous Players, Toys “R” Us, Indigo</td>
</tr>
<tr>
<td>RioCentre Newmarket, Newmarket, ON</td>
<td>100%</td>
<td>92,679</td>
<td>92,679</td>
<td>100.0%</td>
<td>Dominion, Shoppers Drug Mart</td>
</tr>
<tr>
<td>RioCentre Oakville, Oakville, ON</td>
<td>100%</td>
<td>106,884</td>
<td>106,884</td>
<td>100.0%</td>
<td>A&amp;P, Shoppers Drug Mart</td>
</tr>
<tr>
<td>RioCentre Thornhill, Thornhill, ON</td>
<td>100%</td>
<td>140,345</td>
<td>140,345</td>
<td>100.0%</td>
<td>No Frills, Winners, HomeSense</td>
</tr>
<tr>
<td>Rona Centre, Toronto, ON</td>
<td>100%</td>
<td>134,370</td>
<td>134,370</td>
<td>100.0%</td>
<td>Rona</td>
</tr>
<tr>
<td>Sandalwood Square Shopping Centre, Mississauga, ON</td>
<td>100%</td>
<td>107,860</td>
<td>107,860</td>
<td>98.1%</td>
<td>Price Chopper</td>
</tr>
<tr>
<td>Sherwood Forest Mall, London, ON</td>
<td>100%</td>
<td>218,347</td>
<td>218,347</td>
<td>98.6%</td>
<td>A&amp;P, Shoppers Drug Mart, Goodlife Fitness</td>
</tr>
<tr>
<td>Shoppers on Argyle, Caledonia, ON</td>
<td>100%</td>
<td>17,024</td>
<td>17,024</td>
<td>100.0%</td>
<td>Shoppers Drug Mart</td>
</tr>
<tr>
<td>Shoppers World Brampton, Brampton, ON</td>
<td>100%</td>
<td>643,095</td>
<td>643,095</td>
<td>98.9%</td>
<td>Zellers, Canadian Tire, Winners, Staples/Business Depot, Oceans</td>
</tr>
<tr>
<td>Shoppers World Danforth, Toronto, ON</td>
<td>50%</td>
<td>164,099</td>
<td>328,198</td>
<td>100.0%</td>
<td>Zellers, Dominion, Staples/Business Depot</td>
</tr>
<tr>
<td>South Hamilton Square, Hamilton, ON</td>
<td>100%</td>
<td>304,433</td>
<td>304,433</td>
<td>100.0%</td>
<td>Zellers, Fortino’s, Shoppers Drug Mart</td>
</tr>
<tr>
<td>Southgate Shopping Centre, Toronto, ON</td>
<td>100%</td>
<td>72,669</td>
<td>72,669</td>
<td>100.0%</td>
<td>Loeb, Shoppers Drug Mart</td>
</tr>
<tr>
<td>St. Clair Beach Shopping Centre, Windsor, ON</td>
<td>100%</td>
<td>76,001</td>
<td>126,001</td>
<td>94.5%</td>
<td>Zehrs*</td>
</tr>
<tr>
<td>Stratford Centre, Stratford, ON</td>
<td>100%</td>
<td>158,758</td>
<td>158,758</td>
<td>100.0%</td>
<td>Zellers, Food Basics</td>
</tr>
<tr>
<td>Sudbury Place, Sudbury, ON</td>
<td>100%</td>
<td>136,229</td>
<td>191,973</td>
<td>99.4%</td>
<td>Zellers, Your Independent Grocer*</td>
</tr>
<tr>
<td>Summerside Shopping Centre, London, ON</td>
<td>20%</td>
<td>23,735</td>
<td>118,675</td>
<td>100.0%</td>
<td>Rona, Loblaws*</td>
</tr>
<tr>
<td>Sunnybrook Plaza, Toronto, ON</td>
<td>100%</td>
<td>50,766</td>
<td>50,766</td>
<td>98.8%</td>
<td>Pharma Plus, CIBC</td>
</tr>
<tr>
<td>Timiskaming Square, New Liskeard, ON</td>
<td>100%</td>
<td>164,142</td>
<td>164,142</td>
<td>91.7%</td>
<td>Loeb, Zellers</td>
</tr>
<tr>
<td>Timmins Square, Timmins, ON</td>
<td>30%</td>
<td>117,424</td>
<td>391,413</td>
<td>97.9%</td>
<td>Zellers, Sears, No Frills, Winners, Sport Chek</td>
</tr>
<tr>
<td>Property Portfolio</td>
<td>Ownership Interest (%)</td>
<td>RioCan's Interest NLA (sq. ft.)</td>
<td>Total Site NLA (sq. ft.)</td>
<td>Leased (%)</td>
<td>Major or Anchor Tenants</td>
</tr>
<tr>
<td>--------------------</td>
<td>------------------------</td>
<td>-------------------------------</td>
<td>-------------------------</td>
<td>------------</td>
<td>-------------------------</td>
</tr>
<tr>
<td>Trafalgar Ridge Shopping Centre, Oakville, ON</td>
<td>100%</td>
<td>131,223</td>
<td>131,223</td>
<td>98.9%</td>
<td>Winners/HomeSense, Premier Fitness</td>
</tr>
<tr>
<td>Trenton Wal-Mart, Trenton, ON</td>
<td>100%</td>
<td>116,437</td>
<td>116,437</td>
<td>97.9%</td>
<td>Wal-Mart</td>
</tr>
<tr>
<td>Trinity Common Brampton, Brampton, ON</td>
<td>60%</td>
<td>397,530</td>
<td>877,550</td>
<td>100.0%</td>
<td>Zellers, Famous Players, A&amp;P, Winners, HomeSense, Future Shop, Staples/Business Depot, Canadian Tire*, Home Depot*</td>
</tr>
<tr>
<td>Trinity Crossing, Ottawa, ON</td>
<td>50%</td>
<td>95,724</td>
<td>371,448</td>
<td>100.0%</td>
<td>Linens ‘N’ Things, Winners/HomeSense Michaels, Loblaw*</td>
</tr>
<tr>
<td>United Furniture Warehouse Plaza, Windsor, ON</td>
<td>100%</td>
<td>49,615</td>
<td>49,615</td>
<td>98.3%</td>
<td>United Furniture Warehouse</td>
</tr>
<tr>
<td>Upper James Plaza, Hamilton, ON</td>
<td>100%</td>
<td>128,652</td>
<td>128,652</td>
<td>100.0%</td>
<td>Canadian Tire, The Barn</td>
</tr>
<tr>
<td>Walker Place, Burlington, ON</td>
<td>50%</td>
<td>34,929</td>
<td>69,858</td>
<td>100.0%</td>
<td>Price Chopper</td>
</tr>
<tr>
<td>Walker Towne Centre, Windsor, ON</td>
<td>100%</td>
<td>39,476</td>
<td>39,476</td>
<td>100.0%</td>
<td>Boston Pizza, Swiss Chalet</td>
</tr>
<tr>
<td>West Side Place, Port Colborne, ON</td>
<td>100%</td>
<td>93,383</td>
<td>93,383</td>
<td>100.0%</td>
<td>No Frills, Staples/Business Depot</td>
</tr>
<tr>
<td>Westgate Shopping Centre, Ottawa, ON</td>
<td>100%</td>
<td>165,842</td>
<td>165,842</td>
<td>98.1%</td>
<td>Shoppers Drug Mart</td>
</tr>
<tr>
<td>Whitby Thickson, Whitby, ON</td>
<td>25%</td>
<td>24,645</td>
<td>98,580</td>
<td>100.0%</td>
<td>Rona</td>
</tr>
<tr>
<td>Woodview Place, Burlington, ON</td>
<td>100%</td>
<td>147,849</td>
<td>147,849</td>
<td>96.3%</td>
<td>Ultra Food &amp; Drug, Chapters, JYSK</td>
</tr>
<tr>
<td>Charlottetown Mall, Charlottetown, PEI</td>
<td>50%</td>
<td>166,717</td>
<td>333,434</td>
<td>99.3%</td>
<td>Zellers, Loblaw Atlantic Superstore, Winners, Sport Chek, West Royalty Fitness</td>
</tr>
<tr>
<td>Carrefour Carnaval, St. Leonard, QC</td>
<td>100%</td>
<td>171,312</td>
<td>171,312</td>
<td>98.7%</td>
<td>Super C, Value Village</td>
</tr>
<tr>
<td>Carrefour Neufchatel, Neufchatel, QC</td>
<td>100%</td>
<td>229,752</td>
<td>229,752</td>
<td>89.3%</td>
<td>Super C, Rossy, L'Aubainerie</td>
</tr>
<tr>
<td>Centre Carnaval, Drummondville, QC</td>
<td>100%</td>
<td>144,501</td>
<td>144,501</td>
<td>100.0%</td>
<td>Super C, Staples/Business Depot</td>
</tr>
<tr>
<td>Centre Carnaval, LaSalle, QC</td>
<td>100%</td>
<td>206,869</td>
<td>206,869</td>
<td>96.8%</td>
<td>Super C, L'Aubainerie</td>
</tr>
<tr>
<td>Centre Carnaval, Montreal, QC</td>
<td>100%</td>
<td>67,815</td>
<td>67,815</td>
<td>100.0%</td>
<td>Super C</td>
</tr>
<tr>
<td>Centre Carnaval, Pierrefonds, QC</td>
<td>100%</td>
<td>129,589</td>
<td>129,589</td>
<td>100.0%</td>
<td>Super C</td>
</tr>
<tr>
<td>Centre Carnaval, Trois Rivieres, QC</td>
<td>100%</td>
<td>112,882</td>
<td>112,882</td>
<td>97.0%</td>
<td>Super C, Rossy</td>
</tr>
<tr>
<td>Centre de la Concorde, Laval, QC</td>
<td>100%</td>
<td>111,112</td>
<td>111,112</td>
<td>100.0%</td>
<td>Super C</td>
</tr>
<tr>
<td>Centre Jacques-Cartier, Longueuil, QC</td>
<td>50%</td>
<td>106,619</td>
<td>213,238</td>
<td>95.4%</td>
<td>IGA, Guzzo Cinemas, Value Village, Rossy, Shoppers Drug Mart</td>
</tr>
<tr>
<td>Centre Regional Chateauguay, Chateauguay, QC</td>
<td>50%</td>
<td>105,580</td>
<td>211,160</td>
<td>100.0%</td>
<td>Super C, Hart</td>
</tr>
<tr>
<td>Centre RioCan Kirkland I &amp; II, Kirkland, QC</td>
<td>100%</td>
<td>320,030</td>
<td>320,030</td>
<td>100.0%</td>
<td>Famous Players, Staples/Business Depot, Winners</td>
</tr>
<tr>
<td>Centre St. Martin, Laval, QC</td>
<td>100%</td>
<td>241,457</td>
<td>241,457</td>
<td>94.3%</td>
<td>Provigo, The Brick, Shoppers Drug Mart, Rossy</td>
</tr>
<tr>
<td>Galeries Laurentides, St. Jerome, QC</td>
<td>100%</td>
<td>448,887</td>
<td>448,887</td>
<td>93.3%</td>
<td>Maxi, Zellers</td>
</tr>
</tbody>
</table>
## Property Portfolio

**As at December 31, 2007**

<table>
<thead>
<tr>
<th>Property and Location</th>
<th>Ownership Interest (%)</th>
<th>RioCan’s Interests NLA (sq. ft.)</th>
<th>Total Site NLA (sq. ft.)</th>
<th>Leased (%)</th>
<th>Major or Anchor Tenants</th>
</tr>
</thead>
<tbody>
<tr>
<td>Galeries Mille-Iles, Rosemere, QC</td>
<td>100%</td>
<td>249,717</td>
<td>249,717</td>
<td>97.7%</td>
<td>Maxi, Zellers, Staples/Business Depot</td>
</tr>
<tr>
<td>Granby, Granby, QC</td>
<td>100%</td>
<td>49,304</td>
<td>49,304</td>
<td>100.0%</td>
<td>L’Aubainerie</td>
</tr>
<tr>
<td>Lachute Wal-Mart Centre, Lachute, QC</td>
<td>100%</td>
<td>75,681</td>
<td>110,681</td>
<td>100.0%</td>
<td>Wal-Mart, Loblaws*</td>
</tr>
<tr>
<td>Les Galeries Lachine, Lachine, QC</td>
<td>100%</td>
<td>167,447</td>
<td>167,447</td>
<td>95.6%</td>
<td>Maxi, Rossy, Shoppers Drug Mart</td>
</tr>
<tr>
<td>Levis Small, Levis, QC</td>
<td>100%</td>
<td>19,081</td>
<td>19,081</td>
<td>89.0%</td>
<td></td>
</tr>
<tr>
<td>Mega Centre Beaufort, Quebec City, QC</td>
<td>100%</td>
<td>180,937</td>
<td>341,937</td>
<td>96.1%</td>
<td>Cineplex, Staples/Business Depot, Future Shop, Reno Depot*</td>
</tr>
<tr>
<td>Mega Centre Lebourgneuf I, II, &amp; III, Quebec City, QC</td>
<td>100%</td>
<td>377,886</td>
<td>787,886</td>
<td>100.0%</td>
<td>Staples/Business Depot, Winners/HomeSense, L’Aubainerie, Costco*, Home Depot*, Canadian Tire*, Maxi*</td>
</tr>
<tr>
<td>Mega Centre Notre Dame I, II, &amp; III, Sainte Dorothee, QC</td>
<td>100%</td>
<td>425,173</td>
<td>610,873</td>
<td>100.0%</td>
<td>Winners/HomeSense, L’Aubainerie, Sports Experts, Zellers*, Super C*, Shoppers Drug Mart*</td>
</tr>
<tr>
<td>Place Carnaval, Laval, QC</td>
<td>100%</td>
<td>104,218</td>
<td>104,218</td>
<td>97.5%</td>
<td>Super C</td>
</tr>
<tr>
<td>Place Forest, Montreal, QC</td>
<td>100%</td>
<td>120,986</td>
<td>120,986</td>
<td>100.0%</td>
<td>Staples/Business Depot, Rossy</td>
</tr>
<tr>
<td>Place Kennedy, Levis, QC</td>
<td>100%</td>
<td>105,640</td>
<td>155,640</td>
<td>100.0%</td>
<td>Winners, Staples/Business Depot, Canadian Tire*</td>
</tr>
<tr>
<td>Place Newman, LaSalle, QC</td>
<td>100%</td>
<td>190,923</td>
<td>190,923</td>
<td>100.0%</td>
<td>Maxi, Winners, Rossy</td>
</tr>
<tr>
<td>Quartier DIX30, Brossard, QC</td>
<td>50%</td>
<td>515,348</td>
<td>1,130,696</td>
<td>100.0%</td>
<td>Cineplex, Winners/HomeSense, Staples/Business Depot, Canadian Tire, Future Shop, Rona*, Wal-Mart*, Loblaws* Maxi, Winners, Staples/Business Depot, Canadian Tire*</td>
</tr>
<tr>
<td>RioCan Greenfield, Greenfield Park, QC</td>
<td>50%</td>
<td>185,852</td>
<td>371,704</td>
<td>100.0%</td>
<td>Maxi, Winners, Staples/Business Depot, Guzzo Cinemas</td>
</tr>
<tr>
<td>RioCan Sainte Foy, Sainte Foy, QC</td>
<td>100%</td>
<td>522,461</td>
<td>701,042</td>
<td>98.7%</td>
<td>Wal-Mart, Staples/Business Depot, Cineplex, Sears, JYSK, Whole Home, HomeSense, Super C*, Home Depot*</td>
</tr>
<tr>
<td>Silver City Hull, Hull, QC</td>
<td>100%</td>
<td>84,590</td>
<td>469,590</td>
<td>100.0%</td>
<td>Famous Players, Rona*, Wal-Mart*, Maxi*, Staples/Business Depot*, Winners*</td>
</tr>
<tr>
<td>St. Hyacinthe Wal-Mart Centre, St. Hyacinthe, QC</td>
<td>100%</td>
<td>166,813</td>
<td>254,313</td>
<td>100.0%</td>
<td>Wal-Mart, Staples/Business Depot, Canadian Tire*</td>
</tr>
<tr>
<td>Saskatchewan</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Confederation Mall, Saskatoon, SK</td>
<td>15%</td>
<td>49,367</td>
<td>329,113</td>
<td>95.5%</td>
<td>Wal-Mart, Safeway</td>
</tr>
<tr>
<td>Parkland Mall, Yorkton, SK</td>
<td>100%</td>
<td>267,667</td>
<td>267,667</td>
<td>97.2%</td>
<td>Zellers, IGA</td>
</tr>
<tr>
<td>Retail Total</td>
<td></td>
<td>31,718,706</td>
<td>48,671,139</td>
<td>97.6%</td>
<td></td>
</tr>
</tbody>
</table>

**Notes:**
1. RioCan’s interests NLA (net leasable area) includes our interests in equity accounted for investments and options under participating mortgages receivable.
2. Total site NLA (net leasable area) includes RioCan’s and partners’ ownership interests and estimates for non-owned anchors.
3. * Non-owned anchor.
### Greenfield Development Projects

#### As at December 31, 2007

<table>
<thead>
<tr>
<th>Property and Location</th>
<th>Ownership Interest</th>
<th>Total Development (sq. ft.)</th>
<th>Current Income Producing</th>
<th>Leased Under Development</th>
<th>Retailer Owned Anchors</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Projects Currently Under Development</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Eglinton Avenue &amp; Warden Avenue, Toronto, ON</td>
<td>100%</td>
<td>163,000</td>
<td>–</td>
<td>163,000</td>
<td>131,000</td>
</tr>
<tr>
<td>Fredericton, NB</td>
<td>62.5%</td>
<td>474,000</td>
<td>–</td>
<td>243,000</td>
<td>119,000</td>
</tr>
<tr>
<td>Gravenhurst, ON</td>
<td>33%</td>
<td>237,000</td>
<td>–</td>
<td>175,000</td>
<td>95,000</td>
</tr>
<tr>
<td>March Road, Ottawa, ON</td>
<td>60%</td>
<td>106,000</td>
<td>–</td>
<td>106,000</td>
<td>57,000</td>
</tr>
<tr>
<td>Paris, ON</td>
<td>62.5%</td>
<td>145,000</td>
<td>–</td>
<td>42,000</td>
<td>36,000</td>
</tr>
<tr>
<td>Queen Street &amp; Portland Street, Toronto, ON</td>
<td>100%</td>
<td>106,000</td>
<td>–</td>
<td>106,000</td>
<td>–</td>
</tr>
<tr>
<td>Stouffville, ON</td>
<td>34%</td>
<td>151,000</td>
<td>–</td>
<td>110,000</td>
<td>70,000</td>
</tr>
<tr>
<td>Strathallen, Vaughan, ON</td>
<td>31.25%</td>
<td>484,000</td>
<td>–</td>
<td>484,000</td>
<td>–</td>
</tr>
<tr>
<td>Taunton Road &amp; Garrard Road, Whitby, ON</td>
<td>100%</td>
<td>147,000</td>
<td>–</td>
<td>147,000</td>
<td>147,000</td>
</tr>
<tr>
<td>Westney Road &amp; Taunton Road, Ajax, ON</td>
<td>20%</td>
<td>156,000</td>
<td>–</td>
<td>156,000</td>
<td>85,000</td>
</tr>
<tr>
<td>Weston Road, Toronto, ON</td>
<td>60%</td>
<td>645,000</td>
<td>–</td>
<td>645,000</td>
<td>–</td>
</tr>
<tr>
<td>Barrie Essa Road, Barrie, ON</td>
<td>100%</td>
<td>131,000</td>
<td>72,000</td>
<td>59,000</td>
<td>–</td>
</tr>
<tr>
<td>Clappison’s Crossing, Flamborough, ON</td>
<td>50%</td>
<td>308,000</td>
<td>100,000</td>
<td>208,000</td>
<td>138,000</td>
</tr>
<tr>
<td>Elgin Mills Crossing, Richmond Hill, ON</td>
<td>50%</td>
<td>445,000</td>
<td>168,000</td>
<td>156,000</td>
<td>133,000</td>
</tr>
<tr>
<td>Highway 401 &amp; Thickson Road – Phase I, Whitby, ON</td>
<td>25%</td>
<td>204,000</td>
<td>99,000</td>
<td>105,000</td>
<td>–</td>
</tr>
<tr>
<td>RioCan Beacon Hill, Calgary, AB</td>
<td>40%</td>
<td>788,000</td>
<td>261,000</td>
<td>268,000</td>
<td>263,000</td>
</tr>
<tr>
<td>RioCan Centre Burloak, Oakville, ON</td>
<td>50%</td>
<td>552,000</td>
<td>238,000</td>
<td>216,000</td>
<td>216,000</td>
</tr>
<tr>
<td>RioCan Centre Milton, Milton, ON</td>
<td>100%</td>
<td>291,000</td>
<td>114,000</td>
<td>57,000</td>
<td>48,000</td>
</tr>
<tr>
<td>RioCan Meadows, Edmonton, AB</td>
<td>50%</td>
<td>502,000</td>
<td>234,000</td>
<td>103,000</td>
<td>37,000</td>
</tr>
<tr>
<td>RioCan Renfrew Centre, Renfrew, ON</td>
<td>100%</td>
<td>211,000</td>
<td>45,000</td>
<td>92,000</td>
<td>–</td>
</tr>
<tr>
<td>Summerside Shopping Centre, London, ON</td>
<td>20%</td>
<td>176,000</td>
<td>119,000</td>
<td>16,000</td>
<td>15,000</td>
</tr>
<tr>
<td><strong>Subtotal</strong></td>
<td></td>
<td>6,458,000</td>
<td>1,450,000</td>
<td>3,657,000</td>
<td>1,590,000</td>
</tr>
<tr>
<td><strong>Other</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Quartier DIX30, Montreal, QC</td>
<td>50%</td>
<td>1,963,000</td>
<td>1,031,000</td>
<td>503,000</td>
<td>59,000</td>
</tr>
<tr>
<td><strong>Total Projects Currently Under Development</strong></td>
<td></td>
<td>8,421,000</td>
<td>2,481,000</td>
<td>4,160,000</td>
<td>1,649,000</td>
</tr>
<tr>
<td>RioCan’s Interest</td>
<td></td>
<td>1,269,450</td>
<td>2,260,558</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Lands Under Conditional Contract**

<table>
<thead>
<tr>
<th>Province</th>
<th>Total Lands Under Conditional Contract (sq. ft.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alberta</td>
<td>2,955,000</td>
</tr>
<tr>
<td>Ontario</td>
<td>2,571,000</td>
</tr>
<tr>
<td>PEI</td>
<td>450,000</td>
</tr>
<tr>
<td><strong>Total Lands Under Conditional Contract</strong></td>
<td><strong>5,976,000</strong></td>
</tr>
<tr>
<td><strong>Total Development Projects</strong></td>
<td><strong>14,397,000</strong></td>
</tr>
</tbody>
</table>

**Notes:**
1. All amounts are shown at 100% ownership.
2. As of December 31, 2007, approximately 5% of the site has yet to be acquired.
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4. Consolidated Statements of Unitholders' Equity
5. Consolidated Statements of Earnings and Comprehensive Income
6. Consolidated Statements of Cash Flows
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   - Properties Acquired or (Re)developed for Resale with Partners and Co-owners
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   - Debt
   - Revolving Lines of Credit
   - Debentures Payable
   - Mortgages Payable
   - Aggregate Debt Maturities
   - Trust Units
   - Other Capital Commitments
   - Future Income Taxes
   - Off Balance Sheet Liabilities and Guarantees
   - Liquidity
   - Distributions to Unitholders
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     - Rentals
     - Fees and Other Income
     - Interest Income
   - Expenses
     - Property Operating Costs
     - Interest
     - General and Administrative
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   - Funds from Operations
   - Review of Fourth Quarter Results
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     - Guarantees
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   - Controls and Procedures
   - Risks and Uncertainties
     - Tenant Concentrations
     - Interest Rate and Other Debt and Equity Related Risks
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     - Construction Risk
     - Environmental Risk
     - Unitholder Liability
   - Income Taxes
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The management of RioCan Real Estate Investment Trust (“RioCan”) is responsible for the preparation and fair
presentation of the accompanying consolidated financial statements and Management’s Discussion and Analysis
(“MD&A”). The consolidated financial statements have been prepared in accordance with Canadian generally
accepted accounting principles (“GAAP”).

The consolidated financial statements and information in the MD&A necessarily include amounts based on best
estimates and judgments by management of the expected effects of current events and transactions with the
appropriate consideration to materiality. In addition, in preparing this financial information we must make
determinations as to the relevancy of information to be included, and estimates and assumptions that affect
the reported information. The MD&A also includes information regarding the impact of current transactions
and events, sources of liquidity and capital resources, operating trends, risks and uncertainties. Actual results
in the future may differ materially from our present assessment of this information because future events and
circumstances may not occur as expected.

In meeting our responsibility for the reliability and timeliness of financial information, management has established
the necessary internal controls such that our financial records are reliable for preparing financial statements and
other financial information, transactions are properly authorized and recorded, and assets are safeguarded against
unauthorized use or disposition.

As at December 31, 2007 our Chief Executive Officer and Chief Financial Officer evaluated, or caused an evaluation
under their direct supervision of, the design of our internal controls over financial reporting (as defined in Multilateral
Instrument 52-109, Certification of Disclosure in Issuers’ Annual and Interim Filings) and, based on that assessment,
determined that our internal controls over financial reporting were appropriately designed.

The Board of Trustees oversees management’s responsibility for financial reporting through an Audit Committee,
which is composed entirely of independent trustees. This committee reviews RioCan’s annual consolidated financial
statements and MD&A with both management and the independent auditors before such statements are approved
by the Board of Trustees. Other key responsibilities of the Audit Committee include approving our interim unaudited
consolidated financial statements and MD&A, and monitoring RioCan’s systems of internal controls.

Ernst & Young LLP, independent auditors appointed by the unitholders of RioCan upon the recommendation of the
Board of Trustees, have examined our 2007 and 2006 annual consolidated financial statements and have expressed
their opinion upon the completion of such examination in the following report to the unitholders. The auditors
have full and free access to, and meet at least quarterly with, the Audit Committee to discuss their audit and
related matters.

Edward Sonshine, Q.C.  
President and Chief Executive Officer

Robert Wolf  
Vice President and Chief Financial Officer

Toronto, Canada  
January 29, 2008
To the Unitholders of RioCan Real Estate Investment Trust

We have audited the consolidated balance sheets of RioCan Real Estate Investment Trust as at December 31, 2007 and 2006 and the consolidated statements of unitholders’ equity, earnings and comprehensive income and cash flows for the years then ended. These financial statements are the responsibility of the Trust’s management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Trust as at December 31, 2007 and 2006 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

Ernst & Young LLP
Chartered Accountants
Licensed Public Accountants

Toronto, Canada
January 29, 2008
## Consolidated Balance Sheets

*As at December 31*

<table>
<thead>
<tr>
<th></th>
<th>2007</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Real estate investments</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Income properties (Note 2)</td>
<td>$4,493,578</td>
<td>$4,070,432</td>
</tr>
<tr>
<td>Properties under development</td>
<td>316,055</td>
<td>228,912</td>
</tr>
<tr>
<td>Mortgages and loans receivable (Note 5)</td>
<td>210,564</td>
<td>139,607</td>
</tr>
<tr>
<td></td>
<td>$5,020,197</td>
<td>4,438,951</td>
</tr>
<tr>
<td><strong>Receivables and other assets (Note 6)</strong></td>
<td>105,322</td>
<td>121,909</td>
</tr>
<tr>
<td>Cash and short term investments</td>
<td>124,537</td>
<td>47,103</td>
</tr>
<tr>
<td></td>
<td>$5,250,056</td>
<td>$4,607,963</td>
</tr>
<tr>
<td><strong>Liabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mortgages payable (Note 7)</td>
<td>$2,251,506</td>
<td>$1,910,587</td>
</tr>
<tr>
<td>Debentures payable (Note 8)</td>
<td>983,742</td>
<td>870,000</td>
</tr>
<tr>
<td>Accounts payable and other liabilities (Note 9)</td>
<td>193,076</td>
<td>173,342</td>
</tr>
<tr>
<td>Future income taxes (Note 15)</td>
<td>144,000</td>
<td>–</td>
</tr>
<tr>
<td></td>
<td>3,572,324</td>
<td>2,953,929</td>
</tr>
<tr>
<td><strong>Unitholders’ Equity</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unitholders’ equity</td>
<td>1,677,732</td>
<td>1,654,034</td>
</tr>
<tr>
<td></td>
<td>$5,250,056</td>
<td>$4,607,963</td>
</tr>
</tbody>
</table>

The accompanying notes are an integral part of the consolidated financial statements.

Approved by the Board of Trustees

**Paul Godfrey**  
Chairman of the Board of Trustees

**Edward Sonshine, Q.C.**  
Trustee
### Consolidated Statements of Unitholders' Equity

(in thousands)

<table>
<thead>
<tr>
<th>For the year ended December 31</th>
<th>2007</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Trust units (Note 10)</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Balance, beginning of year</td>
<td>$1,976,868</td>
<td>$1,906,859</td>
</tr>
<tr>
<td>Unit issue proceeds, net</td>
<td>262,505</td>
<td>69,251</td>
</tr>
<tr>
<td>Value associated with unit option grants exercised</td>
<td>705</td>
<td>758</td>
</tr>
<tr>
<td><strong>Balance, end of year</strong></td>
<td>2,240,078</td>
<td>1,976,868</td>
</tr>
<tr>
<td><strong>Value associated with unit option grants</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Balance, beginning of year</td>
<td>4,185</td>
<td>2,549</td>
</tr>
<tr>
<td>Value associated with compensation expense for unit options granted</td>
<td>3,402</td>
<td>2,394</td>
</tr>
<tr>
<td>Value associated with unit option grants exercised</td>
<td>(705)</td>
<td>(758)</td>
</tr>
<tr>
<td><strong>Balance, end of year</strong></td>
<td>6,882</td>
<td>4,185</td>
</tr>
<tr>
<td><strong>Cumulative earnings</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Balance, beginning of year</td>
<td>1,301,522</td>
<td>1,137,710</td>
</tr>
<tr>
<td>Transition adjustment – financial instruments (Note 1 (f))</td>
<td>2,121</td>
<td>–</td>
</tr>
<tr>
<td>Net earnings</td>
<td>32,358</td>
<td>163,812</td>
</tr>
<tr>
<td><strong>Balance, end of year</strong></td>
<td>1,336,001</td>
<td>1,301,522</td>
</tr>
<tr>
<td><strong>Cumulative distributions to unitholders (Note 17)</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Balance, beginning of year</td>
<td>(1,628,541)</td>
<td>(1,371,548)</td>
</tr>
<tr>
<td>Distributions to unitholders</td>
<td>(276,688)</td>
<td>(256,993)</td>
</tr>
<tr>
<td><strong>Balance, end of year</strong></td>
<td>(1,905,229)</td>
<td>(1,628,541)</td>
</tr>
<tr>
<td><strong>Total unitholders’ equity</strong></td>
<td>$1,677,732</td>
<td>$1,654,034</td>
</tr>
<tr>
<td>Units issued and outstanding (Note 10)</td>
<td>210,883</td>
<td>199,647</td>
</tr>
</tbody>
</table>

The accompanying notes are an integral part of the consolidated financial statements.
## Consolidated Statements of Earnings and Comprehensive Income

*(in thousands, except per unit amounts)*

<table>
<thead>
<tr>
<th>For the year ended December 31</th>
<th>2007</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rentals</td>
<td>$648,994</td>
<td>$580,472</td>
</tr>
<tr>
<td>Fees and other</td>
<td>13,902</td>
<td>25,645</td>
</tr>
<tr>
<td>Interest</td>
<td>15,774</td>
<td>9,757</td>
</tr>
<tr>
<td>Gains on properties held for resale (Note 2)</td>
<td>41,217</td>
<td>30,532</td>
</tr>
<tr>
<td><strong>Total revenue</strong></td>
<td>719,887</td>
<td>646,406</td>
</tr>
<tr>
<td><strong>Expenses</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Property operating costs</td>
<td>221,511</td>
<td>191,538</td>
</tr>
<tr>
<td>Interest (Note 4)</td>
<td>156,754</td>
<td>142,698</td>
</tr>
<tr>
<td>General and administrative (Note 4)</td>
<td>27,009</td>
<td>25,615</td>
</tr>
<tr>
<td>Amortization (Note 3)</td>
<td>138,255</td>
<td>122,743</td>
</tr>
<tr>
<td><strong>Total expenses</strong></td>
<td>543,529</td>
<td>482,594</td>
</tr>
<tr>
<td><strong>Earnings before income taxes</strong></td>
<td>176,358</td>
<td>163,812</td>
</tr>
<tr>
<td><strong>Future income tax expense (Note 15)</strong></td>
<td>144,000</td>
<td>–</td>
</tr>
<tr>
<td><strong>Net earnings and comprehensive income</strong></td>
<td>$32,358</td>
<td>$163,812</td>
</tr>
<tr>
<td><strong>Net earnings per unit – basic and diluted</strong></td>
<td>$0.16</td>
<td>$0.83</td>
</tr>
<tr>
<td><strong>Weighted average number of units outstanding – basic</strong></td>
<td>208,412</td>
<td>197,989</td>
</tr>
</tbody>
</table>

The accompanying notes are an integral part of the consolidated financial statements.
### Consolidated Statements of Cash Flows

*(in thousands, except per unit amounts)*

<table>
<thead>
<tr>
<th>For the year ended December 31</th>
<th>2007</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cash Flow Provided By (Used In)</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Operating activities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Net earnings</strong></td>
<td>$32,358</td>
<td>$163,812</td>
</tr>
<tr>
<td><strong>Items not affecting cash</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Amortization</strong></td>
<td>139,486</td>
<td>124,332</td>
</tr>
<tr>
<td><strong>Recognition of rents on a straight-line basis</strong></td>
<td>(8,081)</td>
<td>(8,514)</td>
</tr>
<tr>
<td><strong>Amortization of the differential between contractual and market rents on in-place leases</strong></td>
<td>(1,591)</td>
<td>(437)</td>
</tr>
<tr>
<td><strong>Future income tax expense</strong></td>
<td>144,000</td>
<td>–</td>
</tr>
<tr>
<td><strong>Properties held for resale</strong></td>
<td>60,053</td>
<td>37,122</td>
</tr>
<tr>
<td><strong>Acquisition and development of properties held for resale</strong></td>
<td>(96,451)</td>
<td>(23,271)</td>
</tr>
<tr>
<td><strong>Changes in non-cash operating items and other (Note 14)</strong></td>
<td>(4,275)</td>
<td>(6,280)</td>
</tr>
<tr>
<td><strong>Cash flow provided by operating activities</strong></td>
<td>265,499</td>
<td>286,764</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Investing activities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Acquisition of income properties and properties under development</strong></td>
<td>(232,681)</td>
<td>(185,986)</td>
</tr>
<tr>
<td><strong>Capital expenditures on income properties and properties under development</strong></td>
<td>(145,919)</td>
<td>(151,273)</td>
</tr>
<tr>
<td><strong>Tenant installation costs</strong></td>
<td>(24,231)</td>
<td>(14,436)</td>
</tr>
<tr>
<td><strong>Mortgages and loans receivable</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Advances</strong></td>
<td>(84,144)</td>
<td>(72,485)</td>
</tr>
<tr>
<td><strong>Repayments</strong></td>
<td>9,268</td>
<td>45,968</td>
</tr>
<tr>
<td><strong>Proceeds on sale of investments</strong></td>
<td>6,881</td>
<td>2,262</td>
</tr>
<tr>
<td><strong>Cash flow used in investing activities</strong></td>
<td>(470,826)</td>
<td>(375,950)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Financing activities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Mortgages payable</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Borrowings</strong></td>
<td>465,495</td>
<td>284,355</td>
</tr>
<tr>
<td><strong>Repayments</strong></td>
<td>(268,224)</td>
<td>(182,633)</td>
</tr>
<tr>
<td><strong>Issue of debentures payable</strong></td>
<td>119,005</td>
<td>198,548</td>
</tr>
<tr>
<td><strong>Distributions paid</strong></td>
<td>(275,019)</td>
<td>(256,106)</td>
</tr>
<tr>
<td><strong>Units issued under distribution reinvestment plan</strong></td>
<td>69,268</td>
<td>54,725</td>
</tr>
<tr>
<td><strong>Issue of units</strong></td>
<td>172,236</td>
<td>14,526</td>
</tr>
<tr>
<td><strong>Cash flow provided by financing activities</strong></td>
<td>282,761</td>
<td>113,415</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Increase in cash and equivalents</strong></td>
<td>77,434</td>
<td>24,229</td>
</tr>
<tr>
<td><strong>Cash and equivalents, beginning of year</strong></td>
<td>47,103</td>
<td>22,874</td>
</tr>
<tr>
<td><strong>Cash and equivalents, end of year</strong></td>
<td>$124,537</td>
<td>$47,103</td>
</tr>
<tr>
<td><strong>Supplemental cash flow information</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Acquisition of real estate investments through assumption of liabilities</strong></td>
<td>$152,985</td>
<td>$52,552</td>
</tr>
<tr>
<td><strong>Acquisition of real estate investments through issuance of exchangeable limited partnership units</strong></td>
<td>21,000</td>
<td>–</td>
</tr>
<tr>
<td><strong>Mortgages and loans taken back on property dispositions</strong></td>
<td>(27,672)</td>
<td>(44,090)</td>
</tr>
<tr>
<td><strong>Interest paid</strong></td>
<td>173,723</td>
<td>155,069</td>
</tr>
<tr>
<td><strong>Cash equivalents, end of year</strong></td>
<td>101,832</td>
<td>5,000</td>
</tr>
<tr>
<td><strong>Distributions to unitholders per unit</strong></td>
<td>1.3275</td>
<td>1.2975</td>
</tr>
</tbody>
</table>

The accompanying notes are an integral part of the consolidated financial statements.
1. **Significant Accounting Policies**

(a) **Basis of accounting**

RioCan Real Estate Investment Trust’s (the “Trust” or “RioCan”) accounting policies and its standards of financial disclosure are in accordance with Canadian generally accepted accounting principles (“GAAP”).

The preparation of financial statements in conformity with Canadian GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of these financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results may differ from those estimates.

Certain comparative figures have been reclassified to conform to the current year’s financial statement presentation.

(b) **Principles of consolidation**

The consolidated financial statements include the accounts of the Trust and its wholly-owned subsidiaries, as well as entities over which it exercises control.

The Trust carries out certain of its activities through co-ownerships and records its proportionate share of assets, liabilities, revenue and expenses of all co-ownerships in which it participates.

Investments where the Trust exercises significant influence are accounted for using the equity method. This method adjusts the original cost of an investment for the Trust’s share of net earnings, capital advances and distributions receivable or received.

The Canadian Institute of Chartered Accountants (“CICA”) Accounting Guideline 15, Consolidation of Variable Interest Entities (“VIE”), considers a VIE to be an entity which does not have sufficient equity at risk to finance its activities without additional subordinated financial support or where the holders of the equity at risk lack the characteristics of a controlling financial interest. Once a VIE has been identified, the standard requires the primary beneficiary of the VIE to consolidate the entity in its financial statements. The primary beneficiary of a VIE, as defined by the standard, is generally the party that is exposed to a majority of the VIE’s expected losses or entitled to a majority of the VIE’s residual returns, or both. Consolidated VIEs are not material to the Trust’s financial position or results of operations. Interests in VIEs where the Trust has not been identified as the primary beneficiary are not required to be consolidated, and are not material to the Trust’s financial position or results of operations.

(c) **Real estate investments**

(i) **Income properties**

Income properties are carried at cost less accumulated amortization (see (iv) below). Upon acquisition of income properties, the Trust estimates the fair value of acquired tangible assets (land, buildings and leasing costs) and identifiable intangible assets and liabilities (above- and below-market leases, in-place leases and tenant relationships, if any) and the value of the differential between contractual and market interest rates on long term liabilities assumed at acquisition.

Fair value is the amount at which an item could be bought or sold in a current transaction between independent, knowledgeable and willing parties (that is, other than in a forced or liquidation sale) in an arm’s length transaction under no compulsion to act. The fair value of a disposal group is the amount at which the group as a whole could be bought or sold in a current single transaction between independent, knowledgeable and willing parties, and would not necessarily be equal to the sum of the fair values of the individual assets and liabilities of the group.

The Trust assesses fair value based on estimated discounted cash flow projections and available market information. Cash flow estimates incorporate assumptions that marketplace participants would use in their estimates (including the historical operating results and anticipated trends, local markets and economic conditions) and the Trust’s own assumptions.
The fair value of acquired leasing costs generally considers estimated market leasing costs, rentable area and terms for each lease, and the costs of executing similar leases.

Above- and below-market rents represent the value of the differential between contractual and market rents. The Trust’s estimates of market rents for acquired leases are measured over a period equal to the remaining terms of acquired leases for above-market leases and the initial terms plus the terms of any fixed rate renewal options for below-market leases.

The fair value of acquired in-place leases represents the present value of property net operating income foregone during a theoretical estimated lease-up period required to replace the existing leases in-place at the acquisition date. Such assumptions generally give consideration to local market conditions, estimated expected lease-up periods (including rent free and fixturing periods) and property operating costs incurred by the Trust during such periods.

The fair value of tenant relationships represents the estimated present value of future benefits to be realized by the Trust arising from relationships with certain tenants.

The Trust amortizes the cost of its buildings using the straight-line method over their estimated useful lives of between 29 and 40 years.

Identifiable intangible assets are amortized on a straight-line basis over the estimated remaining terms of the respective leases, except for the value of tenant relationships, which are amortized over the estimated expected term of the relationship.

Leasing costs presented as a component of income properties are amortized on a straight-line basis over the terms of the respective leases and are comprised of:

(i) ongoing tenanting costs for income properties and applicable internal leasing costs. Amounts expended for tenanting costs are characterized as either: (a) tenant installation costs which are income property improvements owned by the Trust; or (b) tenant inducements which are not income property improvements and are not owned by the Trust. Inducements are recognized as a reduction to rental revenue over the term of the lease on a straight-line basis; and

(ii) leasing and tenanting costs identified as a component of income properties on initial acquisition or while under development.

(ii) Dispositions of long-lived income properties

For income property dispositions in which the Trust has no ongoing involvement in, or no significant continuing cash flows from, the properties to be disposed of would result in a reclassification to discontinued operations.

For income property dispositions in which the Trust has an ongoing involvement in, or significant continuing cash flows from, the properties to be disposed of would result in a reclassification to income properties held for sale and are presented in continuing operations.

(iii) Properties under development

Properties under development are stated at cost (see (iv) below). Cost is comprised of acquisition costs, third party and internal development and initial leasing costs, property taxes, interest on both specific and general debt, and all incidental property revenue and expenses. Properties under development may include properties held for resale until separately identifiable (see (v) below).

Capitalization of costs to properties continues until the property achieves a satisfactory occupancy level within a predetermined time limit.

(iv) Impairment of long-lived assets

The impairment of an asset is recognized when the carrying amount of the asset exceeds the total undiscounted future cash flows expected from the use and eventual disposal of the asset. The impairment recognized is measured as the amount by which the carrying amount of the asset exceeds its fair value.
(v) Properties held for resale
Properties held for resale are properties acquired or developed by the Trust for which it has no intention of their being used on a long term basis and plans to dispose in the ordinary course of business. The Trust expects to earn a return on such assets through a combination of property operating income earned during the relatively short term holding period and sales proceeds. Properties held for resale are stated at the lesser of cost and net realizable value. No amortization is recorded on these assets.

(d) Revenue recognition
(i) Rentals
The Trust retains substantially all of the benefits and risks of ownership of its income properties and therefore accounts for leases with its tenants as operating leases. Rental revenue includes all amounts earned from tenants related to lease agreements, including property tax and operating cost recoveries. For arrangements involving multiple elements, the Trust allocates the consideration to each element based on relative fair value where there is objective and reliable evidence of fair value for each element. Rental revenue also includes the Trust's share of income from equity accounted for investments.

The Trust reports minimum rental revenue on a straight-line basis, whereby the total amount of cash to be received under a lease is recognized into income in equal periodic amounts over the term of the lease.

(ii) Fee income
The Trust has interests in various real estate investments through co-ownerships and investments accounted for by the equity method. Generally, the Trust provides asset and property management services for these investments for which it earns market based fees.

Fees are recognized as the service or contract activity is performed using either the percentage completion or the completed contract method. Under the percentage completion method where services are provided over a specific period of time, revenue is recognized on a straight-line basis unless there is evidence that some other method would better reflect the pattern of performance. The completed contract method is applied when performance consists of a single act.

(iii) Gains on properties held for resale
Gains on properties held for resale (as well as on long-lived income properties) are recognized when the Trust has transferred to the purchaser the significant risks and rewards of ownership of the property and the purchaser has made a substantial commitment demonstrating its intent to honour its obligation, which would generally be equivalent to a fair value of not less than 15% of the purchase price. For arrangements involving multiple elements, the Trust allocates the consideration to each element based on relative fair value where there is objective and reliable evidence of fair value for each element.

(e) Unit based compensation plans
The Trust has unit based compensation plans which are described in Note 11.

(f) Financial instruments
The CICA issued three new accounting standards that were effective for the Trust's fiscal year commencing January 1, 2007, and which were applied on a retroactive basis without restatement to prior periods: Section 1530, Comprehensive Income; Section 3855, Financial Instruments – Recognition and Measurement; and Section 3865, Hedges.

The transition adjustment attributable to the remeasurement of financial assets and liabilities at fair value under these standards was recognized as an increase of $2,121,000 to the opening balance of cumulative earnings as at January 1, 2007. The impact of the changes under these standards for the year ended December 31, 2007 was a decrease of $723,000 in the net earnings and no significant impact on net earnings per unit.
The January 1, 2007 impact to RioCan’s assets, liabilities and unitholders’ equity as a result of these new standards is as follows:

<table>
<thead>
<tr>
<th>December 31, 2006 balance sheet category</th>
<th>Increase (decrease)</th>
<th>Change to balance sheet category effective January 1, 2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Receivables and other assets</td>
<td>$ (12,400)</td>
<td>Unamortized debt financing costs grouped with mortgages and debentures payable, and other.</td>
</tr>
<tr>
<td>Mortgages and loans receivable</td>
<td>(1,600)</td>
<td>Unamortized differential between contractual and market interest rates on mortgages and loans receivable previously included with accounts payable and other liabilities.</td>
</tr>
<tr>
<td>Accounts payable and other liabilities</td>
<td>(16,600)</td>
<td>Unamortized differential between contractual and market interest rates on liabilities assumed at acquisition of properties grouped with mortgages payable, and other.</td>
</tr>
<tr>
<td>Mortgages payable</td>
<td>7,400</td>
<td>Unamortized debt financing costs and the unamortized differential between contractual and market interest rates on liabilities assumed at acquisition of properties previously included with receivables and other assets and accounts payable and other liabilities, respectively.</td>
</tr>
<tr>
<td>Debentures payable</td>
<td>(6,900)</td>
<td>Unamortized debt financing costs previously included with receivables and other assets.</td>
</tr>
<tr>
<td>Cumulative earnings</td>
<td>2,121</td>
<td>Transition adjustment under these standards.</td>
</tr>
</tbody>
</table>

(i) Financial instruments – recognition and measurement

Section 3855 establishes standards for recognizing and measuring financial assets, financial liabilities and non-financial derivatives. All financial instruments are required to be measured at fair value on initial recognition, except for certain related party transactions. Measurement in subsequent periods depends on whether the financial instrument has been classified as held-for-trading, available-for-sale, held-to-maturity, loans and receivables, or other liabilities.

Financial assets and financial liabilities classified as held-for-trading are required to be measured at fair value with gains and losses recognized in net earnings. Transaction costs are expensed as incurred for a financial instrument classified as held-for-trading. Other than cash and equivalents, the Trust had no significant financial instruments classified as held-for-trading.

Financial assets classified as held-to-maturity, loans and receivables and financial liabilities (other than those held-for-trading) are required to be measured at amortized cost using the effective interest method of amortization. For such financial instruments, transaction costs are capitalized on initial recognition. The principal categories of the Trust’s financial assets and liabilities measured at amortized cost using the effective interest method include: (i) amounts receivable and payable; (ii) mortgages and loans receivable and mortgages payable; and (iii) debentures payable.

Available-for-sale financial assets are required to be measured at fair value with unrealized gains and losses recognized in Other Comprehensive Income (“OCI”). Investments in equity instruments classified as available-for-sale that do not have a quoted market price in an active market should be measured at cost. The Trust had no significant financial instruments classified as available-for-sale.

Derivative instruments are recorded on the consolidated balance sheet at fair value including those derivatives that are embedded in a financial instrument or other contract but are not closely related to the host financial instrument or contract. Changes in the fair values of derivative instruments are required to be recognized in net earnings, except for derivatives that are designated as a cash flow hedge, in which case the fair value change for the effective portion of such hedging relationship is required to be recognized in OCI. The Trust had no significant derivative instruments.

The standard permits the Trust to designate any financial instrument whose fair value can be reliably measured as held-for-trading even if that instrument would not otherwise satisfy the definition of held-for-trading as set out in Section 3855.
Other significant accounting implications arising on adoption of the standard include the use of the effective interest method of amortization for any transaction costs or fees, premiums or discounts earned or incurred for financial instruments measured at amortized cost, and the recognition of the inception fair value of the obligation undertaken in issuing financial guarantees. No subsequent remeasurement at fair value is required unless the financial guarantee qualifies as a derivative.

The standard specifically excludes Section 3065, Leases, from the definition of financial instruments, except for derivatives that are embedded in a lease contract.

(ii) Hedges

Section 3865 specifies the criteria under which hedge accounting can be applied and how hedge accounting should be executed for each of the permitted hedging strategies: fair value hedges, cash flow hedges and hedges of a foreign currency exposure of a net investment in a self-sustaining foreign operation.

From time to time, the Trust may enter into interest rate swap (option) transactions to modify the interest rate profile of its current or future debts without an exchange of the underlying principal amount. In such cash flow hedging relationships, the effective portion of the change in the fair value of the hedging derivative is recognized in OCI. The ineffective portion as defined by the standard is recognized in net earnings. The Trust had no significant cash flow hedge transactions.

(iii) Comprehensive income

Under Section 1530, comprehensive income is comprised of net earnings and OCI, which represents changes in unitholders’ equity during a period arising from transactions and other events with non-owner sources. OCI generally would include unrealized gains and losses on financial assets classified as available-for-sale, unrealized foreign currency translation adjustments net of hedging arising from self-sustaining foreign operations, and changes in the fair value of the effective portion of cash flow hedging instruments. The Trust had no significant adjustments to OCI, therefore adoption of this standard did not require the Trust to include a consolidated statement of other comprehensive income and present accumulated other comprehensive income as a new category of unitholders’ equity.

(g) Income taxes

The Trust currently qualifies as a mutual fund trust for income tax purposes. The Trust is required by its Declaration of Trust to distribute all of its taxable income to unitholders and is entitled to deduct such distributions for income tax purposes. Accordingly, no provision for current income taxes payable is required.

Future income taxes are accounted for using the liability method. This method requires the Trust to: (i) determine its temporary differences; (ii) determine the periods over which those temporary differences are expected to reverse; and (iii) apply the tax rates enacted at the balance sheet date that will apply in the periods those temporary differences are expected to reverse (see Note 15).

(h) Cash and equivalents

Cash and equivalents are comprised of cash and include short term market investments with original maturities of three months or less.

(i) Future accounting changes

There are three new accounting standards that are effective for the Trust’s 2008 fiscal year: Section 1535, Capital Disclosures; Section 3862, Financial Instruments – Disclosures; and Section 3863, Financial Instruments – Presentation.

Section 1535 includes required disclosures of an entity’s objectives, policies and processes for managing capital, and quantitative data about what the entity regards as capital.

Sections 3862 and 3863 replace the existing Section 3861, Financial Instruments – Disclosure and Presentation. These new sections revise and enhance disclosure requirements, and carry forward unchanged existing presentation requirements. These new sections require disclosures about the nature and extent of risks arising from financial instruments and how the entity manages those risks.
2. **Income Properties**

<table>
<thead>
<tr>
<th></th>
<th>2007</th>
<th>Accumulated amortization</th>
<th>Net carrying amount</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Land</strong></td>
<td>$ 1,024,285</td>
<td>$</td>
<td>$ 1,024,285</td>
</tr>
<tr>
<td><strong>Buildings</strong></td>
<td>3,473,522</td>
<td>(387,852)</td>
<td>3,085,670</td>
</tr>
<tr>
<td><strong>Leasing costs</strong></td>
<td>241,123</td>
<td>(60,862)</td>
<td>180,261</td>
</tr>
<tr>
<td><strong>Intangible assets</strong></td>
<td>155,695</td>
<td>(34,782)</td>
<td>120,913</td>
</tr>
<tr>
<td><strong>Properties held for resale (i)</strong></td>
<td>74,105</td>
<td>–</td>
<td>74,105</td>
</tr>
<tr>
<td><strong>Equity investments in properties</strong></td>
<td>8,344</td>
<td>–</td>
<td>8,344</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$ 4,977,074</td>
<td>(483,496)</td>
<td>$ 4,493,578</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>2006</th>
<th>Accumulated amortization</th>
<th>Net carrying amount</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Land</strong></td>
<td>$ 925,140</td>
<td>$</td>
<td>$ 925,140</td>
</tr>
<tr>
<td><strong>Buildings</strong></td>
<td>3,170,559</td>
<td>(304,519)</td>
<td>2,866,040</td>
</tr>
<tr>
<td><strong>Leasing costs</strong></td>
<td>188,799</td>
<td>(45,715)</td>
<td>143,084</td>
</tr>
<tr>
<td><strong>Intangible assets</strong></td>
<td>123,794</td>
<td>(28,660)</td>
<td>95,134</td>
</tr>
<tr>
<td><strong>Properties held for resale (i)</strong></td>
<td>29,281</td>
<td>–</td>
<td>29,281</td>
</tr>
<tr>
<td><strong>Equity investments in properties</strong></td>
<td>11,753</td>
<td>–</td>
<td>11,753</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$ 4,449,326</td>
<td>(378,894)</td>
<td>$ 4,070,432</td>
</tr>
</tbody>
</table>

(i) **Properties held for resale**

For the year ended December 31

<table>
<thead>
<tr>
<th></th>
<th>2007</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Proceeds</strong></td>
<td>$ 96,243</td>
<td>$ 98,472</td>
</tr>
<tr>
<td><strong>Gains on properties held for resale</strong></td>
<td>41,217</td>
<td>30,532</td>
</tr>
<tr>
<td><strong>Share of gains earned from equity accounted for investments included in gains on properties held for resale</strong></td>
<td>2,954</td>
<td>6,950</td>
</tr>
</tbody>
</table>

(ii) **Income properties under capital leases**

Included in income properties are capital leases for which the Trust has exercised all its options to purchase these properties in 2013, 2034 and 2037. At December 31, 2007 the components are as follows: land – $12,277,000; buildings – $37,183,000; leasing costs – $1,294,000; intangible assets – $8,648,000; accumulated amortization – $4,795,000; and included in mortgages payable is an obligation under capital lease of $10,148,000, maturing in 2013, encompassing minimum lease payments for the year ending December 31, 2008 – $750,000 per annum; and thereafter – $850,000 per annum. The obligation is at an imputed interest rate of 6.54% per annum.
3. Amortization

For the year ended December 31

<table>
<thead>
<tr>
<th></th>
<th>2007</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>Buildings</td>
<td>$92,176</td>
<td>$85,684</td>
</tr>
<tr>
<td>Leasing costs</td>
<td>29,330</td>
<td>21,412</td>
</tr>
<tr>
<td>Intangible assets</td>
<td>16,749</td>
<td>15,647</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$138,255</strong></td>
<td><strong>$122,743</strong></td>
</tr>
</tbody>
</table>

4. Capitalization of Carrying Costs

For the year ended December 31

<table>
<thead>
<tr>
<th></th>
<th>2007</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Interest</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest expense</td>
<td>$176,786</td>
<td>$159,233</td>
</tr>
<tr>
<td>Capitalized to real estate investments</td>
<td>(20,032)</td>
<td>(16,535)</td>
</tr>
<tr>
<td><strong>Net interest expense</strong></td>
<td><strong>$156,754</strong></td>
<td><strong>$142,698</strong></td>
</tr>
<tr>
<td><strong>General and administrative</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>General and administrative expense</td>
<td>$30,460</td>
<td>$27,642</td>
</tr>
<tr>
<td>Capitalized to real estate investments</td>
<td>(3,451)</td>
<td>(2,027)</td>
</tr>
<tr>
<td><strong>Net general and administrative expense</strong></td>
<td><strong>$27,009</strong></td>
<td><strong>$25,615</strong></td>
</tr>
</tbody>
</table>

5. Mortgages and Loans Receivable

At December 31, 2007 mortgages and loans receivable bear interest at effective rates ranging between 4.09% and 8% (contractual rates between 0% and 18%) per annum with a weighted average year end rate of 6.19% (contractual rate of 5.56%) per annum, and mature between 2008 and 2015. Future repayments are as follows:

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>$130,143</td>
</tr>
<tr>
<td>2009</td>
<td>16,017</td>
</tr>
<tr>
<td>2010</td>
<td>34,669</td>
</tr>
<tr>
<td>2011</td>
<td>13,188</td>
</tr>
<tr>
<td>2012</td>
<td>6,128</td>
</tr>
<tr>
<td>Thereafter</td>
<td>11,517</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>211,662</td>
</tr>
</tbody>
</table>

**Contractual mortgages and loans receivable** 211,662

**Unamortized differential between contractual and market interest rates on mortgages and loans receivable** (1,098)

**Total** 210,564
6. Receivables and Other Assets

<table>
<thead>
<tr>
<th>Description</th>
<th>2007</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>Straight-line rental revenue in excess of base rents currently due in accordance with lease agreements</td>
<td>$34,225</td>
<td>$26,329</td>
</tr>
<tr>
<td>Maintenance capital expenditures recoverable from tenants</td>
<td>23,491</td>
<td>13,543</td>
</tr>
<tr>
<td>Fees receivable</td>
<td>14,369</td>
<td>13,074</td>
</tr>
<tr>
<td>Prepaid property operating expenses</td>
<td>11,171</td>
<td>6,555</td>
</tr>
<tr>
<td>Contractual rents receivable</td>
<td>6,657</td>
<td>8,879</td>
</tr>
<tr>
<td>Other</td>
<td>6,018</td>
<td>7,066</td>
</tr>
<tr>
<td>Capital assets, net of accumulated amortization</td>
<td>4,189</td>
<td>4,262</td>
</tr>
<tr>
<td>Unamortized differential between contractual and above-market rents for in-place leases at acquisition of income properties</td>
<td>2,134</td>
<td>3,037</td>
</tr>
<tr>
<td>Prepaid property taxes</td>
<td>1,731</td>
<td>1,542</td>
</tr>
<tr>
<td>Deposits on property acquisitions</td>
<td>1,337</td>
<td>16,552</td>
</tr>
<tr>
<td>Investments</td>
<td>–</td>
<td>7,566</td>
</tr>
<tr>
<td>Unamortized debt financing costs (Note 1 (f))</td>
<td>–</td>
<td>13,504</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$105,322</strong></td>
<td><strong>$121,909</strong></td>
</tr>
</tbody>
</table>

7. Mortgages Payable

At December 31, 2007 mortgages payable bear interest at effective rates ranging between 4.43% and 8.73% (contractual rates between 4.76% and 11.88%) per annum with a weighted average year end rate of 6.24% (contractual rate of 6.28%) per annum, and mature between 2008 and 2034. Future repayments are as follows:

<table>
<thead>
<tr>
<th>For the year ending December 31:</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>Thereafter</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total contractual obligations</td>
<td>$276,982</td>
<td>$309,726</td>
<td>$294,214</td>
<td>$111,042</td>
<td>$241,974</td>
<td>$1,008,064</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>2,242,002</strong></td>
<td><strong>15,014</strong></td>
<td><strong>(5,510)</strong></td>
<td><strong>2,251,506</strong></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

At December 31, 2007 the Trust had secured revolving lines of credit totalling $203,500,000 (December 31, 2006 – $125,925,000) with Canadian financial institutions against which $57,251,000 (December 31, 2006 – $35,046,000) of letters of credit were drawn. These facilities are due upon six months notice by the lender if not in default, and bear interest at the bank’s prime rate or, at the Trust’s option, the banker’s acceptances rate plus 0.95%.

The Trust drew against its $110,000,000 non-revolving bank facility to repay its $110,000,000 Series E debenture payable which matured on January 4, 2008 (Note 8). This facility is unsecured and will be due on the earlier of: (i) the completion of a new debenture financing for approximately the same amount; or (ii) December 31, 2008. This facility bears interest at the bank’s prime rate or, at the Trust’s option, the banker’s acceptances rate plus 0.95%.
8. Debentures Payable

The Trust had the following series of debentures outstanding:

i. $110,000,000 Series D senior unsecured, maturity on September 21, 2009, bearing contractual interest at 5.29% per annum, and payable semi-annually.

ii. $110,000,000 Series E senior unsecured, maturity on January 4, 2008, bearing contractual interest at 3.85% per annum, and payable semi-annually.

iii. $200,000,000 Series F senior unsecured, maturity on March 8, 2011, bearing contractual interest at 4.91% per annum, and payable semi-annually.

iv. $150,000,000 Series G senior unsecured, maturity on March 11, 2013, bearing contractual interest at 5.23% per annum, and payable semi-annually.

v. $100,000,000 Series H senior unsecured, maturity on June 15, 2012, bearing contractual interest at 4.70% per annum, and payable semi-annually.

vi. $100,000,000 Series I senior unsecured, maturity on February 6, 2026, bearing contractual interest at 5.953% per annum, and payable semi-annually.

vii. $100,000,000 Series J senior unsecured, maturity on March 24, 2010, bearing contractual interest at 4.938% per annum, and payable semi-annually.

viii. $120,000,000 Series K senior unsecured, maturity on September 11, 2012, bearing contractual interest at 5.70% per annum, and payable semi-annually.

At December 31, 2007 debentures payable bear interest at a weighted average year end effective rate of 5.35% (contractual rate of 5.07%) per annum. Future repayments are as follows:

<table>
<thead>
<tr>
<th>For the year ending December 31:</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>Thereafter</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$ 110,000</td>
<td>110,000</td>
<td>100,000</td>
<td>200,000</td>
<td>220,000</td>
<td>250,000</td>
</tr>
</tbody>
</table>

Contractual obligations: $990,000

Unamortized debt financing costs: ($6,258)

Total: $983,742

On January 4, 2008 the Trust repaid the $110,000,000 Series E debentures payable at their maturity.
9. Accounts Payable and Other Liabilities

<table>
<thead>
<tr>
<th></th>
<th>2007</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>Development costs and other capital</td>
<td>$ 54,879</td>
<td>$ 42,715</td>
</tr>
<tr>
<td>expenditures</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Property operating costs</td>
<td>28,679</td>
<td>31,737</td>
</tr>
<tr>
<td>Interest on mortgages and debentures</td>
<td>27,078</td>
<td>24,063</td>
</tr>
<tr>
<td>payable</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Distributions to unitholders</td>
<td>23,631</td>
<td>21,961</td>
</tr>
<tr>
<td>Deferred income</td>
<td>16,378</td>
<td>8,933</td>
</tr>
<tr>
<td>Other</td>
<td>12,867</td>
<td>10,189</td>
</tr>
<tr>
<td>Unamortized differential between</td>
<td>12,463</td>
<td>1,437</td>
</tr>
<tr>
<td>contractual and below-market rents</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tenant installation costs</td>
<td>8,461</td>
<td>7,767</td>
</tr>
<tr>
<td>Property taxes</td>
<td>5,367</td>
<td>8,531</td>
</tr>
<tr>
<td>Employee pension benefits (Note 12)</td>
<td>2,694</td>
<td>1,918</td>
</tr>
<tr>
<td>Trustees’ restricted equity unit plan (Note 11)</td>
<td>579</td>
<td>833</td>
</tr>
<tr>
<td>Unamortized differential between</td>
<td>–</td>
<td>13,258</td>
</tr>
<tr>
<td>contractual and market interest rates</td>
<td></td>
<td></td>
</tr>
<tr>
<td>on liabilities assumed at acquisition</td>
<td></td>
<td></td>
</tr>
<tr>
<td>of properties (Note 1 (f))</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>$ 193,076</td>
<td>$ 173,342</td>
</tr>
</tbody>
</table>

10. Trust Units

<table>
<thead>
<tr>
<th></th>
<th>2007</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>For the year ended December 31</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Units outstanding, beginning of year</td>
<td>199,647</td>
<td>$ 1,976,868</td>
</tr>
<tr>
<td>Units issued:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Public offering</td>
<td>6,600</td>
<td>166,650</td>
</tr>
<tr>
<td>Exchangeable limited partnership units (i)</td>
<td>829</td>
<td>21,000</td>
</tr>
<tr>
<td>Distribution reinvestment and direct</td>
<td>2,948</td>
<td>69,431</td>
</tr>
<tr>
<td>purchase plans</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unit option plan</td>
<td>859</td>
<td>12,683</td>
</tr>
<tr>
<td>Value associated with unit option</td>
<td>–</td>
<td>705</td>
</tr>
<tr>
<td>grants exercised</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unit issue costs</td>
<td>–</td>
<td>(7,259)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Units outstanding, end of year</td>
<td>210,883</td>
<td>$ 2,240,078</td>
</tr>
</tbody>
</table>

(i) RioCan acquired an income property for consideration including the issuance to the vendors of exchangeable limited partnership units ("LP units"). RioCan is the general partner of the limited partnership. The LP units are entitled to distributions equivalent to distributions on RioCan units, must be exchanged for RioCan units on a one-for-one basis, and are exchangeable at any time at the option of the holder. No LP units have been exchanged by the vendors for RioCan units.
11. Unit Based Compensation Plans

(i) Incentive unit option plan

The Trust’s incentive unit option plan (the “plan”) provides for option grants to a maximum of 19,200,000 units. At December 31, 2007: 9,872,000 unit options were granted and exercised; 4,867,000 unit options were granted and remain outstanding; and 4,461,000 unit options remain available for issuance. The exercise price of each option equals the opening market price of the Trust’s units on the date of grant and an option’s maximum term is 10 years. All options granted through December 31, 2003 vest at 20% per annum from the grant date, becoming fully vested after four years. All options granted after December 31, 2003 vest at 25% per annum commencing on the first anniversary of the grant, becoming fully vested after four years.

A summary of unit options granted under the plan at December 31, 2007 and 2006 is as follows:

<table>
<thead>
<tr>
<th>Options</th>
<th>2007 Units</th>
<th>Weighted average exercise price</th>
<th>2006 Units</th>
<th>Weighted average exercise price</th>
</tr>
</thead>
<tbody>
<tr>
<td>Outstanding, beginning of year</td>
<td>4,342 $17.80</td>
<td></td>
<td>4,163 $15.22</td>
<td></td>
</tr>
<tr>
<td>Granted</td>
<td>1,385 25.81</td>
<td></td>
<td>1,335 21.70</td>
<td></td>
</tr>
<tr>
<td>Exercised</td>
<td>(860) 14.75</td>
<td></td>
<td>(1,131) 12.84</td>
<td></td>
</tr>
<tr>
<td>Forfeited</td>
<td>–  –</td>
<td></td>
<td>(25) 21.16</td>
<td></td>
</tr>
<tr>
<td>Outstanding, end of year</td>
<td>4,867 $20.62</td>
<td></td>
<td>4,342 $17.80</td>
<td></td>
</tr>
<tr>
<td>Options exercisable at end of year</td>
<td>1,810 $17.77</td>
<td></td>
<td>1,289 $14.88</td>
<td></td>
</tr>
<tr>
<td>Weighted average fair value per unit of options granted during the year</td>
<td>$2.67</td>
<td></td>
<td>$2.77</td>
<td></td>
</tr>
</tbody>
</table>

The Trust accounts for its unit based compensation plan using the fair value method, under which compensation expense is measured at the grant date and recognized over the vesting period. Unit based compensation expense and assumptions utilized in the calculation thereof using the Black-Scholes Model for option valuation are as follows:

<table>
<thead>
<tr>
<th>For the year ended December 31</th>
<th>2007</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unit based compensation expense</td>
<td>$3,402</td>
<td>$2,394</td>
</tr>
<tr>
<td>Unit options granted</td>
<td>1,385</td>
<td>1,335</td>
</tr>
<tr>
<td>Unit option holding period (years)</td>
<td>7</td>
<td>10</td>
</tr>
<tr>
<td>Volatility rate</td>
<td>16.6%</td>
<td>19.8%</td>
</tr>
<tr>
<td>Distribution yield</td>
<td>5.0%</td>
<td>6.0%</td>
</tr>
<tr>
<td>Risk free interest rate</td>
<td>4.1%</td>
<td>4.3%</td>
</tr>
</tbody>
</table>
### Notes to Consolidated Financial Statements

<table>
<thead>
<tr>
<th>Exercise price ($)</th>
<th>Options outstanding</th>
<th>Options vested</th>
<th>Expiry date</th>
</tr>
</thead>
<tbody>
<tr>
<td>9.45</td>
<td>10</td>
<td>10</td>
<td>May 31, 2009</td>
</tr>
<tr>
<td>8.80</td>
<td>2</td>
<td>2</td>
<td>May 31, 2010</td>
</tr>
<tr>
<td>8.90</td>
<td>44</td>
<td>44</td>
<td>October 3, 2010</td>
</tr>
<tr>
<td>10.45</td>
<td>28</td>
<td>28</td>
<td>May 30, 2011</td>
</tr>
<tr>
<td>12.60</td>
<td>116</td>
<td>116</td>
<td>May 30, 2012</td>
</tr>
<tr>
<td>13.65</td>
<td>132</td>
<td>132</td>
<td>June 2, 2013</td>
</tr>
<tr>
<td>15.20</td>
<td>165</td>
<td>65</td>
<td>January 1, 2014</td>
</tr>
<tr>
<td>15.16</td>
<td>500</td>
<td>340</td>
<td>June 1, 2014</td>
</tr>
<tr>
<td>17.75</td>
<td>425</td>
<td>213</td>
<td>January 3, 2015</td>
</tr>
<tr>
<td>19.35</td>
<td>765</td>
<td>385</td>
<td>May 10, 2015</td>
</tr>
<tr>
<td>20.00</td>
<td>25</td>
<td>12</td>
<td>June 19, 2015</td>
</tr>
<tr>
<td>22.75</td>
<td>450</td>
<td>113</td>
<td>January 3, 2016</td>
</tr>
<tr>
<td>21.16</td>
<td>820</td>
<td>250</td>
<td>May 14, 2016</td>
</tr>
<tr>
<td>25.06</td>
<td>475</td>
<td>–</td>
<td>January 2, 2017</td>
</tr>
<tr>
<td>25.29</td>
<td>25</td>
<td>–</td>
<td>March 15, 2017</td>
</tr>
<tr>
<td>26.35</td>
<td>860</td>
<td>100</td>
<td>May 14, 2017</td>
</tr>
<tr>
<td>22.23</td>
<td>25</td>
<td>–</td>
<td>December 12, 2017</td>
</tr>
<tr>
<td></td>
<td>4,867</td>
<td>1,810</td>
<td></td>
</tr>
</tbody>
</table>

On January 3, 2008 options to acquire 475,000 units of the Trust were granted at a price of $21.26 per unit. The options expire January 2, 2018.

**(ii) Trustees’ restricted equity unit plan**

The restricted equity unit plan provides for an allotment of restricted equity units ("REUs") to each non-employee trustee ("member"). The value of REUs allotted appreciate or depreciate with increases or decreases in the market price of the Trust’s units. Members are also entitled to be credited with REUs for distributions paid in respect of units of the Trust based on an average market price of the units. REUs vest and are settled three years from the date of issue by a cash payment equal to the number of vested REUs credited to the member based on an average market price of the Trust's units at the settlement date. At December 31, 2007 accounts payable and other liabilities included accrued compensation costs relating to the REUs of $579,000 (December 31, 2006 – $833,000). During the year ended December 31, 2007 payments of $506,000 (2006 – $Nil) were made to members under this plan.

### 12. Employee Future Benefits

The Trust maintains several pension plans for its employees.

**(i) A defined contribution pension plan incurred current service costs in the amount of $435,000 for the year ended December 31, 2007 and $389,000 for the year ended December 31, 2006.**
(ii) The defined benefit pension plans’ benefits are based on a specified length of service, up to a stated maximum. A summary of the defined benefit pension plans is as follows:

### Defined benefit pension plans information

<table>
<thead>
<tr>
<th></th>
<th>2007</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fair value of plan assets</td>
<td>$883</td>
<td>$730</td>
</tr>
<tr>
<td>Accrued employee pension benefits</td>
<td>2,694</td>
<td>1,918</td>
</tr>
</tbody>
</table>

### Statements of Earnings

For the year ended December 31

<table>
<thead>
<tr>
<th></th>
<th>2007</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>Defined benefit pension expense</td>
<td>$917</td>
<td>$620</td>
</tr>
</tbody>
</table>

### 13. Investments in Co-ownerships

Summary financial information relating to the Trust's share of proportionately consolidated co-ownerships is as follows:

#### Balance Sheets

<table>
<thead>
<tr>
<th></th>
<th>2007</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>Assets</td>
<td>$1,248,526</td>
<td>$1,079,659</td>
</tr>
<tr>
<td>Liabilities</td>
<td>747,712</td>
<td>667,305</td>
</tr>
</tbody>
</table>

**Contingencies and commitments (Note 19)**

#### Statements of Earnings

For the year ended December 31

<table>
<thead>
<tr>
<th></th>
<th>2007</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>$154,431</td>
<td>$138,784</td>
</tr>
<tr>
<td>Net earnings</td>
<td>36,442</td>
<td>37,554</td>
</tr>
</tbody>
</table>

#### Statements of Cash Flows

For the year ended December 31

<table>
<thead>
<tr>
<th></th>
<th>2007</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash flow provided by operating activities</td>
<td>$38,761</td>
<td>$52,570</td>
</tr>
<tr>
<td>Cash flow provided by financing activities</td>
<td>17,938</td>
<td>46,813</td>
</tr>
<tr>
<td>Cash flow used in investing activities</td>
<td>(108,780)</td>
<td>(85,213)</td>
</tr>
</tbody>
</table>

At December 31, 2007 mortgages and loans receivable included $110,662,000 (December 31, 2006 – $65,944,000) receivable from co-owners.
14. Changes in Non-cash Operating Items and Other

Cash flows provided by (used in)
For the year ended December 31

<table>
<thead>
<tr>
<th></th>
<th>2007</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>Amounts receivable</td>
<td>$1,345</td>
<td>$(14,336)</td>
</tr>
<tr>
<td>Mortgage interest receivable</td>
<td>$(1,740)</td>
<td>$(198)</td>
</tr>
<tr>
<td>Prepaid expenses and other assets</td>
<td>$(7,661)</td>
<td>$(4,851)</td>
</tr>
<tr>
<td>Accounts payable and other liabilities</td>
<td>3,077</td>
<td>11,635</td>
</tr>
<tr>
<td>Other</td>
<td>704</td>
<td>1,470</td>
</tr>
<tr>
<td></td>
<td>$(4,275)</td>
<td>$(6,280)</td>
</tr>
</tbody>
</table>

15. Income Taxes

Bill C-52, the Budget Implementation Act, 2007 ("Bill C-52") received Royal Assent on June 22, 2007. Bill C-52 is not expected to apply to RioCan until 2011 as it provides for a transition period for publicly traded entities that existed prior to November 1, 2006. Bill C-52 will not apply to impose a tax on an entity that meets specific defined requirements under the legislation for the real estate investment trust exemption (the “REIT Exemption”). RioCan intends to take the necessary steps to qualify for the REIT Exemption prior to 2011.

Where an entity does not qualify for the REIT Exemption certain distributions will not be deductible by that entity in computing its income for tax purposes. As a result, the entity will be subject to tax at a rate substantially equivalent to the general corporate income tax rate. Distributions paid as returns of capital will not be subject to this tax.

The October 30, 2007 Canadian Federal Economic Statement announced several general corporate income tax rate reductions. These proposals were included in Bill C-28 which received Royal Assent on December 14, 2007. Consequently, in accounting for the Trust’s future income taxes, the impact of these tax rate changes from 31.5% to 29.5% for 2011 and 28% for 2012 and later have been applied in the periods that such temporary differences are expected to reverse.

GAAP requires RioCan to recognize future income tax assets and liabilities based on temporary differences expected to reverse after January 1, 2011, and on the basis of its structure at the balance sheet date. GAAP does not permit the Trust to consider future changes to its structure that it will make to enable it to qualify for the REIT Exemption. The impact (including the reversal of the Trust’s future income taxes set out below) of any changes undertaken by the Trust to qualify for the REIT Exemption will not be recognized in the financial statements until such time as it so qualifies.

Components of future income taxes on the Balance Sheets

<table>
<thead>
<tr>
<th></th>
<th>2007</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tax effected temporary differences between accounting and tax basis of:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Real estate investments</td>
<td>$139,000</td>
<td>$ –</td>
</tr>
<tr>
<td>Other</td>
<td>5,000</td>
<td>$ –</td>
</tr>
<tr>
<td>Future income taxes</td>
<td>$144,000</td>
<td>$ –</td>
</tr>
</tbody>
</table>
Statements of Earnings
For the year ended December 31

<table>
<thead>
<tr>
<th>Description</th>
<th>2007</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current income taxes at Canadian statutory tax rate</td>
<td>$ –</td>
<td>$ –</td>
</tr>
<tr>
<td>Increase in future income taxes resulting from a change in tax status</td>
<td>150,000</td>
<td>–</td>
</tr>
<tr>
<td>with enactment of Bill C-52 on June 22, 2007</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Decrease in future income taxes resulting from a tax rate change</td>
<td>(17,500)</td>
<td>–</td>
</tr>
<tr>
<td>with enactment of Bill C-28 on December 14, 2007</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Increase in future income taxes resulting from a change during the year</td>
<td>11,500</td>
<td>–</td>
</tr>
<tr>
<td>in temporary differences expected to reverse after 2010</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Future income tax expense</td>
<td>$ 144,000</td>
<td>$ –</td>
</tr>
</tbody>
</table>

16. Segmented Disclosures
The Trust owns, develops and operates shopping centres located in Canada. Management, in measuring the Trust’s performance, does not distinguish or group its operations on a geographical basis. Accordingly, the Trust has a single reportable segment for disclosure purposes in accordance with GAAP.

No single tenant counted for 10% or more of the Trust’s rental revenue.

Additional information on the Trust’s activities in Canadian provinces providing more than 10% of rental revenue or net carrying amount of income properties is as follows:

<table>
<thead>
<tr>
<th>Province</th>
<th>Rental revenue for the year ended December 31, 2007</th>
<th>Net carrying amount of income properties as at December 31, 2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ontario</td>
<td>$ 405,067</td>
<td>$ 360,934</td>
</tr>
<tr>
<td>Quebec</td>
<td>110,274</td>
<td>97,274</td>
</tr>
<tr>
<td>Alberta</td>
<td>64,406</td>
<td>57,592</td>
</tr>
<tr>
<td>All others</td>
<td>69,247</td>
<td>64,672</td>
</tr>
<tr>
<td></td>
<td>$ 648,994</td>
<td>$ 580,472</td>
</tr>
</tbody>
</table>

17. Distributions to Unitholders
RioCan’s Declaration of Trust requires it to distribute to its unitholders in each year an amount not less than the Trust’s income for the year, as calculated in accordance with the *Income Tax Act* (Canada) (the “Act”) after all permitted deductions under the Act have been taken.

18. Financial Instruments
The Trust’s amounts receivable, mortgages and loans receivable, cash and short term investments and accounts payable and other liabilities are substantially carried at amortized cost, which approximates fair value. The fair value of other financial instruments is based upon discounted future cash flows using discount rates that reflect current market conditions for instruments with similar terms and risks. Such fair value estimates are not necessarily indicative of the amounts the Trust might pay or receive in actual market transactions. Potential transaction costs have also not been considered in estimating fair value.
(i) Fair value of financial instruments

<table>
<thead>
<tr>
<th></th>
<th>2007 Carrying value</th>
<th>2007 Fair value</th>
<th>2006 Carrying value</th>
<th>2006 Fair value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mortgages payable</td>
<td>$2,251,506</td>
<td>$2,316,954</td>
<td>$1,910,587</td>
<td>$2,008,858</td>
</tr>
<tr>
<td>Debentures payable</td>
<td>983,742</td>
<td>957,165</td>
<td>870,000</td>
<td>872,286</td>
</tr>
</tbody>
</table>

(ii) Risk management

(a) Credit and liquidity risks

Credit risk arises from the possibility that tenants may experience financial difficulty and be unable to fulfill their lease commitments. The Trust mitigates this risk by conducting credit assessments on new lessees and by ensuring that its tenant mix is diversified through a large tenant base, geographically, and by limiting its exposure to any one tenant. Further risks arise in the event that borrowers default on the repayment of their mortgages to the Trust. Such risk is mitigated through due diligence and evaluation of the fair value of the underlying real estate investments. Credit risk arises from the possibility of not having sufficient debt and equity capital available to the Trust to fund its growth program and refinance its debts as they mature. Given the relatively small size of the Canadian marketplace, there may come a point in the future at which accessing domestic capital may become more difficult. The Trust works to mitigate this potential risk by constantly seeking out new sources of capital (including foreign-based) and by staggering the maturity dates of its long term debt.

(b) Interest rate risk

The Trust is exposed to interest rate risk on its borrowings. The Trust seeks to reduce its interest rate risk by staggering the maturity dates of its long term debt and by limiting the use of floating rate debt.

19. Contingencies and Commitments

(a) Guarantees

The Trust has provided guarantees on behalf of third parties, including co-owners and partners. In addition, the Trust’s guarantees remain in place for certain debts assumed by purchasers in connection with property dispositions, and will remain until such debts are extinguished or the lenders agree to release the Trust’s covenants. Recourse would be available to the Trust under these guarantees in the event of a default by the borrowers, in which case the Trust’s claim would be against the underlying real estate investments. At December 31, 2007 such guarantees amounted to approximately $631,000,000 and expire between 2008 and 2034. No liability in excess of the fair value of the guarantees has been recognized in these financial statements as the estimated fair value of the borrowers’ interests in the real estate investments is greater than the mortgages payable for which the Trust provided guarantees.

(b) Contractual obligations on real estate investments

(i) The Trust has entered into an agreement to acquire a 50% interest in a real estate investment. This acquisition is being completed in stages as leasable area is occupied by tenants. The purchase price is determined by valuing such areas at predetermined multiples of net operating income, plus predetermined per square foot amounts for vacant space and additional buildable density. At December 31, 2007 the estimated remaining obligation under this agreement is $12,900,000, which transaction is expected to close in the first quarter of 2008. At any time within three years after the final closing of this transaction, the vendor has the right to sell the whole or part of its remaining 50% interest to the Trust at fair market value.
In addition, the Trust acquired a 50% interest in an adjacent property under development from the same vendor. At any time during the three years after substantial completion of this development, the vendor has the right to sell the whole or part of its remaining 50% interest to the Trust at fair market value.

(ii) The Trust has entered into an agreement to dispose of interests (ranging from 22.5% to 50%) in three real estate investments. These dispositions are being completed in stages as leasable area is occupied by tenants. The sale prices are determined by valuing such areas at predetermined multiples of net operating income, plus predetermined per square foot amounts for additional buildable density. At December 31, 2007 the estimated remaining selling prices under this agreement for the year ending December 31, 2008 is $69,900,000.

(c) Lease commitments

The Trust is committed under long term operating leases with various expiry dates to 2029. Minimum annual rentals for the next five years are as follows:

<table>
<thead>
<tr>
<th>For the year ending December 31:</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$4,028</td>
<td>$3,911</td>
<td>$3,673</td>
<td>$3,629</td>
<td>$3,593</td>
<td></td>
</tr>
</tbody>
</table>
The terms “RioCan”, “the Trust”, “we”, “us” and “our” in the following Management’s Discussion and Analysis (“MD&A”) refer to RioCan Real Estate Investment Trust and its consolidated financial position and results of operations for the two years ended December 31, 2007 and 2006. Our MD&A dated January 29, 2008 should be read in conjunction with our audited consolidated financial statements for the two years ended December 31, 2007 and 2006. Historical results and percentage relationships contained in our annual consolidated financial statements and MD&A, including trends which might appear, should not be taken as indicative of our future operations.

The role of our Audit Committee and Board of Trustees in respect of financial information included in our MD&A is set out in this Annual Report section under Management’s Responsibility for Financial Reporting. Additional information relating to RioCan, including our Annual Information Form, is filed at www.sedar.com.

Advisory: Certain information included in this MD&A contains forward-looking statements within the meaning of applicable securities laws. These statements include, but are not limited to, statements made in “Vision and Business Strategy”, “Assets Profile”, “Capital Structure” and “2008 Outlook” and other statements concerning our 2008 objectives, our strategies to achieve those objectives, as well as statements with respect to management’s beliefs, plans, estimates, and intentions, and similar statements concerning anticipated future events, results, circumstances, performance or expectations that are not historical facts. Forward-looking statements generally can be identified by the use of forward-looking terminology such as “outlook”, “objective”, “may”, “will”, “expect”, “intend”, “estimate”, “anticipate”, “believe”, “should”, “plans” or “continue”, or similar expressions suggesting future outcomes or events. Such forward-looking statements reflect management’s current beliefs and are based on information currently available to management.

These statements are not guarantees of future performance and are based on our estimates and assumptions that are subject to risks and uncertainties, including those described under Risks and Uncertainties in this MD&A, which could cause our actual results to differ materially from the forward-looking statements contained in this MD&A. Those risks and uncertainties include risks associated with real property ownership, financing and interest rates, environmental matters, construction, unitholder liability, and income taxes. Material factors or assumptions that were applied in drawing a conclusion or making an estimate set out in the forward-looking information include: an increasing divergence in the general economy between eastern and western Canada; a less robust retail environment than we have seen for the last few years; interest costs to us remain relatively stable; acquisition capitalization rates increase and land costs for greenfield development decrease; a continuing and accelerating trend towards land use intensification in high growth markets; and equity and debt capital markets will continue to provide access to capital to fund at acceptable costs our future growth program and refinance our debts as they mature. Although the forward-looking information contained in this MD&A is based upon what management believes are reasonable assumptions, there can be no assurance that actual results will be consistent with these forward-looking statements. Certain statements included in this MD&A may be considered “financial outlook” for purposes of applicable securities laws, and such financial outlook may not be appropriate for purposes other than this MD&A.

Bill C-52, the Budget Implementation Act, 2007 (“Bill C-52”) received Royal Assent on June 22, 2007. Bill C-52 is not expected to apply to RioCan until 2011 as it provides for a transition period for publicly traded entities that existed prior to November 1, 2006. In addition, Bill C-52 will not apply to an entity that meets specific defined requirements under the legislation for the real estate investment trust exemption (“the REIT Exemption”). RioCan intends to take the necessary steps to qualify for the REIT Exemption prior to 2011, and as a result, certain statements contained in this MD&A may be modified.

All forward-looking statements in this MD&A are qualified by these cautionary statements. Except as required by applicable law, RioCan undertakes no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise.
OVERVIEW

We are an unincorporated “closed-end” trust governed by the laws of the Province of Ontario and constituted pursuant to a Declaration of Trust (“Declaration”). We are publicly traded and listed on the Toronto Stock Exchange under the symbol REI.UN. We are Canada’s largest REIT as measured by the book value of our assets and total stock market capitalization.

At December 31, 2007:

• We had ownership interests in a portfolio of 201 shopping centres comprising 31.7 million square feet with a portfolio occupancy rate of 97.6%;
• We had greenfield development projects that will upon completion comprise approximately 8.4 million square feet, of which our ownership interest will be approximately 3.5 million square feet;
• 82.5% of our annualized rental revenue was derived from, and 83.4% of our space was leased to, national and anchor tenants;
• Approximately 48.9% of our annualized rental revenue was derived from our 25 largest tenants;
• No individual tenant comprised more than 5.6% of the portfolio’s annualized rental revenue;
• We had approximately 5,300 individual tenancies; and
• We employed approximately 700 people.

VISION AND BUSINESS STRATEGY

Our purpose is to deliver to our unitholders stable and reliable cash distributions that will increase over the long term. We do so by following a strategy of owning, developing and operating retail real estate, as well as mixed use real estate with a significant retail component.

Approximately 45% of the Canadian population resides in, and 64% of the population growth has occurred in, Calgary, Alberta; Edmonton, Alberta; Montreal, Quebec; Ottawa, Ontario; Toronto, Ontario; and Vancouver, British Columbia based on Statistics Canada 2006 Census reports.

These six high population growth markets (“high growth markets”) for RioCan’s purposes include the above cities and surrounding areas. As growth in population dictates growth in retail sales, which in turn results in more demand for space and higher rents, increasingly our focus is to own properties mainly in those high growth markets having in excess of one million people. Shopping centres located in high growth markets also offer more opportunities for extracting value, for example, by rezoning sites for even higher and better uses. RioCan also owns properties in strong secondary markets where our goal is to own the dominant unenclosed centre(s) in those markets. Examples are Kingston, Ontario and Quebec City, Quebec.

Our core investment strategy is to focus on stable, low risk predominantly retail properties in the high growth markets to satisfy our purpose of creating stable and growing cash flows from our property portfolio.

The specific retail assets in which we currently invest are:

• New format retail centres
  New format retail centres are large aggregations of dominant retailers grouped together at high traffic and easily accessible locations. These unenclosed campus-style centres are generally anchored by supermarkets and junior department stores and may include entertainment (movie theatres, large-format bookstores and restaurants) and fashion components.

• Neighbourhood convenience unenclosed centres
  Neighbourhood convenience unenclosed centres are generally supermarket and/or junior department store anchored shopping centres, typically comprising between 60,000 to 250,000 square feet of leasable area. Other convenience-oriented tenants generally include drug stores, restaurants and other service providers.
• Urban retail properties

Urban retail properties are high-quality, innovative multi-level format retail centres located in major urban markets. The centres are situated in high-density locations and may sometimes be part of a multi-use complex.

As discussed in Future Income Taxes below, unless further substantive technical changes are made to Bill C-52 prior to 2011, to qualify for the REIT Exemption RioCan, among other items, will essentially be required to ensure that 95% of its revenue is derived from rental revenue from long-lived income properties (those income properties consistent with RioCan’s core investment strategy) and fee income from such properties in which we have an interest. Our current strategy is to:

• Focus on growing our rental income from long-lived properties, as opposed to the creation of fee income streams through the creation of new funds with third party investors. This rental income growth will be achieved through maintaining and further increasing the supply of greenfield development projects and land use intensification activities in high growth markets. Additionally, we also intend to target the acquisition of properties that may not necessarily be of the same quality as RioCan’s existing income property portfolio, but where we believe that we can obtain substantial rental growth from the enhancement of these properties.

• Continue leveraging our in-house expertise to earn fees and gains from properties held for resale through to the end of 2010, including from the completion of the (re)development of our current properties held for resale portfolio and from our ongoing urban intensification program. As 2010 approaches, and on the assumption there have been no substantive technical Bill C-52 legislative changes, we will isolate those activities that generate this type of income and review how to best discontinue such activities while generating the maximum benefit to our unitholders.

In summary our goal over the next three years is to continue generating income from fees and properties held for resale gains, while focusing on achieving growth in our income from our long-lived income property base.

We expect these growth drivers to continue to consist of:

• Organic growth in our current portfolio.

Our organic growth is expected to come from rental growth on renewals and releasing.

Generally, we completed our initial developments of our new format retail portfolio in the late 1990’s. As this space is typically leased for 10 year terms, we will be undergoing our first significant tranche of renewals on this component of our portfolio, which will approximate 2.5 million square feet through to 2010. There has been significant growth in market rents since we constructed these centres, primarily as a result of relatively recent retailer preference for this type of space compared to when these centres were initially constructed. If future market rents continue to remain consistent over this period with current market rents for this type of space (subject to fixed renewal options in favour of our tenants), this will contribute to our organic growth from such renewals.

• Intensification programs consisting of extracting more value from the land component of our current portfolio of shopping centres.

The trend in the high growth markets towards densification of existing urban locations is driven by, amongst other factors, prohibitive costs of expanding infrastructure beyond urban boundaries, environmental concerns and maximizing use of mass transit.

Land use intensification opportunities arise from the fact that retail centres are generally built with lot coverage of approximately 25% of the underlying land; therefore, particularly in urban markets, we can obtain additional density (retail or otherwise) on our existing property portfolio and, since we already own the underlying land, are able to achieve relatively high returns on new capital invested.

Additionally, as a normal part of our business we also expand and redevelop (components of) existing shopping centres to create and/or extract additional value. One of our goals is to add annually about 500,000 square feet of retail space from this activity to our existing portfolio.
• Our ongoing greenfield development program.

At December 31, 2007 greenfield development projects comprised approximately 8.4 million square feet, of which our ownership interest will be approximately 3.5 million square feet. Additionally, we had 6 million square feet of conditional greenfield development projects in our development pipeline.

Commencing with 2008, the key measures by which management will evaluate its success in the achievement of its objectives are the growth and stability of cash flows from our property portfolio as measured by growth in: (i) Funds From Operations, with a separate measure that focuses on long-lived property rental revenue and fee income; and (ii) cash distributions to unitholders.

**Selected Consolidated Information**

The following is a summary of selected consolidated information:

*(thousands of dollars, except per unit amounts)*

<table>
<thead>
<tr>
<th>Year ended December 31</th>
<th>2007</th>
<th>2006</th>
<th>2005</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total revenue</td>
<td>$719,887</td>
<td>$646,406</td>
<td>$609,050</td>
</tr>
<tr>
<td>Net earnings from continuing operations*</td>
<td>32,358</td>
<td>163,812</td>
<td>134,862</td>
</tr>
<tr>
<td>Net earnings from continuing operations per unit*</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>– basic and diluted</td>
<td>0.16</td>
<td>0.83</td>
<td>0.69</td>
</tr>
<tr>
<td>Net earnings*</td>
<td>32,358</td>
<td>163,812</td>
<td>132,574</td>
</tr>
<tr>
<td>Net earnings per unit*</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>– basic and diluted</td>
<td>0.16</td>
<td>0.83</td>
<td>0.68</td>
</tr>
<tr>
<td>Total assets</td>
<td>5,250,056</td>
<td>4,607,963</td>
<td>4,272,796</td>
</tr>
<tr>
<td>Total mortgages and debentures payable</td>
<td>3,235,248</td>
<td>2,780,587</td>
<td>2,423,277</td>
</tr>
<tr>
<td>Funds From Operations (<em>FFO</em>)**</td>
<td>314,613</td>
<td>286,555</td>
<td>257,358</td>
</tr>
<tr>
<td>FFO per unit**</td>
<td>1.51</td>
<td>1.45</td>
<td>1.33</td>
</tr>
<tr>
<td>Total distributions to unitholders</td>
<td>276,688</td>
<td>256,993</td>
<td>247,068</td>
</tr>
<tr>
<td>Total distributions to unitholders per unit</td>
<td>1.3275</td>
<td>1.2975</td>
<td>1.2725</td>
</tr>
</tbody>
</table>

* Refer to this MD&A for a discussion and analysis relating to the two years ended December 31, 2007 and 2006. Refer to the MD&A for the two years ended December 31, 2006 and 2005 for discussion and analysis relating to those periods.

** A non GAAP measure defined in our Declaration for which a reconciliation to net earnings can be found in our discussion under FFO.

**2007 Performance Compared to Objectives**

We established our 2007 objectives at the end of 2006, as follows:

• Continue enhancing the quality of our real estate portfolio as measured by the stability, reliability and growth of the resulting cash flows;

• Achieve growth in our cash distributions per unit to unitholders; and

• Continue to maintain and further increase the supply of greenfield development projects in our development pipeline.

We believe we met or exceeded our 2007 objectives because:

• At both December 31, 2007 and 2006, approximately 83% of our annualized rental revenue was derived from national and anchor tenants;
For the year ended December 31, 2007, 65.5% of our rental revenue was derived from the six Canadian high growth markets noted above as compared to 62.9% for 2006;

At December 31, 2007 no individual tenant comprised more than 5.6% of the portfolio’s annualized rental revenue as compared to 5.9% for the comparative period of 2006;

During 2007 we completed approximately 681,000 square feet of greenfield development and land use intensification activities as compared to 540,000 square feet for the same period of 2006;

At December 31, 2007 we had greenfield development projects that will upon completion comprise approximately 8.4 million square feet (2006 – 6.5 million square feet), of which our owned interest will be approximately 3.5 million square feet (2006 – 3 million square feet);

2007 FFO per unit of $1.51 increased by 4.1% over 2006 FFO per unit of $1.45; and

2007 distributions to unitholders per unit of $1.3275 increased by 2.3% over 2006 distributions to unitholders per unit of $1.2975.

Asset Profile

Income Properties

Our income properties are comprised of two distinct components, being:

- Long-lived income properties; and
- Properties held for resale (properties for which there is no intention of their being owned on a long term basis, and which are to be sold in the ordinary course of business) including properties acquired or developed directly and indirectly with partners.

The changes in our net carrying amount of income properties are as follows:

(Thousands of dollars)

<table>
<thead>
<tr>
<th>Year ended December 31</th>
<th>2007</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance, beginning of year</td>
<td>$4,070,432</td>
<td>$3,874,727</td>
</tr>
<tr>
<td>Acquisitions of income properties</td>
<td>366,046</td>
<td>207,933</td>
</tr>
<tr>
<td>Acquisition and development of properties held for resale</td>
<td>96,146</td>
<td>26,812</td>
</tr>
<tr>
<td>Disposition of properties held for resale</td>
<td>(58,033)</td>
<td>(71,593)</td>
</tr>
<tr>
<td>Tenant installation costs</td>
<td>22,127</td>
<td>17,808</td>
</tr>
<tr>
<td>Completion of properties under development</td>
<td>172,081</td>
<td>163,739</td>
</tr>
<tr>
<td>Transfers to properties under development and other</td>
<td>(36,966)</td>
<td>(26,251)</td>
</tr>
<tr>
<td>Amortization expense</td>
<td>(138,255)</td>
<td>(122,743)</td>
</tr>
<tr>
<td>Balance, end of year</td>
<td>$4,493,578</td>
<td>$4,070,432</td>
</tr>
</tbody>
</table>
The changes in net leasable area of our income properties are as follows:

(square feet in thousands)

<table>
<thead>
<tr>
<th>Year ended December 31</th>
<th>2007</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net leasable square feet, beginning of year</td>
<td>29,645</td>
<td>28,524</td>
</tr>
<tr>
<td>Acquisitions of income properties</td>
<td>1,523</td>
<td>903</td>
</tr>
<tr>
<td>Disposition of properties held for resale</td>
<td>(130)</td>
<td>(322)</td>
</tr>
<tr>
<td>(Re)development and other</td>
<td>681</td>
<td>540</td>
</tr>
<tr>
<td>Net leasable square feet, end of year</td>
<td>31,719</td>
<td>29,645</td>
</tr>
</tbody>
</table>

1. Long-lived Income Properties

During 2007 competition for high quality retail real estate acquisitions remained intense.

During the year ended December 31, 2007 we acquired approximately 1.5 million square feet, including the Yonge Eglinton Centre for a purchase price of $223 million (an approximately 1 million square foot mixed-use complex in midtown Toronto). The consideration included the assumption of approximately $56 million of indebtedness, cash and the issuance to the vendors of exchangeable limited partnership units ("LP units") for approximately $21 million (refer to Trust Units for further discussion regarding these LP units). The balance of income property acquisitions were located in the high growth markets except for six, which were comprised primarily of the acquisition of additional interests in dominant centres in Quebec City or adjacent to existing centres. No long-lived income properties were disposed of during 2007.

During the year ended December 31, 2006 we acquired approximately 903,000 square feet. These properties were new format retail centres located in the high growth markets except for four, which were comprised primarily of the acquisition of additional interests in dominant centres in Quebec City. No long-lived income properties were disposed of during 2006.

Capital spending for new property acquisitions, greenfield developments and the redevelopment of our existing properties to create and/or extract additional value are expected to improve the overall earnings capacity of our property portfolio. As a result, we do not expect such expenditures to be funded from cash flows from operating activities and do not consider such amounts as a key determinant in setting the amount we distribute to our unitholders.

Maintenance capital expenditures refer to capital expenditures that are necessary to maintain the existing earnings capacity of our property portfolio. Such expenditures are considered in determining the amount we distribute to our unitholders, and primarily consist of:

- Tenant installation costs.

Our portfolio requires ongoing investments of capital for tenant installation costs related to new and renewal tenant leases. Tenant installation costs consist of tenant improvements and other leasing costs, including certain costs associated with our internal leasing professionals (primarily compensation costs).

Based on our income property portfolio at December 31, 2007 and our expectations for that portfolio, we estimate that annual investments of capital for tenant installation costs are between $19.5 million and $21.5 million.

Investments of capital for tenant installation costs for our income properties are dependent upon many factors, including, but not limited to, our lease maturity profile, unforeseen tenant bankruptcies and the location of our income properties.
• Recoverable and non-recoverable maintenance capital expenditures.

We also invest capital on a continuous basis to physically maintain our income properties. Typical costs incurred are for roof replacement programs and the repaving of parking lots. Tenant leases generally provide for our ability to recover such costs from tenants (generally over time) as property operating costs. Where such amounts are not recoverable under tenant leases, we expense or capitalize these amounts to income properties, as appropriate. Expenditures for recoverable and non-recoverable maintenance capital for our income properties are as follows:

(thousands of dollars)

<table>
<thead>
<tr>
<th></th>
<th>Year ended December 31</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>2007</td>
<td>2006</td>
</tr>
<tr>
<td>Recoverable from tenants</td>
<td>$ 8,090</td>
<td>$ 7,419</td>
<td></td>
</tr>
<tr>
<td>Non-recoverable</td>
<td>1,841</td>
<td>2,292</td>
<td></td>
</tr>
<tr>
<td></td>
<td>$ 9,931</td>
<td>$ 9,711</td>
<td></td>
</tr>
</tbody>
</table>

Based on our income property portfolio at December 31, 2007 and our expectation for that portfolio, we estimate that (recoverable and non-recoverable) annual maintenance capital expenditures for 2008 are between $10 million and $12 million.

Maintenance capital expenditures for our income properties are dependent upon many factors, including, but not limited to, the number, age and location of our income properties. At December 31, 2007 the estimated weighted average age of our income property portfolio was 13.4 years.

Co-Ownership Activities Included in Long-lived Income Properties

Co-ownership activities represent real estate investments in which RioCan owns an undivided interest or where we have joint control with our partners. We record our proportionate share of assets, liabilities, revenue and expenses of all co-ownerships in which we participate.

We have joint investments with Kimco Realty Corporation (“Kimco”), a U.S. REIT listed on the New York Stock Exchange. At December 31, 2007 these joint investments (“RioKim”) were comprised of interests in 35 properties aggregating approximately 8.2 million square feet of which our book value was approximately $550 million. As a normal part of our business, RioCan provides guarantees on behalf of third parties, including certain partners and co-owners for their share of mortgages payable. At December 31, 2007 RioCan, on behalf of Kimco, had provided guarantees on approximately $285.9 million of mortgages payable for Kimco’s share of properties held through RioKim, for which we receive guarantee fees. RioCan provides property management, development and leasing services for all properties that are owned through RioKim.

We have joint investments with the Canada Pension Plan Investment Board (“CPPiB”) with which we entered into an agreement during 2006 to dispose of interests (ranging from 22.5% to 50%) ultimately comprising approximately 510,000 square feet in three greenfield developments. These dispositions are being completed in stages as leasable area is occupied by tenants. The sale prices are determined by valuing such areas at predetermined multiples of net operating income, plus predetermined per square foot amounts for additional buildable density. At December 31, 2007 the estimated remaining sale proceeds under this agreement for the year ending December 31, 2008 is $69.9 million (representing the remaining 281,000 square feet). During 2007, $54.9 million of disposition proceeds were recognized under this agreement and the resulting gains have been included in gains on properties held for resale (see below).

RioCan provides all property management, asset management, leasing, development and construction management services for centres co-owned with CPPiB. The creation of this joint venture platform is important to RioCan not only for its future potential but also in carrying forward our strategy of creating reliable, long term third party streams of fee income from long-lived income properties in which we own an interest.
2. Properties Held for Resale

As discussed above (see Vision and Business Strategy), through to the end of 2010 we will continue our strategy of leveraging our in-house real estate expertise by pursuing opportunities where value-added potential exists, but the resulting assets would not be core investments. Properties held for resale are properties to be acquired or developed for which we have no intention of their being used on a long term basis and plan to dispose of such properties in the ordinary course of business. We expect to earn a return on these assets through a combination of property operating income earned during the relatively short holding period (which is included in net earnings) and sales proceeds. No amortization is recorded on properties held for resale.

The components of gains on properties held for resale are as follows:

(Thousands of dollars)

<table>
<thead>
<tr>
<th>Year ended December 31</th>
<th>2007</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>Properties acquired or (re)developed by us for resale without partners and co-owners</td>
<td>$36,556</td>
<td>$17,718</td>
</tr>
<tr>
<td>Properties acquired or (re)developed for resale with partners and co-owners</td>
<td>4,661</td>
<td>12,814</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$41,217</strong></td>
<td><strong>$30,532</strong></td>
</tr>
</tbody>
</table>

Properties Acquired or (Re)developed for Resale with Partners and Co-Owners

Equity investments comprise real estate investments where we exercise significant influence (but not control or joint control) over the investment, and are accounted for using the equity method. This method adjusts the original cost of our investment for RioCan’s share of net earnings, capital advances and distributions receivable or received. Equity accounted for investments were $8.3 million at December 31, 2007 and $11.8 million at December 31, 2006.

We have a 15% equity interest ($6.5 million at December 31, 2007) in RioCan Retail Value L.P. (“RRVLP”). RRVLP was formed in 2003 with a 60% participation by the Teachers Insurance and Annuity Association-College Retirement Equities Fund and a 25% participation by the Ontario Municipal Employees Retirement System. The business of RRVLP is to acquire underperforming shopping centres in Canada that have the potential for significant value-added, redevelopment or repositioning opportunities and then to dispose of these assets over a number of years. RRVLP provides RioCan with a vehicle that enables it to benefit as a minority investor in pursuing value-added opportunities and to earn asset management, property management, development and leasing fees in addition to incentive compensation for out-performance.

By December 31, 2005 the partners had committed the full capital resources of RRVLP, which capital was invested in 12 centres aggregating approximately 3.4 million square feet. By December 31, 2007 nine properties had been sold, of which three properties were sold during 2007 (for which RioCan’s 15% share of disposition gains was $3 million and is included in gains on properties held for resale). The partners have agreed to monetize all remaining investments in RRVLP by November 2009.

Properties Under Development

We have a greenfield development program primarily focused on new format and urban retail centres. The provisions of our Declaration have the effect of limiting direct and indirect investments (net of related mortgage debt) in non-income producing properties to no more than 15% of the book value of unitholders’ equity. We undertake such developments on our own, or with established developers either on a co-ownership basis or by providing them with mezzanine financing. With some exceptions, from time to time, for land in the high growth markets, generally we will not acquire or fund significant expenditures for undeveloped land unless it is zoned and an acceptable level of space has been pre-leased/pre-sold. An advantage of unenclosed, new format retail is that it lends itself to phased construction keyed to leasing levels, which avoids the creation of meaningful amounts of vacant space.
As a normal part of our business, we also expand and redevelop (components of) existing shopping centres to create and/or extract additional value (see Vision and Business Strategy).

The costs related to these (re)development activities are comprised of acquisition costs, third party and internal costs directly related to the development and initial leasing of the properties, including applicable salaries and other direct costs, property taxes, and interest on both specific and general debt.

The changes in the carrying amount of our properties under development are as follows:

(Thousands of dollars)

<table>
<thead>
<tr>
<th>Year ended December 31</th>
<th>2007</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance, beginning of year</td>
<td>$228,912</td>
<td>$218,265</td>
</tr>
<tr>
<td>Acquisitions and expenditures</td>
<td>209,132</td>
<td>147,585</td>
</tr>
<tr>
<td>Completion of properties under development</td>
<td>(172,081)</td>
<td>(163,739)</td>
</tr>
<tr>
<td>Transfers from income properties and other</td>
<td>50,092</td>
<td>26,801</td>
</tr>
<tr>
<td>Balance, end of year</td>
<td>$316,055</td>
<td>$228,912</td>
</tr>
</tbody>
</table>

Mortgages and Loans Receivable

At December 31, 2007 mortgages and loans receivable bear interest at contractual rates ranging between 0% and 18% per annum with a weighted average year end rate of 5.56% per annum, and mature between 2008 and 2015. Future repayments are as follows:

(Thousands of dollars)

<table>
<thead>
<tr>
<th>Year ending December 31: 2008</th>
<th>$130,143</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>16,017</td>
</tr>
<tr>
<td>2010</td>
<td>34,669</td>
</tr>
<tr>
<td>2011</td>
<td>13,188</td>
</tr>
<tr>
<td>2012</td>
<td>6,128</td>
</tr>
<tr>
<td>Thereafter</td>
<td>11,517</td>
</tr>
</tbody>
</table>

Contractual mortgages and loans receivable | $211,662 |

Unamortized differential between contractual and market interest rates on mortgages and loans receivable | $(1,098) |

$210,564
The changes in the carrying amount of our mortgages and loans receivable are as follows:

(Thousands of dollars)

<table>
<thead>
<tr>
<th>Year ended December 31</th>
<th>2007</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Balance, beginning of year</strong></td>
<td>$139,607</td>
<td>$75,014</td>
</tr>
<tr>
<td><strong>Principal advances</strong></td>
<td>84,145</td>
<td>74,308</td>
</tr>
<tr>
<td><strong>Mortgages and loans taken back on property dispositions</strong></td>
<td>27,672</td>
<td>44,090</td>
</tr>
<tr>
<td><strong>Principal repayments</strong></td>
<td>(41,448)</td>
<td>(55,775)</td>
</tr>
<tr>
<td><strong>Interest receivable and other</strong></td>
<td>1,686</td>
<td>1,970</td>
</tr>
<tr>
<td><strong>Contractual mortgages and loans receivable</strong></td>
<td>211,662</td>
<td>139,607</td>
</tr>
<tr>
<td><strong>Unamortized differential between contractual and market interest rates on mortgages and loans receivable (previously included with accounts payable and other liabilities)</strong></td>
<td>(1,098)</td>
<td>—</td>
</tr>
<tr>
<td><strong>Balance, end of year</strong></td>
<td>$210,564</td>
<td>$139,607</td>
</tr>
</tbody>
</table>

At December 31, 2007 mortgages and loans receivable from co-owners were $110.7 million compared to $65.9 million at December 31, 2006. In general, this increase related to greenfield development activities. Transactions with co-owners subsequent to the formation of a co-ownership are considered to be related party transactions under Canadian generally accepted accounting principles (“GAAP”).

Mortgages and loans receivable advances and repayments relating to properties held for resale are included in cash flows from operating activities (see Distributions to Unitholders below). All other mortgages and loans receivable advances and repayments are included in cash flows used in investing activities.

**Capital Structure**

**Debt**

Standard & Poor’s Ratings Services (“S&P”) and Dominion Bond Rating Service Limited (“DBRS”) provide credit ratings of debt securities for commercial entities. A credit rating generally provides an indication of the risk that the borrower will not fulfill its obligations in a timely manner with respect to both interest and principal commitments. Rating categories range from highest credit quality (generally AAA) to default in payment (generally D).

S&P has provided us with an entity credit rating of BBB and a credit rating of BBB- relating to RioCan’s senior unsecured debentures payable (“debentures”). A credit rating of BBB by S&P exhibits adequate protection parameters. However, adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity of the obligor to meet its financial commitment on the obligation.

DBRS has provided us with a credit rating of BBB (high), relating to RioCan’s debentures, which rating was upgraded by DBRS on July 9, 2007 from BBB. A credit rating of BBB by DBRS is generally an indication of adequate credit quality, where protection of interest and principal is considered acceptable but the issuing entity is fairly susceptible to adverse changes in financial and economic conditions, or there may be other adverse conditions present which reduce the strength of the entity and its rated securities.

A credit rating of BBB- or higher is an investment grade rating.

RioCan’s Declaration provides for maximum total debt levels up to 60% of Aggregate Assets (defined in the Declaration as total assets plus accumulated amortization of income properties as recorded by us and calculated in accordance with GAAP). At December 31, 2007 our indebtedness was 56.3% of Aggregate Assets and we could therefore incur additional indebtedness of approximately $531 million and still not exceed a 60% leverage limit. As a matter of policy, we would not likely incur indebtedness significantly beyond 58% of Aggregate Assets.
Management's Discussion and Analysis

Revolving Lines of Credit

At December 31, 2007 we had the following revolving lines of credit in place with Canadian chartered banks:

- One revolving operating line of credit has a maximum loan amount of $200 million, against which $54.5 million of letters of credit (“LC”) were drawn. This facility is secured by a first charge against certain income properties. Should the aggregate agreed values for lending purposes of such properties fall below $200 million (through reappraisal or sale of the property providing the security), RioCan has the option to provide substitute income properties as additional security.

  This facility is due upon six months notice by the lender if not in default, and bears interest at the bank’s prime rate or, at our option, the banker’s acceptances rate plus 0.95%. Aside from the requirement to not exceed the 60% leverage limit required by our Declaration, this facility is subject to customary terms and conditions which we believe would not limit the distributions we currently expect to distribute to our unitholders in the foreseeable future.

- We have a $110 million non-revolving bank facility to repay our $110 million Series E debenture payable, which facility we drew against when this debenture matured on January 4, 2008. This facility is unsecured and will be due on the earlier of: (i) the completion of a new debenture financing of approximately the same amount; or (ii) December 31, 2008. This facility bears interest at the bank’s prime rate or, at our option, the banker’s acceptances rate plus 0.95%.

- We have a 50% interest in a RioKim LC facility, which provides for a maximum amount of $7 million against which $5.5 million of LCs were drawn. This facility is subject to repayment not later than one year from the date of issuance of an LC.

Debentures Payable

At December 31, 2007 we had eight series of debentures outstanding totalling $990 million. At December 31, 2006 we had seven series of debentures outstanding totalling $870 million.

Our debentures have covenants relating to our 60% leverage limit discussed above, maintenance of a $1 billion Adjusted Book Equity (defined as unitholders’ equity plus accumulated amortization of income properties as reported in our consolidated financial statements), and maintenance of an interest coverage ratio of 1.65 times or better. Our Series I debentures have additional covenants as discussed below.

There was one debenture issued during 2007. On September 11, 2007 we issued $120 million Series K debentures, maturing September 11, 2012, bearing interest at 5.7% per annum, and payable semi-annually.

As discussed above, we drew against our $110 million non-revolving bank facility to repay our $110 million Series E debenture which matured on January 4, 2008.

During 2006 we completed the following debenture issue transactions:

- On February 7, 2006 we issued $100 million Series I debentures, maturing February 6, 2026, bearing interest at 5.953% per annum, and payable semi-annually. These debentures have a different covenant pattern than all of our other outstanding series, the key difference being that we have the right at any time to convert these debentures to mortgage debt (subject to the acceptability of the security given to the debentureholders). In such event, the covenants relating to our 60% leverage limit, minimum book equity and interest coverage ratio would be eliminated for this debenture; and

- On March 24, 2006 we issued $100 million Series J debentures, maturing March 24, 2010, bearing interest at 4.938% per annum, and payable semi-annually.
Changes in the carrying amount of our debentures payable resulted primarily from the following:

\[
\begin{array}{lcc}
\text{(thousands of dollars)} & \text{2007} & \text{2006} \\
\text{Year ended December 31} & & \\
\text{Balance, beginning of year} & $870,000 & $670,000 \\
\text{New borrowings} & 120,000 & 200,000 \\
\text{Contractual obligations} & 990,000 & 870,000 \\
\text{Unamortized debt financing costs (previously included} & & \\
\text{with receivables and other assets)} & (6,258) & – \\
\text{Balance, end of year} & $983,742 & $870,000 \\
\end{array}
\]

**Mortgages Payable**

At December 31, 2007 we had mortgages payable of $2.3 billion as compared to $1.9 billion at December 31, 2006. The vast majority of our mortgage indebtedness provides recourse to the assets of the Trust (as opposed to only having recourse to the specific property charged). We follow this policy as it generally results in lower interest costs and higher loan-to-value ratios than would otherwise be obtained.

At December 31, 2007 the contractual interest rates on our mortgages payable ranged from 4.76% to 11.88% per annum with a year end weighted average interest rate of 6.28% per annum. Changes in the carrying amount of our mortgages payable resulted primarily from the following:

\[
\begin{array}{lcc}
\text{(thousands of dollars)} & \text{2007} & \text{2006} \\
\text{Year ended December 31} & & \\
\text{Balance, beginning of year} & $1,910,587 & $1,753,277 \\
\text{Borrowings:} & & \\
\text{New} & 469,556 & 292,356 \\
\text{Assumed/granted on the acquisition of properties} & 144,626 & 52,552 \\
\text{Principal repayments:} & & \\
\text{Scheduled amortization} & (55,151) & (48,494) \\
\text{At maturity} & (227,616) & (139,104) \\
\text{Contractual obligations} & 2,242,002 & 1,910,587 \\
\text{Unamortized differential between contractual and market} & & \\
\text{interest rates on liabilities assumed at the acquisition} & 15,014 & – \\
\text{of properties (previously included with accounts} & & \\
\text{payable and other liabilities)} & (5,510) & – \\
\text{Balance, end of year} & $2,251,506 & $1,910,587 \\
\end{array}
\]

Mortgages payable borrowings and repayments relating to properties held for resale are included in cash flows from operating activities (see Distributions to Unitholders below). All other mortgages payable advances and repayments are included in cash flows from financing activities.
Aggregate Debt Maturities

On a combined basis, our mortgages and debentures payable bear a year end weighted average contractual interest rate of 5.9% with a weighted average term to maturity of 5.3 years, and have future repayments as follows:

<table>
<thead>
<tr>
<th></th>
<th>Scheduled principal amortization</th>
<th>Principal maturities</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>mortgages payable</td>
<td>debentures payable</td>
<td>mortgages payable</td>
</tr>
<tr>
<td>Year ending December 31:</td>
<td>2008</td>
<td>2009</td>
<td>2010</td>
</tr>
<tr>
<td></td>
<td>$ 56,572</td>
<td>$ 54,396</td>
<td>$ 46,666</td>
</tr>
<tr>
<td></td>
<td>$ 220,410</td>
<td>$ 255,330</td>
<td>$ 247,548</td>
</tr>
<tr>
<td></td>
<td>$ 110,000</td>
<td>110,000</td>
<td>100,000</td>
</tr>
<tr>
<td></td>
<td>$ 386,982</td>
<td>419,726</td>
<td>394,214</td>
</tr>
<tr>
<td></td>
<td>$ 395,617</td>
<td>1,846,385</td>
<td>990,000</td>
</tr>
</tbody>
</table>

* As discussed above, we drew against our $110 million non-revolving bank facility to repay our $110 million Series E debenture which matured on January 4, 2008.

Our debt obligations do not provide for any contractual limitations on cash distributions to our unitholders.

As a practical matter, our target indebtedness is slightly over 58% of Aggregate Assets. To obtain and maintain such a level generally requires us to refinance mortgage principal upon maturity. As a result, we do not consider debt principal repayments (including scheduled principal amortizations) as a key determinant in setting the amount we distribute to our unitholders.

Considering our overall low levels of leverage and demonstrated historical access to debt capital markets, we expect that all maturities will be refinanced or repaid in the normal course of business.

Trust Units

Unit issuances are as follows:

<table>
<thead>
<tr>
<th></th>
<th>(number of units in thousands)</th>
<th>2007</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>Year ended December 31</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Units outstanding, beginning of year</td>
<td>199,647</td>
<td>196,041</td>
<td></td>
</tr>
<tr>
<td>Units issued:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Public offering</td>
<td>6,600</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Exchangeable limited partnership units</td>
<td>829</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Distribution reinvestment and direct purchase plans</td>
<td>2,948</td>
<td>2,475</td>
<td></td>
</tr>
<tr>
<td>Unit option plan</td>
<td>859</td>
<td>1,131</td>
<td></td>
</tr>
<tr>
<td>Units outstanding, end of year</td>
<td>210,883</td>
<td>199,647</td>
<td></td>
</tr>
</tbody>
</table>

As discussed under Income Properties, we acquired the Yonge Eglinton Centre, which consideration included the issuance to the vendors of exchangeable LP units for approximately $21 million. We are the general partner of the limited partnership. The LP units are entitled to distributions equivalent to distributions on RioCan units, must be exchanged for RioCan units on a one-for-one basis, and are exchangeable at any time at the option of the holder. As required by GAAP, these exchangeable LP units have been accounted for as unitholders’ equity. To date, no LP units have been exchanged by the vendors for RioCan units.
All trust units outstanding have equal rights and privileges and entitle the holder thereof to one vote for each unit at all meetings of unitholders.

We provide long term incentives to certain employees by granting options through a unit option plan. Options granted permit employees to acquire units at an exercise price equal to the market price of such units under option at the date the option is granted. The objective of granting unit based compensation is to encourage plan members to acquire an ownership interest in us over time and acts as a financial incentive for such persons to act in the long term interests of RioCan and its unitholders. At December 31, 2007, 4.5 million units remain available for issuance under the unit option plan.

We granted 1.4 million unit options during 2007 under the unit option plan compared to 1.3 million for the same period during 2006. Additionally, we have a Restricted Equity Unit (“REU”) plan which provides for an allotment of REUs to each non-employee trustee. The value of the REUs allotted appreciate or depreciate with increases or decreases in the market price of the Trust’s units.

Other Capital Commitments

Our contractual obligations (in addition to long term debt discussed above) at December 31, 2007 were $12.9 million relating to an agreement of purchase and sale to acquire 50% of a real estate investment which is expected to be completed by the first quarter of 2008. Additionally, at any time within three years after the final closing of the transaction, the same vendor has the right to sell its whole or any part of its remaining 50% interest (approximately 570,000 square feet) in this real estate investment to us at fair market value.

In addition, the Trust acquired a 50% interest in an adjacent property under development from the same vendor. At any time during the three years after substantial completion of this development, the vendor has the right to sell the whole or part of its remaining 50% interest (approximately 190,000 square feet) to us at fair market value.

Future Income Taxes

Bill C-52 is not expected to apply to RioCan until 2011 as it provides for a transition period for publicly traded trusts that existed prior to November 1, 2006. In addition, Bill C-52 will not apply to an entity that meets specific defined requirements under the legislation for the REIT Exemption. Under this legislation, of key importance for RioCan to qualify for the REIT Exemption we will essentially be required to ensure that 95% of our revenue is derived from rental revenue from long-lived income properties (those income properties consistent with our core investment strategy) and fee income from such properties in which we have an interest. RioCan intends to take the necessary steps to qualify for the REIT Exemption prior to 2011.

The October 30, 2007 Canadian Federal Economic Statement announced several general corporate income tax rate reductions. These proposals were included in Bill C-28 which received Royal Assent on December 14, 2007. Consequently, in accounting for the Trust’s future income taxes, the impact of these tax rate changes from 31.5% to 29.5% for 2011 and 28% for 2012 and later have been applied in the periods that such temporary differences are expected to reverse.

On December 20, 2007, the Department of Finance (Canada) announced proposed technical amendments to Bill C-52 in a press release, which include among other items, the removal of the foreign property limitation and addresses a number of highly technical issues which assist in achieving the REIT Exemption.

GAAP requires us to recognize future income taxes based on our structure at the balance sheet date, and does not permit us to consider future changes to our structure that we will make to enable us to qualify for the REIT Exemption. The impact (including the reversal of future income taxes previously recorded by us) of any changes undertaken by us to qualify for the REIT Exemption will not be recognized in the financial statements until such time as we so qualify.

These non-cash future income tax charges arise from temporary differences between the estimated accounting and tax basis of our assets and liabilities expected to reverse after January 1, 2011, and relate primarily to our real estate investments, the largest component of which is the difference between net book value and undepreciated capital cost for tax purposes. These charges have no current impact on our cash flows or distributions.
A summary of our temporary differences between the accounting and tax basis of our assets and liabilities are as follows:

**Components of future income taxes on the Balance Sheets**

*(thousands of dollars)*

<table>
<thead>
<tr>
<th>As at December 31</th>
<th>2007</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Tax effected temporary differences between accounting and tax basis of:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Real estate investments</td>
<td>$139,000</td>
<td>$ –</td>
</tr>
<tr>
<td>Other</td>
<td>5,000</td>
<td>–</td>
</tr>
<tr>
<td><strong>Future income taxes</strong></td>
<td>$144,000</td>
<td>$ –</td>
</tr>
</tbody>
</table>

**Statements of Earnings**

*(thousands of dollars)*

<table>
<thead>
<tr>
<th>Year ended December 31</th>
<th>2007</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current income taxes at Canadian statutory tax rate</td>
<td>$ –</td>
<td>$ –</td>
</tr>
<tr>
<td>Increase in future income taxes resulting from a change in tax status with enactment of Bill C-52 on June 22, 2007</td>
<td>150,000</td>
<td>$ –</td>
</tr>
<tr>
<td>Decrease in future income taxes resulting from a tax rate change with enactment of Bill C-28 on December 14, 2007</td>
<td>(17,500)</td>
<td>$ –</td>
</tr>
<tr>
<td>Increase in future income taxes resulting from a change during the year in temporary differences expected to reverse after 2010</td>
<td>11,500</td>
<td>$ –</td>
</tr>
<tr>
<td><strong>Future income tax expense</strong></td>
<td>$144,000</td>
<td>$ –</td>
</tr>
</tbody>
</table>

**Off Balance Sheet Liabilities and Guarantees**

At December 31, 2007 we had real estate investments accounted for using the equity method that could be viewed to give rise to off balance sheet debt of $11.7 million, which would have increased our indebtedness to 56.4% of Aggregate Assets.

We have provided guarantees on behalf of third parties, including co-owners and partners (for which we generally are paid a fee) as, amongst other reasons, it generally results in lower interest costs and higher loan-to-value ratios than would otherwise be obtained. Also, our guarantees remain in place for certain debts assumed by purchasers in connection with property dispositions, and will remain until such debts are extinguished or lenders agree to release RioCan’s covenants. Recourse would be available to us under these guarantees in the event of a default by the borrowers, in which case our claim would be against the underlying real estate investments. At December 31, 2007 such guarantees amounted to approximately $631 million and expire between 2008 and 2034. We determined that the estimated fair value of the borrowers’ interests in the real estate investments was greater than the mortgages payable for which we provided guarantees, and therefore we did not provide for any losses on such guarantees in our consolidated financial statements.
At December 31, 2007 the parties on behalf of which we had outstanding guarantees are as follows:

(thousands of dollars)

<table>
<thead>
<tr>
<th>Partners and co-owners</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Kimco</td>
<td>$285,850</td>
</tr>
<tr>
<td>Trinity Development Group Inc.</td>
<td>68,555</td>
</tr>
<tr>
<td>Devimco Inc.</td>
<td>41,654</td>
</tr>
<tr>
<td>First Gulf Corporation</td>
<td>39,815</td>
</tr>
<tr>
<td>Other</td>
<td>31,878</td>
</tr>
</tbody>
</table>

Assumption of mortgages by purchasers on property dispositions

| Retrocom Mid-Market REIT    | 65,058 |
| RRVLP                        | 11,393 |
| Other                        | 87,168 |

$631,371

Liquidity

Liquidity refers to our having and/or generating sufficient amounts of cash and equivalents to fund our ongoing operational commitments, distributions to unitholders and planned growth in our business.

We retain a portion of annual operating cash flows to help fund ongoing maintenance capital expenditures, tenant installation costs and long term unfunded contractual obligations, amongst other items. Unitholder distributions reinvested through the distribution reinvestment and direct purchase plans also contribute to funding such cash outflows.

Cash on hand, borrowings under our revolving credit facilities, and Canadian equity and debt capital markets also provide the necessary liquidity to fund our ongoing and future capital expenditures and obligations. At December 31, 2007 we had:

- $124.6 million of cash and short term investments. This amount was either on deposit with, or invested in commercial paper and/or term deposits for periods less than 40 days of, Schedule 1 Canadian banks;
- $146.2 million of undrawn bank lines of credit; and
- Indebtedness was 56.3% of Aggregate Assets and we could therefore incur additional indebtedness of approximately $531 million and still not exceed the 60% leverage limit.

Additionally, our unitholders reinvested through the distribution reinvestment and direct purchase plans $69.4 million (representing 25.1% of total distributions to unitholders) for the year ended December 31, 2007 compared to $54.9 million (21.3%) for the comparative period of 2006.

Distributions to Unitholders

Distributions to our unitholders are as follows:

(thousands of dollars)

<table>
<thead>
<tr>
<th>Year ended December 31</th>
<th>2007</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>Distributions to unitholders</td>
<td>$276,688</td>
<td>$256,993</td>
</tr>
<tr>
<td>Distributions reinvested through the distribution reinvestment and direct purchase plans</td>
<td>(69,431)</td>
<td>(54,863)</td>
</tr>
<tr>
<td>$207,257</td>
<td>$202,130</td>
<td></td>
</tr>
</tbody>
</table>

Distributions reinvested through the distribution reinvestment and direct purchase plans as a percentage of distributions to unitholders

- 25.1%
- 21.3%
S&P and DBRS provide stability ratings for REITs and income trusts. A stability rating is intended to provide an indication of both the stability and sustainability of distributions to unitholders.

S&P’s rating categories range from the highest level of distributable cash flow generation stability relative to other income funds in the Canadian market place (SR-1) to a very low level of distributable cash flow generation stability relative to other income funds in the Canadian market place (SR-7). RioCan’s S&P stability rating at December 31, 2007 was SR-2. According to S&P this rating category reflects a very high level of distributable cash flow generation stability relative to other income funds in the Canadian market place.

DBRS’s rating categories range from highest stability and sustainability of distributions per unit (STA-1) to poor stability and sustainability of distributions per unit (STA-7). At December 31, 2007 RioCan had a DBRS stability rating of STA-2 (low). According to DBRS this rating category reflects very good stability and sustainability of distributions per unit.

At our Annual and Special Meeting of Unitholders held on May 15, 2007 our unitholders approved the elimination of any reference to Distributable Income (“RDI”) from our Declaration and we now rely upon forward looking cash flow information including forecasts and budgets to establish the level of cash distributions. As a result, we no longer report on RDI.

Notwithstanding the foregoing, in each year the aggregate amount payable by us for distributions to unitholders shall continue to not be less than our income for the year, as calculated in accordance with the Income Tax Act (Canada) (the “Act”) after all permitted deductions under the Act have been taken.

Commencing with our October 2007 distribution, RioCan’s monthly distribution to unitholders is 11.25 cents per unit, an increase of 3 cents per unit on an annualized basis from $1.32 per unit to $1.35 per unit.

A comparison of distributions to unitholders with cash flows provided by operating activities and net earnings is as follows:

(thousands of dollars)

<table>
<thead>
<tr>
<th>Year ended December 31</th>
<th>2007</th>
<th>2006</th>
<th>2005</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash flows provided by operating activities</td>
<td>$265,499</td>
<td>$286,764</td>
<td>$261,385</td>
</tr>
<tr>
<td>Net earnings</td>
<td>$32,358</td>
<td>$163,812</td>
<td>$132,574</td>
</tr>
<tr>
<td>Distributions to unitholders</td>
<td>$276,688</td>
<td>$256,993</td>
<td>$247,068</td>
</tr>
<tr>
<td>Difference between cash flows provided by operating activities and distributions to unitholders (i)</td>
<td>$(11,189)</td>
<td>$29,771</td>
<td>$14,317</td>
</tr>
<tr>
<td>Difference between net earnings and distributions to unitholders (ii)</td>
<td>$(244,330)</td>
<td>$(93,181)</td>
<td>$(114,494)</td>
</tr>
</tbody>
</table>

(i) Difference between cash flows provided by operating activities and distributions to unitholders

As discussed above, we rely upon forward looking cash flow information including forecasts and budgets to establish the level of cash distributions to unitholders (which are paid monthly).

We do not use GAAP defined cash flows provided by operating activities (as presented in our Statement of Cash Flows included in our consolidated financial statements) to establish the level of unitholders’ distributions because, amongst other items, it includes the following:

- Generally, the timing of the payment of property tax installments and operating costs do not coincide with collections pursuant to tenant leases. We typically collect property taxes and operating costs recoveries from our tenants in equal monthly installments (based on annual estimates of such costs), with any shortfall being collected from our tenants after the end of the year. This usually results in fluctuations in the timing of the related cash flows during the reporting periods.
• We also invest in maintenance capital expenditures on a continuous basis to physically maintain our income properties. Typical costs incurred are for roof replacement programs and the repaving of parking lots. Tenant leases generally provide for our ability to recover such costs from tenants (generally over time) as property operating costs. As a result, the cash outflows for maintenance capital expenditures fluctuate during the reporting periods.

• Debenture interest and interest on certain mortgages payable are paid by us semi-annually. As a result, the cash outflows for interest paid fluctuate during the reporting periods.

• As previously discussed under Income Properties, where we own trading assets with partners we may also earn out-performance incentive fees for exceeding agreed upon benchmarks. Out-performance incentive fees in some cases may be earned and recorded but not payable until future reporting periods in accordance with related agreements.

• While we consider gains from properties held for resale, amongst other items, in establishing the level of cash distributions to unitholders, for this purpose we consider the expenditures (net of third-party financing) relating to these projects as capital in nature. Additionally, on occasion we may finance the purchaser of certain properties held for resale with a vendor-take-back mortgage, with the result that not all the proceeds are received by us upon disposition of such properties until future reporting periods.

Our Statement of Cash Flows, included in our consolidated financial statements, reports a net cash outflow from what we consider the capital component of gains on properties held for resale reducing cash flow provided by operating activities by $36.4 million (calculated as the net of the $96.5 million cash outflow for acquisition and development of properties held for resale less cash inflows of $60.1 million related to dispositions of properties held for resale) for the year ended December 31, 2007. For the comparative period of 2006 there was a net cash inflow from such amounts increasing cash flow provided by operating activities by $13.9 million (calculated as the net of cash inflows of $37.1 million related to dispositions of properties held for resale less the $23.2 million cash outflow for acquisition and development of properties held for resale) for the comparative period of 2006.

As indicated above, in determining the level of distributions to unitholders we look at forward looking cash flow information including forecasts and budgets. Furthermore, we do not consider periodic cash flow fluctuations resulting from such items as the timing of property tax installments, maintenance capital expenditures and semi-annual debenture and mortgages payable interest payments in determining the level of distributions to unitholders. Additionally, as indicated above in establishing the level of cash distributions to unitholders, for this purpose we consider, amongst other items, the expenditures (net of third-party financing) relating to properties held for resale projects, scheduled amortization of mortgage principal, and reinvestment of distributions through our distribution reinvestment plan as capital in nature. Therefore, our distributions to unitholders have been, and are expected to continue to be, funded by cash flows generated from our real estate investments and fee generating activities.
(ii) Difference between net earnings and cash distributions to unitholders

We do not use net earnings in accordance with GAAP as the basis to establish the level of unitholders’ distributions, as net earnings include, amongst other items, non-cash expenses for amortization (including impairment provisions) related to our income property portfolio and future income taxes, and the cost of early extinguishment of our debentures payable. We believe, amongst other items, that:

- It is appropriate for the Trust to ignore property related amortization primarily on the basis that the value of our real estate investments does not diminish over time, and because consideration is given by us to maintenance capital expenditures for our property portfolio in establishing the level of our distributions to unitholders.

- It is appropriate for the Trust to ignore future income taxes as we intend to qualify for the REIT Exemption prior to 2011 (see Future Income Taxes above).

- As reported in our 2005 annual MD&A, we did not consider the $20.5 million costs of the early extinguishment of our debentures payable in setting the level of distributions to our unitholders because such costs were not representative of: (i) RioCan’s ability to earn and distribute cash returns to unitholders; and (ii) our ongoing operating performance.

Results Of Operations

The specific components of our net earnings for each respective period are as follows:

(Thousands of dollars, except per unit amounts)

<table>
<thead>
<tr>
<th>Year ended December 31</th>
<th>2007</th>
<th>2006</th>
<th>Increase (decrease)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rentals</td>
<td>$648,994</td>
<td>$580,472</td>
<td>12%</td>
</tr>
<tr>
<td>Fees and other</td>
<td>13,902</td>
<td>25,645</td>
<td>(46%)</td>
</tr>
<tr>
<td>Interest</td>
<td>15,774</td>
<td>9,757</td>
<td>62%</td>
</tr>
<tr>
<td>Gains on properties held for resale</td>
<td>41,217</td>
<td>30,532</td>
<td>35%</td>
</tr>
<tr>
<td><strong>Total revenue</strong></td>
<td>719,887</td>
<td>646,406</td>
<td></td>
</tr>
<tr>
<td><strong>Expenses</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Property operating costs</td>
<td>221,511</td>
<td>191,538</td>
<td>16%</td>
</tr>
<tr>
<td>Interest</td>
<td>156,754</td>
<td>142,698</td>
<td>10%</td>
</tr>
<tr>
<td>General and administrative</td>
<td>27,009</td>
<td>25,615</td>
<td>5%</td>
</tr>
<tr>
<td>Amortization</td>
<td>138,255</td>
<td>122,743</td>
<td>13%</td>
</tr>
<tr>
<td><strong>Total expenses</strong></td>
<td>543,529</td>
<td>482,594</td>
<td>13%</td>
</tr>
<tr>
<td><strong>Earnings before income taxes</strong></td>
<td>176,358</td>
<td>163,812</td>
<td>8%</td>
</tr>
<tr>
<td><strong>Future income tax expense</strong></td>
<td>144,000</td>
<td>–</td>
<td></td>
</tr>
<tr>
<td><strong>Net earnings</strong></td>
<td>$32,358</td>
<td>$163,812</td>
<td>(80%)</td>
</tr>
<tr>
<td><strong>Net earnings per unit – basic and diluted</strong></td>
<td>$0.16</td>
<td>$0.83</td>
<td></td>
</tr>
</tbody>
</table>
Revenue

Rentals

Rental revenue includes all amounts earned from tenants related to lease agreements, including property tax and operating cost recoveries. Amounts payable by tenants to terminate their lease prior to their contractual expiry date (“lease cancellation fees”) are included in rental revenue.

(Thousands of dollars)

<table>
<thead>
<tr>
<th>Year ended December 31</th>
<th>2007</th>
<th>2006</th>
<th>Increase</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rental revenue (excluding lease cancellation fees)</td>
<td>$639,220</td>
<td>$576,861</td>
<td>11%</td>
</tr>
<tr>
<td>Lease cancellation fees</td>
<td>9,774</td>
<td>3,611</td>
<td>171%</td>
</tr>
<tr>
<td>------------------------------</td>
<td>---------</td>
<td>---------</td>
<td>----------</td>
</tr>
<tr>
<td></td>
<td>$648,994</td>
<td>$580,472</td>
<td>12%</td>
</tr>
</tbody>
</table>

The increases in rental revenue (excluding lease cancellation fees) during the periods were consistent with the full period impact of net acquisitions and completed (re)developments of income properties during 2007 and 2006.

Fees and Other Income

We hold certain of our interests in various real estate investments through co-ownerships and investments accounted for by the equity method. Generally, we provide asset and property management services for these investments for which we earn market based fees.

As discussed under Vision and Business Strategy, commencing with 2008 our focus will be on growing our rental and fee income from long-lived properties as opposed to the creation of fee income streams through the creation of new funds with third party investors. As a result, future period disposition-dependant performance fees will generally be earned from the completion of existing activities through to the end of 2010, including the disposition of the three remaining properties in RRVLP.

The significant sources of fees and other income are as follows:

(Thousands of dollars)

<table>
<thead>
<tr>
<th>Year ended December 31</th>
<th>2007</th>
<th>2006</th>
<th>Decrease</th>
</tr>
</thead>
<tbody>
<tr>
<td>Property and asset management</td>
<td>$10,160</td>
<td>$11,227</td>
<td>(10%)</td>
</tr>
<tr>
<td>Disposition-dependant performance fees and other</td>
<td>3,742</td>
<td>14,418</td>
<td>(74%)</td>
</tr>
<tr>
<td></td>
<td>$13,902</td>
<td>$25,645</td>
<td>(46%)</td>
</tr>
</tbody>
</table>

The decrease in property and asset management fees primarily arises from a reduction in construction and finance arrangement related fees during the periods.

Interest Income

The changes during the periods in interest earned primarily resulted from higher mortgage and loan receivable balances during the periods.
Expenses

Property Operating Costs

Property taxes and operating costs are generally recoverable by us under tenant lease agreements (see Rentals above). The significant components of property operating costs are as follows:

(Thousands of dollars)

<table>
<thead>
<tr>
<th></th>
<th>2007</th>
<th>2006</th>
<th>Increase</th>
</tr>
</thead>
<tbody>
<tr>
<td>Property taxes</td>
<td>$135,318</td>
<td>$119,885</td>
<td>13%</td>
</tr>
<tr>
<td>Other property operating costs</td>
<td>86,193</td>
<td>71,653</td>
<td>20%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$221,511</strong></td>
<td><strong>$191,538</strong></td>
<td><strong>16%</strong></td>
</tr>
</tbody>
</table>

The increases in property operating costs during the periods were consistent with the full period impact of net acquisitions and completed (re)developments of income properties during 2007 and 2006.

Interest

The components of interest expense are as follows:

(Thousands of dollars)

<table>
<thead>
<tr>
<th></th>
<th>2007</th>
<th>2006</th>
<th>Increase</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest</td>
<td>$176,786</td>
<td>$159,233</td>
<td>11%</td>
</tr>
<tr>
<td>Capitalized to real estate investments</td>
<td>(20,032)</td>
<td>(16,535)</td>
<td>21%</td>
</tr>
<tr>
<td><strong>Net interest expense</strong></td>
<td><strong>$156,754</strong></td>
<td><strong>$142,698</strong></td>
<td><strong>10%</strong></td>
</tr>
<tr>
<td>Percentage capitalized to real estate investments</td>
<td>11%</td>
<td>10%</td>
<td></td>
</tr>
</tbody>
</table>

The increases during the periods in total interest expense resulted primarily from higher debt levels during the comparative periods. The increased interest expense on this new debt was partially offset by reduced interest expense resulting from scheduled repayments of mortgage principal (see Debt).

The increases during the periods in amounts capitalized to real estate investments are consistent with our higher properties under development balances during the periods.

General and Administrative

Certain staffing and related costs for property management activities are directly recoverable from tenants under lease agreements and such costs are included in property operating costs. Additionally, incremental direct internal costs related to our development activities (to the extent they are not capital expenditures on properties under development) and leasing activities (to the extent that they are not included in tenant installation costs) are also included in property operating costs. Other regional office costs and head office costs are included in general and administrative expense.
The components of general and administrative expense are as follows:

(Thousands of dollars)

<table>
<thead>
<tr>
<th>Year ended December 31</th>
<th>2007</th>
<th>2006</th>
<th>Increase</th>
</tr>
</thead>
<tbody>
<tr>
<td>General and administrative expense</td>
<td>$30,460</td>
<td>$27,642</td>
<td>10%</td>
</tr>
<tr>
<td>Capitalized to real estate investments</td>
<td>(3,451)</td>
<td>(2,027)</td>
<td>70%</td>
</tr>
<tr>
<td>Net general and administrative expense</td>
<td>$27,009</td>
<td>$25,615</td>
<td>5%</td>
</tr>
<tr>
<td>Percentage capitalized to real estate investments</td>
<td>11%</td>
<td>7%</td>
<td></td>
</tr>
</tbody>
</table>

The changes during the periods in general and administrative expense mainly resulted from increases relating to staffing costs and unit based compensation expense.

The increases during the periods in amounts capitalized to real estate investments are consistent with our higher properties under development balances during the periods.

**Amortization**

The components of amortization expense are as follows:

(i) Building amortization

(Thousands of dollars)

<table>
<thead>
<tr>
<th>Year ended December 31</th>
<th>2007</th>
<th>2006</th>
<th>Increase</th>
</tr>
</thead>
<tbody>
<tr>
<td>Building amortization</td>
<td>$92,176</td>
<td>$85,684</td>
<td>8%</td>
</tr>
</tbody>
</table>

The increase during the periods was consistent with the full period impact of net acquisitions and completed (re)developments of income properties during 2007 and 2006.

(ii) Leasing costs and intangible assets amortization

(Thousands of dollars)

<table>
<thead>
<tr>
<th>Year ended December 31</th>
<th>2007</th>
<th>2006</th>
<th>Increase</th>
</tr>
</thead>
<tbody>
<tr>
<td>Amortization of leasing costs</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Amortization of tenant installation costs</td>
<td>$13,007</td>
<td>$10,297</td>
<td>26%</td>
</tr>
<tr>
<td>Amortization of leasing costs identified at acquisition and (re)development of income properties</td>
<td>16,323</td>
<td>11,115</td>
<td>47%</td>
</tr>
<tr>
<td>$29,330</td>
<td>$21,412</td>
<td>37%</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Year ended December 31</th>
<th>2007</th>
<th>2006</th>
<th>Increase</th>
</tr>
</thead>
<tbody>
<tr>
<td>Amortization of intangible assets</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Amortization of the value of in-place leases and tenant relationships identified at acquisition of income properties</td>
<td>$16,749</td>
<td>$15,647</td>
<td>7%</td>
</tr>
</tbody>
</table>

For acquisitions initiated after September 12, 2003, GAAP requires a component of the purchase price to be allocated to leasing costs and intangible assets.
Other Items

Gains on properties held for resale are discussed under Income Properties and future income tax expense is discussed under Future Income Taxes above.

RioCan may have transactions in the normal course of business with entities whose directors or trustees are also our trustees and/or management. Any such transactions are in the normal course of operations and are measured at market based exchange amounts, and are not related party transactions for GAAP purposes.

Funds From Operations

Funds from operations (“FFO”) is a supplemental non-GAAP financial measure of operating performance widely used by the real estate industry. The Real Property Association of Canada (“REALPAC”) defines FFO as: “Net income (computed in accordance with GAAP), excluding gains (or impairment provisions and losses) from sales of depreciable real estate and extraordinary items, plus depreciation and amortization, plus future income taxes and after adjustments for equity-accounted entities and non-controlling interests. Adjustments for equity-accounted for entities, joint ventures and non-controlling interests are calculated to reflect FFO on the same basis as the consolidated properties.”

We consider FFO a meaningful additional measure of operating performance as it primarily rejects the assumption that the value of real estate investments diminishes predictably over time and it adjusts for items included in GAAP net earnings that may not necessarily be the best determinants of our operating performance (such as gains or losses on the sale of, and provisions for impairment against, long-lived income properties).

FFO is a non-GAAP measure and should not be construed as an alternative to net earnings or cash flow provided by operating activities determined in accordance with GAAP. Our method of calculating FFO is in accordance with REALPAC’s recommendations but may differ from other issuers’ methods and accordingly, may not be comparable to FFO reported by other issuers.

A reconciliation of GAAP net earnings to FFO is as follows:

(Thousands of dollars, except per unit amounts)

<table>
<thead>
<tr>
<th></th>
<th>2007</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net earnings</strong></td>
<td>$32,358</td>
<td>$163,812</td>
</tr>
<tr>
<td><strong>Amortization</strong></td>
<td>138,255</td>
<td>122,743</td>
</tr>
<tr>
<td><strong>Future income tax expense</strong></td>
<td>144,000</td>
<td>–</td>
</tr>
<tr>
<td><strong>FFO</strong></td>
<td>$314,613</td>
<td>$286,555</td>
</tr>
<tr>
<td><strong>Per unit</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>FFO per weighted average number of units outstanding</strong></td>
<td>$1.51</td>
<td>$1.45</td>
</tr>
</tbody>
</table>
**Review of Fourth Quarter Results**

The specific components of net earnings for each respective period are as follows:

(Thousands of dollars, except per unit amounts)

<table>
<thead>
<tr>
<th></th>
<th>Three months ended December 31</th>
<th>2007</th>
<th>2006</th>
<th>Increase (decrease)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rentals</td>
<td></td>
<td>$165,170</td>
<td>$151,181</td>
<td>9%</td>
</tr>
<tr>
<td>Fees and other</td>
<td></td>
<td>3,446</td>
<td>8,754</td>
<td>(61%)</td>
</tr>
<tr>
<td>Interest</td>
<td></td>
<td>4,652</td>
<td>2,587</td>
<td>80%</td>
</tr>
<tr>
<td>Gains on properties held for resale</td>
<td></td>
<td>20,129</td>
<td>8,566</td>
<td>135%</td>
</tr>
<tr>
<td><strong>Total revenue</strong></td>
<td></td>
<td>193,397</td>
<td>171,088</td>
<td></td>
</tr>
<tr>
<td><strong>Expenses</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Property operating costs</td>
<td></td>
<td>56,727</td>
<td>50,151</td>
<td>13%</td>
</tr>
<tr>
<td>Interest</td>
<td></td>
<td>40,729</td>
<td>36,619</td>
<td>11%</td>
</tr>
<tr>
<td>General and administrative</td>
<td></td>
<td>8,448</td>
<td>7,203</td>
<td>17%</td>
</tr>
<tr>
<td>Amortization</td>
<td></td>
<td>35,345</td>
<td>33,680</td>
<td>5%</td>
</tr>
<tr>
<td><strong>Total expenses</strong></td>
<td></td>
<td>141,249</td>
<td>127,653</td>
<td></td>
</tr>
<tr>
<td><strong>Earnings before income taxes</strong></td>
<td></td>
<td>52,148</td>
<td>43,435</td>
<td></td>
</tr>
<tr>
<td>Future income tax recovery</td>
<td></td>
<td>13,000</td>
<td>–</td>
<td></td>
</tr>
<tr>
<td><strong>Net earnings</strong></td>
<td></td>
<td>$65,148</td>
<td>$43,435</td>
<td>50%</td>
</tr>
<tr>
<td><strong>Net earnings per unit – basic and diluted</strong></td>
<td></td>
<td>$0.32</td>
<td>$0.22</td>
<td></td>
</tr>
</tbody>
</table>

During the fourth quarter of 2007 we acquired income properties aggregating 373,000 square feet for $105.5 million as compared to 302,000 square feet for $78.1 million for the comparative period of 2006.

During the last three months of 2007 we disposed of properties held for resale for proceeds of $57.1 million resulting in gains on properties held for resale of $20.1 million and earned disposition-dependant performance and other fees of $764,000. During the last three months of 2006 we disposed of properties held for resale for proceeds of $29.6 million resulting in gains on properties held for resale of $8.6 million and earned $6.2 million in disposition-dependant performance and other fees.

During the three months ended December 31, 2007 the changes in the net carrying amount of our properties under development included: (i) $56.5 million related to development acquisitions and expenditures; and (ii) $104.2 million of properties under development were completed and became income producing. For the comparable period in 2006, the changes in our net carrying amount of properties under development included: (i) $43.7 million related primarily to development acquisitions and expenditures; and (ii) $39 million of properties under development were completed and became income producing. These overall changes are consistent with our focus on new format retail and urban development projects and our continuing land use intensification at our existing properties.

The change in our mortgages payable during the three months ended December 31, 2007 resulted primarily from: (i) new secured debt cash borrowings of $89.7 million; (ii) $67.9 million of mortgage financing assumed on the acquisition of income properties; and (iii) mortgage debt repayments of $47.3 million (including $15.5 million in scheduled amortizations). During the fourth quarter of 2006 the change in our mortgages payable related to: (i) new secured debt cash borrowings of $64.5 million; (ii) $40.6 million of mortgage financing assumed on the acquisition of income properties; and (iii) mortgage debt repayments of $35.5 million (including $13.2 million in scheduled amortizations).
Interest expense (net) was $40.7 million for the fourth quarter of 2007 compared to $36.7 million for the comparative period of 2006. The increases during the periods in interest expense resulted primarily from higher debt levels during the comparative periods. The increased interest expense on this new debt was partially offset by reduced interest expense resulting from scheduled repayments of mortgage principal (see Debt).

During the three months ended December 31, 2007 distributions to our unitholders increased by 8% to $71 million compared to $65.8 million during the same period in 2006. Of the distributions we made to our unitholders during the fourth quarter of 2007, $18.2 million (25.6%) was reinvested by our unitholders through the distribution reinvestment plan as compared to $14.7 million (22.3%) for the comparative period of 2006.

General and administrative expense (net) was $8.5 million for the fourth quarter of 2007 compared to $7.2 million for the comparative period of 2006. The increase during the periods in general and administrative expense mainly resulted from increases relating to staffing costs and unit based compensation expense.

A reconciliation of GAAP net earnings to FFO is as follows:

(Thousands of dollars, except per unit amounts)

<table>
<thead>
<tr>
<th></th>
<th>Three months ended December 31 2007</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net earnings</td>
<td>$65,148</td>
<td>$43,435</td>
</tr>
<tr>
<td>Amortization</td>
<td>35,345</td>
<td>33,680</td>
</tr>
<tr>
<td>Future income tax recovery</td>
<td>(13,000)</td>
<td>–</td>
</tr>
<tr>
<td>FFO</td>
<td>$87,493</td>
<td>$77,115</td>
</tr>
</tbody>
</table>

Per unit

<table>
<thead>
<tr>
<th></th>
<th>FFO per weighted average number of units outstanding</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$0.42</td>
</tr>
</tbody>
</table>

2008 Outlook

We established our 2008 objectives at the end of 2007, as follows:

- Continue enhancing the quality of our real estate portfolio as measured by the stability, reliability and growth of the resulting cash flows;
- Achieve growth in our FFO per unit, with a separate measure that focuses on long-lived property rental revenue and fee income;
- Continue to maintain and further increase land use intensification activities in high growth markets; and
- Continue to maintain and further increase the supply of greenfield development projects in our development pipeline.

In forming these objectives we have relied, amongst other things, on the following assumptions:

- An increasing divergence in the general economy between eastern and western Canada;
- A less robust retail environment than we have seen for the last few years;
- Interest costs to us remain relatively stable;
- Acquisition capitalization rates increase and land costs for greenfield development decrease;
- Continuing and accelerating trend towards land use intensification in high growth markets; and
- Equity and debt capital markets will continue to provide access to capital to fund at acceptable costs our future growth program and refinance our debts as they mature.
Initiatives already commenced by RioCan to pursue these objectives, while adhering to our strategy of owning properties in high growth markets, include: (i) new format retail development projects undertaken both with and without partners; and (ii) continued focus on land use intensification at our existing properties. Further details relating to these objectives are described throughout this MD&A.

The achievement of our objectives is partially dependent on successful mitigation of business risks, which is discussed below in Risks and Uncertainties. RioCan believes it has identified and mitigated such risks to the extent practical and is committed to identifying and implementing the actions required to achieve its objectives.

**Significant Accounting Policies**

The discussion and analysis of our financial position and results of operations are based upon our consolidated financial statements, which have been prepared in accordance with GAAP. The preparation of financial statements requires us to make estimates and judgments that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results may differ from those estimates under different assumptions and conditions.

We believe the following significant accounting policies are most affected by judgments and estimates used in the preparation of our consolidated financial statements. For a detailed description of these and other accounting policies refer to Note 1 to our consolidated financial statements.

*Building amortization*

A significant portion of the acquisition cost of each property is allocated to building (see Fair Value below). We assess the useful lives of our long-lived income properties for purposes of determining the amount of building amortization to record. Our determination of the allocation of acquisition costs to buildings, and the estimated useful lives thereof, could vary under differing circumstances and result in a significantly different calculation of building amortization. The amount of building amortization has a direct impact on current and future period net earnings.

*Impairment of real estate investments*

We continually evaluate the recoverability of the net carrying amount of our income properties and properties under development. We recognize an impairment of an asset when the carrying value of the asset exceeds the total undiscounted future cash flows expected from the use and eventual disposal of the asset. The impairment recognized is measured as the amount by which the carrying value of the asset exceeds its fair value. In making this evaluation, our estimates of future cash flow (which amongst others, involve assumptions of estimated occupancy, rental rates and residual value) and the effects of other factors could vary and result in a significantly different assessment of impairment.

Properties held for resale are stated at the lesser of cost and net realizable value. In assessing net realizable value, our estimates of future cash flow, capitalization rates and the effects of other factors could vary and result in a significantly different assessment of impairment.

Additionally, we evaluate our mortgages receivable for impairment. Impairment is recognized when the carrying value of mortgages receivable may not be recovered due to the inability of the underlying assets’ performance to support a fair value that would exceed our net investment in these assets (with consideration given to third party guarantees). In making this determination, our estimates of future cash flow and the effects of other factors could vary and result in a significantly different assessment of impairment.
Guarantees

We continually review our contingent liabilities relating to guarantees we provided on behalf of third parties. Our guarantees remain in place for certain debts assumed by purchasers in connection with property dispositions, and will remain until such debts are extinguished or lenders agree to release RioCan’s covenants. Recourse would be available to us under these guarantees in the event of a default by the borrowers, in which case we would have a claim against the underlying real estate investments. A contingent liability is recorded by us when the carrying values of the related real estate investments are not recovered either as a result of the inability of the underlying assets’ performance to meet the contractual debt service terms of the underlying debt and/or the fair value of the collateral assets are insufficient to cover the obligations and encumbrances in a sale between unrelated parties in the normal course of business. Our estimates of future cash flow (which amongst others, involve assumptions of estimated occupancy, rental rates and residual value) and fair value could vary and result in a significantly different assessment of such contingent liabilities.

Future income taxes

As indicated under Future Income Taxes above, GAAP requires us to recognize future income taxes based on our structure at the balance sheet date, and does not permit us to consider future changes to our structure that we will make to qualify for the REIT Exemption. The impact (including the reversal of future income taxes previously recorded by us) of any changes undertaken by us to qualify for the REIT Exemption will not be recognized in the financial statements until such time as we so qualify.

We exercise judgment in estimating future tax assets and liabilities. Income tax laws are potentially subject to different interpretations by us and the tax authorities. The provision for future income taxes represents our interpretation of the relevant tax laws and our estimate of the future income tax implications of the transactions and events during the period. A future income tax asset or liability is determined for each temporary difference expected to reverse after January 1, 2011, and is based on future tax rates substantively enacted at the balance sheet date given a continued expectation of the distribution of all taxable income, that will apply in the periods that the temporary differences are expected to reverse and our assumptions regarding the expected timing of the reversal of such temporary differences.

Fair value

Fair value is the amount at which an item could be bought or sold in a current transaction between independent, knowledgeable willing parties (that is, other than in a forced or liquidation sale) in an arm’s length transaction under no compulsion to act. The fair value of a disposal group is the amount at which the group as a whole could be bought or sold in a current single transaction between independent, knowledgeable willing parties, and would not necessarily be equal to the sum of the fair values of the individual assets and liabilities of the group.

Quoted market prices in active markets are the best evidence of fair value and are used as the basis for fair value measurement, when available. When quoted market prices are not available, estimates of fair value are based on the best information available, including prices for similar items and the results of other valuation techniques. Valuation techniques used would be consistent with the objective of measuring fair value.

The techniques used to estimate future cash flows will vary from one situation to another depending on the circumstances surrounding the asset or liability in question. We assess fair value based on estimated discounted cash flow projections and available market information. Cash flow estimates incorporate assumptions that marketplace participants would use in their estimates (including the historical operating results and anticipated trends, local markets and economic conditions) and our own assumptions giving consideration to: (i) the potential use for the asset, other than that intended, by other market participants; (ii) our ability to accept levels of risk for a liability and manage it internally, rather than transferring that liability to another enterprise; (iii) our possession of certain capabilities not possessed by others; (iv) our possession of information or processes that allow us to realize (or avoid paying) cash flows that differ from other market participants; and (v) our ability to realize economies of scale not necessarily available to other market participants.

As a result, in determining fair value we select amongst several acceptable valuation techniques and make assumptions. Consequently, our determination of fair value could vary under differing circumstances and result in significantly different calculations of fair value.
Our financial statements are affected by the fair value based method of accounting, the most significant areas of which are as follows:

- Upon acquisition of income properties we estimate the fair value of acquired tangible assets (land, building and leasing costs) and identifiable intangible assets and liabilities (above and below-market leases representing the value of the differential between contractual and market rents, in-place leases and tenant relationships, if any) and the value of the differential between stated and market interest rates on long term liabilities assumed at acquisition (see Note 1 to our consolidated financial statements).

- Included in rental revenue is the adjustment for the differential between contractual and market rents on our tenant leases in place at the acquisition of our income properties. Additionally, for arrangements involving multiple elements we allocate the consideration to each element based on relative fair value where there is objective and reliable evidence of fair value of each element. We analyze accounts receivable and historical bad debt levels, customer creditworthiness and current economic trends when evaluating the adequacy of our allowances for doubtful accounts. In addition, tenants in bankruptcy are analyzed and estimates are made in connection with the expected recovery of pre-petition and post-petition claims.

- As discussed in impairment of real estate investments above, an impairment loss is recognized when the carrying amount of an asset is not recoverable and exceeds its fair value.

- In assessing our potential exposure relating to third party guarantees we evaluate the fair value of the borrowers’ interests in the underlying real estate investments compared to the liabilities for which we have provided guarantees.

- Unit based compensation expense is measured at fair value and expensed over the options' vesting periods, calculated using the Black-Scholes Model for option valuation.

- On January 1, 2007 we adopted the new Canadian Institute of Chartered Accountants (“CICA”) accounting standards Section 3855, Financial Instruments – Recognition and Measurement. This establishes standards for recognizing and measuring financial assets, financial liabilities and non-financial derivatives (see Note 1 to our consolidated financial statements). All financial instruments are required to be measured at fair value on initial recognition, except for certain related party transactions. Measurement in subsequent periods depends on whether the financial instrument has been classified as held-for-trading, available-for-sale, held-to-maturity, loans and receivables, or other liabilities.

- At least annually we report in our financial statements the fair value of our mortgages and debentures payable, which amounts are based upon discounted future cash flows using discount rates that reflect current market conditions for instruments with similar terms and risks.

**Future Changes in Significant Accounting Policies**

We monitor the CICA recently issued accounting pronouncements to assess the applicability and impact, if any, of these pronouncements on our consolidated financial statements and note disclosures.

The CICA released three new accounting standards that are effective for our fiscal year commencing January 1, 2008: Section 1535, Capital Disclosures; Section 3862, Financial Instruments – Disclosures; and Section 3863, Financial Instruments – Presentation.

Section 1535 includes required disclosures of an entity’s objectives, policies and processes for managing capital, and quantitative data about what the entity regards as capital.

Sections 3862 and 3863 replace the existing Section 3861, Financial Instruments – Disclosure and Presentation. These new sections revise and enhance disclosure requirements, and carry forward unchanged existing presentation requirements. These new sections require disclosures about the nature and extent of risks arising from financial instruments and how the entity manages those risks.
Controls and Procedures

We maintain appropriate information systems, procedures and controls to ensure that information disclosed externally is complete, reliable and timely. Our Chief Executive Officer and Chief Financial Officer evaluated, or caused an evaluation under their direct supervision of, the design and effectiveness of our disclosure controls and procedures (as defined in Multilateral Instrument 52-109, Certification of Disclosure in Issuers’ Annual and Interim Filings) as at December 31, 2007 and have concluded that such disclosure controls and procedures are operating effectively.

Management is responsible for establishing adequate internal controls over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with GAAP. Our Chief Executive Officer and the Chief Financial Officer assessed, or caused an assessment under their direct supervision of, the design of our internal controls over financial reporting (as defined in Multilateral Instrument 52-109, Certification of Disclosure in Issuers’ Annual and Interim Filings) as at December 31, 2007 and, based on that assessment, determined that our internal controls over financial reporting were appropriately designed.

No changes were made to the design of our internal controls over financial reporting during the three months ended December 31, 2007 that have materially affected, or are reasonably likely to materially affect, our internal controls over financial reporting.

Note, however that a control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues, including instances of fraud, if any, have been detected. These inherent limitations include, amongst other items: (i) that management’s assumptions and judgments could ultimately prove to be incorrect under varying conditions and circumstances; and (ii) the impact of isolated errors.

Additionally, controls may be circumvented by the unauthorized acts of individuals, by collusion of two or more people, or by management override. The design of any system of controls is also based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential (future) conditions.

Risks and Uncertainties

The achievement of our objectives is, in part, dependent on successful mitigation of business risks identified considering the assumptions set out in our 2008 Outlook (see above).

All real estate investments are subject to a degree of risk. They are affected by various factors including changes in general economic and in local market conditions, equity capital and credit markets, the attractiveness of the properties to tenants, competition from other available space and various other factors. In addition, fluctuations in interest costs may affect us.

The value of our real estate and any improvements thereto may also depend on the credit and financial stability of our tenants. Our financial position would be adversely affected if a significant number of tenants were to become unable to meet their obligations to us or if we were unable to lease a significant amount of available space in our properties on economically favourable lease terms.

Tenant Concentrations

The principal operating risk facing us is the potential for declining revenue if we cannot maintain the existing high occupancy levels of our properties should tenants experience financial difficulty and be unable to fulfill their lease commitments.

We reduce our risks in our shopping centre portfolio through geographical diversification, staggered lease maturities, diversification of revenue sources resulting from a large tenant base, avoiding dependence on any single tenant by ensuring no individual tenant contributes a significant percentage of our gross revenue, ensuring a considerable portion of our revenue is earned from national and anchor tenants, and credit assessments are generally conducted for new tenants. The key components of our tenant concentration risk strategy are discussed below.
At December 31, 2007 and 2006, the geographical diversification of our retail property portfolio by province is as follows:

<table>
<thead>
<tr>
<th>Province</th>
<th>Net leasable area at December 31, 2007 (square feet)</th>
<th>Rental revenue for the year ended December 31, 2007 ($ thousands)</th>
<th>Net leasable area at December 31, 2006 (square feet)</th>
<th>Rental revenue for the year ended December 31, 2006 ($ thousands)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ontario</td>
<td>19,061 (60.1%)</td>
<td>$405,067 (62.4%)</td>
<td>17,400 (58.6%)</td>
<td>$360,934 (62.2%)</td>
</tr>
<tr>
<td>Quebec</td>
<td>5,939 (18.7%)</td>
<td>110,274 (17.0%)</td>
<td>5,648 (19.1%)</td>
<td>97,274 (16.8%)</td>
</tr>
<tr>
<td>Alberta</td>
<td>2,834 (8.9%)</td>
<td>64,406 (9.9%)</td>
<td>2,724 (9.2%)</td>
<td>57,592 (9.9%)</td>
</tr>
<tr>
<td>British Columbia</td>
<td>1,790 (5.7%)</td>
<td>41,326 (6.4%)</td>
<td>1,780 (6.0%)</td>
<td>38,008 (6.5%)</td>
</tr>
<tr>
<td>New Brunswick</td>
<td>1,249 (3.9%)</td>
<td>15,269 (2.4%)</td>
<td>1,249 (4.2%)</td>
<td>13,908 (2.4%)</td>
</tr>
<tr>
<td>Saskatchewan</td>
<td>317 (1.0%)</td>
<td>3,864 (0.6%)</td>
<td>317 (1.1%)</td>
<td>3,907 (0.7%)</td>
</tr>
<tr>
<td>Newfoundland</td>
<td>183 (0.6%)</td>
<td>2,039 (0.3%)</td>
<td>183 (0.6%)</td>
<td>1,972 (0.3%)</td>
</tr>
<tr>
<td>Manitoba</td>
<td>179 (0.6%)</td>
<td>3,543 (0.5%)</td>
<td>179 (0.6%)</td>
<td>3,536 (0.6%)</td>
</tr>
<tr>
<td>Prince Edward Island</td>
<td>167 (0.5%)</td>
<td>3,206 (0.5%)</td>
<td>165 (0.6%)</td>
<td>3,341 (0.6%)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>31,719 (100.0%)</strong></td>
<td>$648,994 (100.0%)</td>
<td><strong>29,645 (100.0%)</strong></td>
<td><strong>580,472 (100.0%)</strong></td>
</tr>
</tbody>
</table>

As discussed under Vision and Business Strategy it is our focus to own properties mainly in high growth markets. At December 31, 2007 and 2006, the geographical diversification of our retail property portfolio on this basis is as follows:

<table>
<thead>
<tr>
<th>High Growth Markets</th>
<th>Net leasable area at December 31, 2007 (square feet)</th>
<th>Rental revenue for the year ended December 31, 2007 ($ thousands)</th>
<th>Net leasable area at December 31, 2006 (square feet)</th>
<th>Rental revenue for the year ended December 31, 2006 ($ thousands)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Toronto, Ontario</td>
<td>9,008 (28.4%)</td>
<td>$218,875 (33.7%)</td>
<td>7,673 (25.9%)</td>
<td>$180,083 (31.0%)</td>
</tr>
<tr>
<td>Montreal, Quebec</td>
<td>3,420 (10.8%)</td>
<td>62,720 (9.7%)</td>
<td>3,203 (10.8%)</td>
<td>54,625 (9.4%)</td>
</tr>
<tr>
<td>Ottawa, Ontario</td>
<td>2,381 (7.5%)</td>
<td>59,118 (9.1%)</td>
<td>2,373 (8.0%)</td>
<td>55,350 (9.5%)</td>
</tr>
<tr>
<td>Calgary, Alberta</td>
<td>1,714 (5.4%)</td>
<td>39,489 (6.1%)</td>
<td>1,678 (5.7%)</td>
<td>36,054 (6.2%)</td>
</tr>
<tr>
<td>Vancouver, British Columbia</td>
<td>1,072 (3.4%)</td>
<td>26,764 (4.1%)</td>
<td>1,070 (3.6%)</td>
<td>24,073 (4.1%)</td>
</tr>
<tr>
<td>Edmonton, Alberta</td>
<td>771 (2.4%)</td>
<td>18,004 (2.8%)</td>
<td>707 (2.4%)</td>
<td>15,511 (2.7%)</td>
</tr>
<tr>
<td><strong>All other markets</strong></td>
<td><strong>13,353 (42.1%)</strong></td>
<td><strong>224,024 (34.5%)</strong></td>
<td><strong>12,941 (43.6%)</strong></td>
<td><strong>214,776 (37.1%)</strong></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>31,719 (100.0%)</strong></td>
<td><strong>$648,994 (100.0%)</strong></td>
<td><strong>29,645 (100.0%)</strong></td>
<td><strong>$580,472 (100.0%)</strong></td>
</tr>
</tbody>
</table>
Lease maturities are staggered to ensure that there are not large amounts of expiries in any given year. At December 31, 2007 our leasable area for which leases expire over the next five years ending December 31 is as follows: 2008 – 7.1%; 2009 – 9.9%; 2010 – 9.9%; 2011 – 11.6%; and 2012 – 7.9%.

The analysis below excludes retailer owned anchors, the success of whom may impact certain income properties. At December 31, 2007 our 10 largest tenants and their net leasable area are as follows:

<table>
<thead>
<tr>
<th>Ranking</th>
<th>Tenant</th>
<th>Annualized rental revenue (%)</th>
<th>Net leasable area (square feet in thousands)</th>
<th>Percentage of total net leasable area</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Famous Players/Cineplex/Galaxy Cinemas</td>
<td>5.6%</td>
<td>1,266</td>
<td>4.0%</td>
</tr>
<tr>
<td>2</td>
<td>Metro/A&amp;P/Dominion/Super C/Loeb/Food Basics</td>
<td>5.4%</td>
<td>1,906</td>
<td>6.0%</td>
</tr>
<tr>
<td>3</td>
<td>Zellers/The Bay/Home Outfitters</td>
<td>3.7%</td>
<td>2,471</td>
<td>7.8%</td>
</tr>
<tr>
<td>4</td>
<td>Wal-Mart</td>
<td>3.7%</td>
<td>1,905</td>
<td>6.0%</td>
</tr>
<tr>
<td>5</td>
<td>Loblaws/No Frills/Fortinos/Zehrs/Maxi</td>
<td>3.7%</td>
<td>1,171</td>
<td>3.7%</td>
</tr>
<tr>
<td>6</td>
<td>Canadian Tire/PartSource/Mark’s Work Wearhouse</td>
<td>3.4%</td>
<td>1,099</td>
<td>3.5%</td>
</tr>
<tr>
<td>7</td>
<td>Winners/HomeSense</td>
<td>3.3%</td>
<td>1,153</td>
<td>3.6%</td>
</tr>
<tr>
<td>8</td>
<td>Staples/Business Depot</td>
<td>2.5%</td>
<td>881</td>
<td>2.8%</td>
</tr>
<tr>
<td>9</td>
<td>Reitmans/Penningtons/Smart Set/Addition-Elle/Thyme Maternity</td>
<td>1.9%</td>
<td>491</td>
<td>1.5%</td>
</tr>
<tr>
<td>10</td>
<td>Shoppers Drug Mart</td>
<td>1.6%</td>
<td>319</td>
<td>1.0%</td>
</tr>
</tbody>
</table>

34.8% 12,662 39.9%

For the year ended December 31, 2007 rental revenue was $649 million, FFO was $314.6 million and distributions to our unitholders were $276.7 million. Retained FFO of $37.9 million for the year as a percentage of rental revenue equates to approximately 5.8%. As detailed in the above table, at December 31, 2007 none of our tenants have annualized rental revenue greater than 5.8% of our retained FFO.

We also hedge our leasing risk by negotiating fixed term leases that will often be from five to ten years. In instances where certain tenants are critical to the viability of a property, we endeavor to lease for even longer terms with pre-negotiated minimum rent escalations. In addition, in order to reduce our exposure to the risks relating to credit and financial stability of our tenants, our Declaration restricts the amount of space which can be leased to any person and that person’s affiliates (other than in respect of leases with or guaranteed by the Government of Canada, a province of Canada, a municipality in Canada or any agency thereof and certain corporations, the securities of which meet stated investment criteria) to a maximum premises or space having an aggregate net leasable area of 20% of the aggregate net leasable area of all real property held by us.

Interest Rate and Other Debt and Equity Related Risks

At December 31, 2007 our total indebtedness had a 5.3 year weighted average term to maturity bearing a weighted average contractual interest rate of 5.9%.

Our operations are impacted by interest rates as interest expense represents a significant cost in the ownership of our real estate investments. At December 31, 2007 we had aggregate contractual debt (“mortgages and debentures payable”) principal maturities through to December 31, 2010 of $1.1 billion (33.7% of our aggregated debt) with a weighted average contractual interest rate of 6.2%. Should such amounts be refinanced upon maturity at an aggregate interest rate differential of 100 basis points, our operations would be impacted by approximately $11 million annually.

We seek to reduce our interest rate risk by staggering the maturities of our long term debt and limiting the use of floating rate debt so as to minimize exposure to interest rate fluctuations. At December 31, 2007, 2.5% of our aggregate debt was at floating interest rates.
A further risk to our growth program and the refinancing of our debt upon its maturity is that of not having sufficient
debt and equity capital available to us. Given the relatively small size of the Canadian marketplace, there may come
a point in the future at which accessing domestic capital may become more difficult. We work to mitigate this potential
risk by constantly seeking out new sources of capital (including foreign-based) and by staggering the maturities of
our long term debt.

Also, certain significant expenditures involved in real property investments, such as property taxes, maintenance
costs and mortgage payments, represent obligations that must be met regardless of whether the property is producing
any income.

Liquidity Risk of Real Estate Investments

Real estate investments are relatively illiquid. This will tend to limit our ability to sell components of our portfolio
promptly in response to changing economic or investment conditions. If we were required to quickly liquidate
our assets, there is a risk that we would realize sale proceeds of less than the current book value of our real
estate investments.

Construction Risk

Our construction commitments are subject to those risks usually attributable to construction projects, which include:
(i) construction or other unforeseeable delays; (ii) cost overruns; and (iii) the failure of tenants to occupy and pay
rent in accordance with existing lease agreements, some of which are conditional. Such risks are minimized through
the provisions of our Declaration, which have the effect of limiting direct and indirect investments (net of related
mortgage debt) in non-income producing properties to no more than 15% of the book value of our unitholders’ equity.
Such developments may also be undertaken with established developers either on a co-ownership basis or by
providing them with mezzanine financing. With some exceptions, from time to time, for land in the high growth
markets, generally we will not acquire or fund significant expenditures for undeveloped land unless it is zoned and
an acceptable level of space has been pre-leased/pre-sold. An advantage of unenclosed, new format retail is that
it lends itself to phased construction keyed to leasing levels, which avoids the creation of meaningful amounts of
vacant space.

Environmental Risk

Environmental and ecological related policies have become increasingly important in recent years. Under various
federal and provincial laws, we, as an owner or operator of real property, could become liable for the costs of
removal or remediation of certain hazardous or toxic substances released on or in our properties or disposed of at
other locations. The failure to remove or remediate such substances, if any, may adversely affect our ability to sell
such real estate or to borrow using such real estate as collateral, and could potentially also result in claims against
us. We are not aware of any material non-compliance, liability or other claim in connection with any of our properties,
nor are we aware of any environmental condition with respect to any properties that we believe would involve
material expenditures by us.

It is our policy to obtain a Phase I environmental audit conducted by a qualified environmental consultant prior to
acquiring any additional property. In addition, where appropriate, tenant leases generally specify that the tenant will
conduct its business in accordance with environmental regulations and be responsible for any liabilities arising out
of infractions to such regulations. It is our practice to regularly inspect tenant premises that may be subject to
environmental risk. We maintain insurance to cover a sudden and/or accidental environmental mishap.

Unitholder Liability

Our Declaration provides that no unitholder or annuitant under a plan of which a unitholder acts as trustee or carrier
will be held to have any personal liability as such, and that no resort shall be had to the private property of any
unitholder or annuitant for satisfaction of any obligation or claim arising out of or in connection with any contract
or obligation of RioCan. Only our assets are intended to be subject to levy or execution.

The following provinces have legislation relating to unitholder liability protection: British Columbia, Alberta,
Saskatchewan, Manitoba, Ontario and Quebec. Certain of these statutes have not yet been judicially considered
and it is possible that reliance on such statute by a unitholder could be successfully challenged on jurisdictional
or other grounds.
Our Declaration further provides that, whenever possible, certain written instruments signed by us must contain a provision to the effect that such obligation will not be binding upon unitholders personally or upon any annuitant under a plan of which a unitholder acts as trustee or carrier. In conducting our affairs, we have acquired and may acquire real property investments subject to existing contractual obligations, including obligations under mortgages and leases that do not include such provisions. We will use our best efforts to ensure that provisions disclaiming personal liability are included in contractual obligations related to properties acquired, and leases entered into, in the future.

Income Taxes
We currently qualify as a mutual fund trust for income tax purposes. We are required by our Declaration to distribute all of our taxable income to unitholders and are entitled to deduct such distributions for income tax purposes. Accordingly, no provision for current income taxes payable is required.

Bill C-52 received Royal Assent on June 22, 2007. Bill C-52 is not expected to apply to us until 2011 as it provides for a transition period for publicly traded entities that existed prior to November 1, 2006. Bill C-52 will not apply to an entity that meets specific defined requirements under the legislation for the REIT Exemption. We intend to take the necessary steps to qualify for the REIT Exemption prior to 2011.

Where an entity does not qualify for the REIT Exemption certain distributions will not be deductible by that entity in computing its income for tax purposes. As a result, the entity will be subject to tax at a rate substantially equivalent to the general corporate income tax rate. Distributions paid as returns of capital will not be subject to this tax.
**Selected Quarterly Consolidated Information**

The following is a summary of certain key information:

* (thousands of dollars, except per unit amounts)

<table>
<thead>
<tr>
<th>At and for the quarter ended</th>
<th>2007</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Q4</td>
<td>Q3</td>
</tr>
<tr>
<td>Total revenue</td>
<td>$193,397</td>
<td>$172,493</td>
</tr>
<tr>
<td>Net earnings (loss) *</td>
<td>65,148</td>
<td>35,917</td>
</tr>
<tr>
<td>Net earnings (loss) per unit *</td>
<td>0.32</td>
<td>0.17</td>
</tr>
<tr>
<td>Total assets</td>
<td>5,250,056</td>
<td>5,122,095</td>
</tr>
<tr>
<td>Total mortgages and debentures payable</td>
<td>3,235,248</td>
<td>3,125,173</td>
</tr>
<tr>
<td>Total distributions to unitholders</td>
<td>71,044</td>
<td>69,168</td>
</tr>
<tr>
<td>Total distributions to unitholders per unit</td>
<td>0.3375</td>
<td>0.3300</td>
</tr>
<tr>
<td>Net book value per unit **</td>
<td>7.96</td>
<td>7.92</td>
</tr>
<tr>
<td>Market price per unit</td>
<td>25.94</td>
<td>26.06</td>
</tr>
<tr>
<td>- High</td>
<td>20.42</td>
<td>21.75</td>
</tr>
<tr>
<td>- Close</td>
<td>21.82</td>
<td>24.85</td>
</tr>
</tbody>
</table>

* Refer to our annual and interim MD&As issued for the years ended December 31, 2007 and 2006, for the three months ended March 31, 2007 and 2006, the six months ended June 30, 2007 and 2006 and the nine months ended September 30, 2007 and 2006 for a discussion and analysis relating to those periods.

During 2007 we recorded non-cash charges for future income taxes to earnings of $144 million. The charges relate to our future income tax liabilities recorded as a result of Bill C-52, which received Royal Assent on June 22, 2007. These non-cash charges relate to temporary differences between the accounting and tax basis of our assets and liabilities, primarily relating to our real estate investments. These charges have no current impact on our cash flows or distributions (see Future Income Taxes above).

** A non-GAAP measurement. Calculated as unitholders’ equity divided by units outstanding at the end of the period. Our method of calculating net book value per unit may differ from other issuers’ methods and accordingly may not be comparable to net book value per unit reported by other issuers.
RioCan’s purpose is to deliver to our unitholders stable and reliable cash distributions that will increase over the long term. RioCan is Canada’s largest real estate investment trust with a coast-to-coast portfolio of retail properties in Canada’s strongest markets.

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1 Financial Highlights
2 President’s Report to Unitholders
9 Property Portfolio
18 Greenfield Development Projects
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77 Senior Management, Board of Trustees and Unitholder Information

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**RIOCAN’S TOP 25 RETAILERS**

<table>
<thead>
<tr>
<th>Rank</th>
<th>Name of Retailer</th>
<th>Percentage of Annualized Rental Revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Famous Players/Cineplex/Galaxy Cinemas</td>
<td>5.6%</td>
</tr>
<tr>
<td>2</td>
<td>Metro Cash &amp; Carry</td>
<td>5.4%</td>
</tr>
<tr>
<td>3</td>
<td>Zellers/The Bay/Home Outfitters</td>
<td>3.7%</td>
</tr>
<tr>
<td>4</td>
<td>Wal-Mart</td>
<td>3.7%</td>
</tr>
<tr>
<td>5</td>
<td>Loblaw’s/Frills/Fortinos/Zehrs/Maxi</td>
<td>3.7%</td>
</tr>
<tr>
<td>6</td>
<td>Canadian Tire/Mar’s Work Wearhouse/PartsSource</td>
<td>2.4%</td>
</tr>
<tr>
<td>7</td>
<td>Winners/HomeSense</td>
<td>2.3%</td>
</tr>
<tr>
<td>8</td>
<td>Staples/Business Depot</td>
<td>2.5%</td>
</tr>
<tr>
<td>9</td>
<td>Reitmans/Penningtons/Smart Set/Addition-Elle/Thyme Maternity</td>
<td>1.9%</td>
</tr>
<tr>
<td>10</td>
<td>Shoppers Drug Mart</td>
<td>1.5%</td>
</tr>
<tr>
<td>11</td>
<td>Future Shop/Best Buy</td>
<td>1.5%</td>
</tr>
<tr>
<td>12</td>
<td>Chapters/Indigo</td>
<td>1.5%</td>
</tr>
<tr>
<td>13</td>
<td>Harvey’s/Swiss Chalet/Kelsey’s/Sonata/6/Souvenir’s/Second Cup</td>
<td>1.5%</td>
</tr>
<tr>
<td>14</td>
<td>Sport Mart/Sports Chek/Sports Experts/National Sports/Coast Mountain Sports</td>
<td>1.3%</td>
</tr>
<tr>
<td>15</td>
<td>Safeway</td>
<td>1.0%</td>
</tr>
<tr>
<td>16</td>
<td>Sears</td>
<td>0.9%</td>
</tr>
<tr>
<td>17</td>
<td>Rona/Re/Remo</td>
<td>0.3%</td>
</tr>
<tr>
<td>18</td>
<td>Dollarama</td>
<td>0.3%</td>
</tr>
<tr>
<td>19</td>
<td>Petsmart</td>
<td>0.3%</td>
</tr>
<tr>
<td>20</td>
<td>Premier Fitness</td>
<td>0.7%</td>
</tr>
<tr>
<td>21</td>
<td>TD Canada Trust</td>
<td>0.7%</td>
</tr>
<tr>
<td>22</td>
<td>BGenoestesiti/Suzi Shirk Urban Planet</td>
<td>0.5%</td>
</tr>
<tr>
<td>23</td>
<td>London Drugs</td>
<td>0.5%</td>
</tr>
<tr>
<td>24</td>
<td>LBO</td>
<td>0.5%</td>
</tr>
<tr>
<td>25</td>
<td>Scotiabank</td>
<td>0.5%</td>
</tr>
</tbody>
</table>

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**RIOCAN REAL ESTATE INVESTMENT TRUST ANNUAL REPORT 2007**

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**Senior Management**

**Edward Sonshine, Q.C.**
President and Chief Executive Officer

**Frederic A. Waks**
Executive Vice President and Chief Operating Officer

**Raghunath Davloor**
Senior Vice President and Chief Financial Officer

**Donald MacKinnon**
Senior Vice President, Real Estate Finance

**Jordan Robins**
Senior Vice President, Planning and Development

**Jeff Ross**
Senior Vice President, Leasing

**John Ballantyne**
Vice President, Asset Management

**Michael Connolly**
Vice President, Construction

**Therese Cornelsen**
Vice President and Chief Accounting Officer

**Jonathan Gittlin**
Vice President, Investments

**John Ho**
Vice President, Property Accounting

**Danny Kissooo**
Vice President, Operations

**Susanne Martinu**
Vice President, Human Resources

**Kenneth Siegel**
Vice President, Leasing

**Board of Trustees**

**Paul Godfrey, C.M., 1,3,4,4**
(Chairman of Board of Trustees)
President and Chief Executive Officer, Toronto Blue Jays Baseball Club

**Clare R. Copeland, 1,3,4**
Chair of Toronto Hydro Corporation

**Raymond Gelgoot**
Partner, Fogler, Rubinoff LLP

**Dale H. Lastman, 3**
President, Metropolitan Investment Corporation

**Jonathan Gitlin**
Vice President and Chief Accounting Officer

**Therese Cornelissen**
Vice President and Chief Accounting Officer

**Jonathan Gittlin**
Vice President, Investments

**John Ho**
Vice President, Property Accounting

**Danny Kissooo**
Vice President, Operations

**Susanne Martinu**
Vice President, Human Resources

**Kenneth Siegel**
Vice President, Leasing

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**Unitholder Information**

**Head Office**
RioCan Real Estate Investment Trust
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P.O. Box 2386, Toronto, Ontario M4P 1E4
Tel: 416-866-3030 or 1-800-465-2733
Fax: 416-866-3020
Website: www.riocan.com
E-mail: inquiries@riocan.com

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**Website:** www.riocan.com.