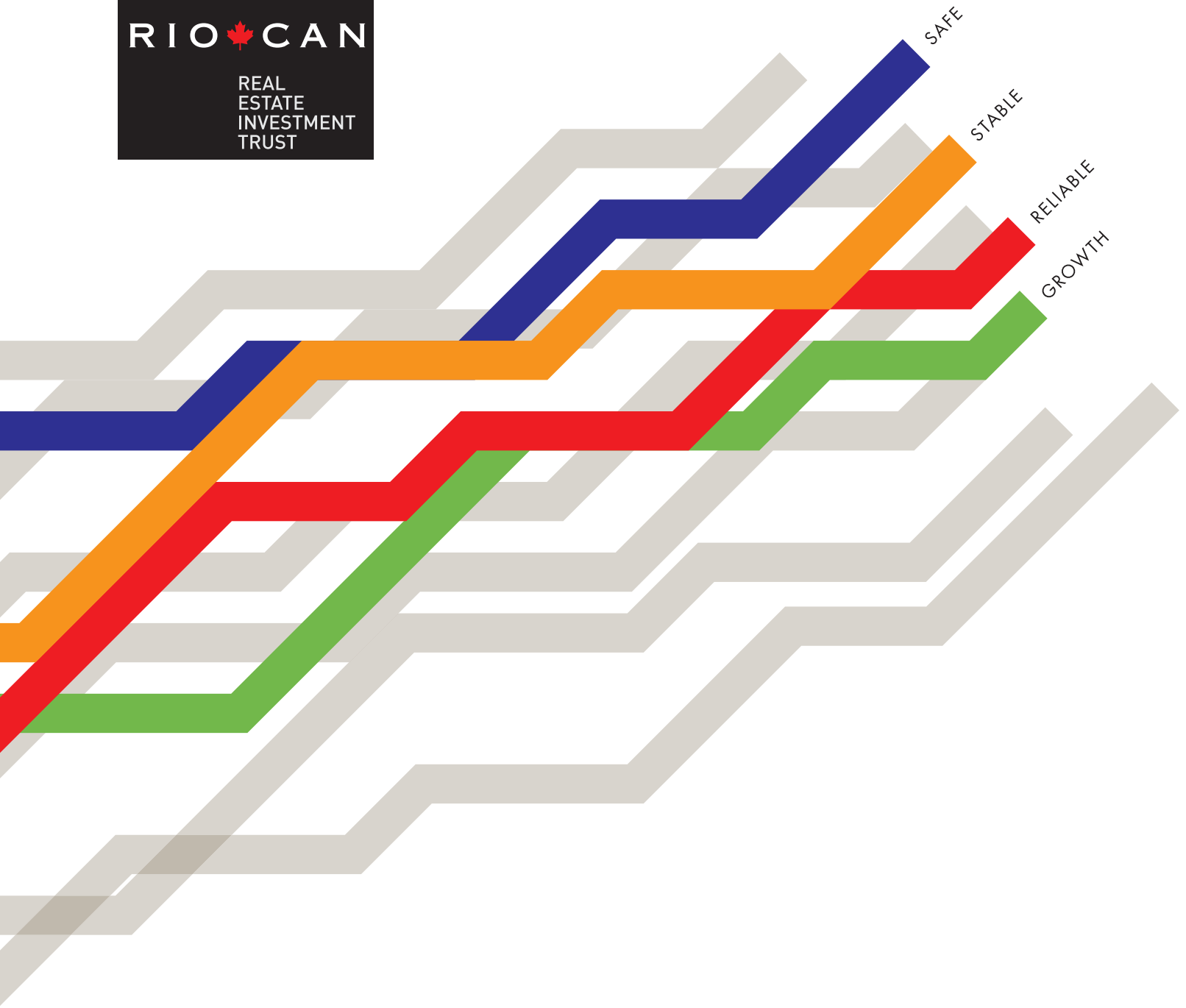


RIOCAN

REAL
ESTATE
INVESTMENT
TRUST



DISCIPLINED GROWTH

SAFE STABLE RELIABLE GROWTH

With high occupancy rates in RioCan's prime retail locations, and strong performance under changing economic conditions, RioCan has a proven track record of consistent and growing distribution to our unitholders.

Since our inception over 18 years ago, RioCan's strategy has proven effective, and your REIT has enjoyed steady growth as a result. During this time, we have built and acquired a portfolio of prime shopping centres, focused in Canada's six major markets. Over the last few years, RioCan has strategically enhanced and diversified our portfolio in select prosperous markets in the United States. Although RioCan has numerous partnership opportunities in this market, your REIT rigorously analyzes all aspects of proposals before proceeding with a select few.

Management is sensitive to, and adjusts its strategy according to, economic conditions and forecasts. Our model allows us to weather economic and financial downturns such as was the case in 2008 and 2009. Moreover, with a healthy balance sheet, RioCan can analyze, evaluate and proceed with select valuable opportunities that arise with economic fluctuations. Strong performance under changing economic conditions reflects the safety, security and reliability of your REIT.

RioCan's consistent performance derives from our favourable balance sheet and our diversified portfolio, with established tenants and best-of-class retailers. With high tenant demand for our strategically located, high-traffic locations, and professional management and skilled marketing of our properties, the safety and stability of our income stream is assured. RioCan's sound operating principles are reflected in our distribution to unitholders. Indeed, throughout our history, our distribution to unitholders has never been cut, but has always grown, or remained the same. Consistency, reliability, and safety are the hallmarks of RioCan's measured and disciplined approach.

To diversify risk, RioCan has a varied portfolio of tenants. With this strategy, risk exposure is minimized to any single tenant. At year-end, for example, no tenant comprised more than 4.7% of rental revenue for RioCan's North American portfolio. In Canada, no single tenant exceeded 5.1% of Canadian rental revenue. Moreover, RioCan's stable revenue stream is supported by anchor and national tenants with a strong retail presence, which generate 86% of RioCan's annualized rental revenue as of year-end. With leading tenants who benefit from our high demand properties, the ongoing stability of the rental stream is assured.

In Canada and in our properties in the United States, RioCan maintains a strong relationship with its tenants and is often their largest landlord. In fact, we are already Target's largest landlord in Canada. With strong landlord tenant relationships on both sides of the border, RioCan enhances value for our unitholders. It is worth reiterating that RioCan's primary focus has been, and always will be, in Canada.

Highlights of growth in portfolio

In 2011, RioCan completed a significant number of acquisitions in the United States and Canada, exceeding \$1 billion. With operations in key markets north and south of the border, a record \$1 billion in rental revenue is anticipated this year.

New trends shaping the retail landscape

To enhance our Canadian portfolio, RioCan is intensifying some of our key urban assets in Canada's six major markets: Calgary, Edmonton, Montreal, Ottawa, Toronto and Vancouver. In dense urban environments, which often lack accessible supermarkets and department stores, intensification blends the latest trends in retailing with stylish and innovative residential spaces. This further enhances the draw and the appeal of RioCan properties to customers and residents alike.

The future of RioCan

The prospects for your REIT are bright. From groceries, cosmetics, sporting goods, or home furnishings, a RioCan centre offers something for everyone.

The coming year looks promising. We are confident that RioCan's portfolio of 331 retail centres, and our strategies for intensification and enhancements will be the cornerstone for safe, stable, and reliable growth.

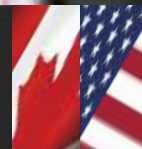
In closing, I thank you, our unitholders, for your continued support in RioCan.

Edward Sonshine, O.Ont., Q.C.

Chief Executive Officer,
RioCan Real Estate Investment Trust



Edward Sonshine, O.Ont., Q.C.
Chief Executive Officer,
RioCan Real Estate Investment Trust





STABILITY THROUGH EXCEPTIONAL TENANTS

Canadian Operations

INTENSIFICATION: RioCan's portfolio of urban properties presents a number of opportunities to add value through intensification and redevelopment.

SHOPPES ON QUEEN WEST: An acclaimed one acre site featuring 96 residential units and 91,000 square feet of retail space on three levels.

This recently completed site showcases Loblaw's visionary approach to the grocery retail market. On the street level is the popular Joe Fresh which markets women's and men's apparel, active wear, accessories, cosmetics, jewellery and sleepwear. On the third floor is one of Toronto's newest Winners locations, offering affordable home and apparel fashions.

During 2011, RioCan completed its urban development project at Queen Street and Portland Street, adjacent to the downtown core in one of Toronto's fastest growing neighbourhoods. This development exemplifies the value creation in RioCan's Urban Intensification developments. These projects capitalize on people's desire to live, work, and shop in or near the city's densely populated core. RioCan's Urban Intensification developments typically include a residential component. For instance, Queen & Portland was developed with Tribute Communities, which marketed and sold the residential aspect of the development, while RioCan owns and manages the retail component of the property.

Based on the success of this project and the recently completed 1717 Avenue Road development, also in Toronto, RioCan anticipates using this approach to maximize the value in RioCan's locations in other prime urban markets across Canada.

Transforming Toronto retail at the Stockyards

Much excitement is focused on the Stockyards, a spacious 20 acre site at St. Clair Avenue and Weston Road. This project will be a major draw for the nearly half-a-million people who live in a 5 km radius. The Stockyards is expected to ultimately feature 563,000 square feet of retail space. Using innovative planning, the project concept features a unique urban, two-storey retail prototype that has been successfully implemented in the United States. The Stockyards is expected to be anchored by key retailers such as Target, and will also include Marshalls, Best Buy, HomeSense and Old Navy.

86% of RioCan's rental revenue is generated by anchor or national tenants

Conservatively managed balance sheet

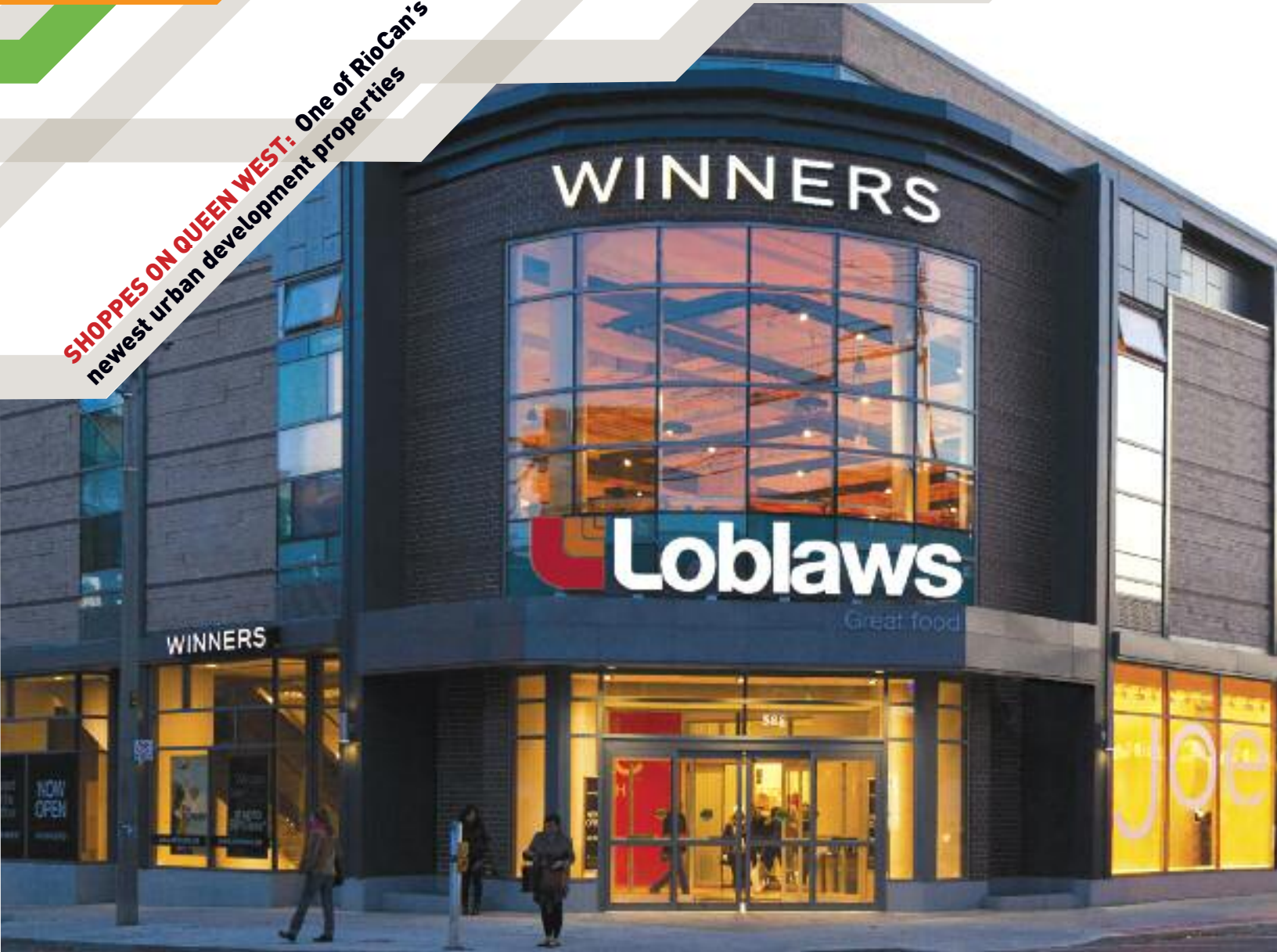


A highly diversified portfolio of tenants

Well managed Trust with strong access to capital



SHOPPES ON QUEEN WEST: One of RioCan's newest urban development properties

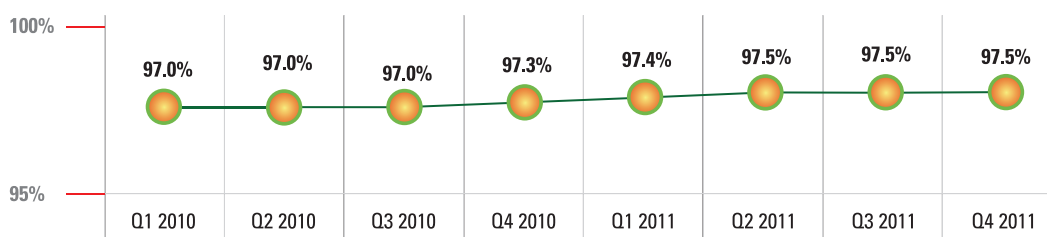




CANADA AT A GLANCE

RioCan's Canadian portfolio of **286 high quality retail properties** is focused in Canada's six largest markets: **Calgary, Edmonton, Montreal, Ottawa, Toronto and Vancouver.**

Total Net Leasable Area ("NLA") (sq.ft.):	Retail	Office	Total
Income Producing Properties	37,334,136	1,794,524	39,128,660
Properties Under Development	3,407,900	–	3,407,900
Total	40,742,036	1,794,524	42,536,560
Occupancy	97.5%	97.7%	97.5%



The occupancy rate of the Canadian portfolio has remained relatively stable over the most recent eight fiscal quarters.

Top 10 Tenants – Canada

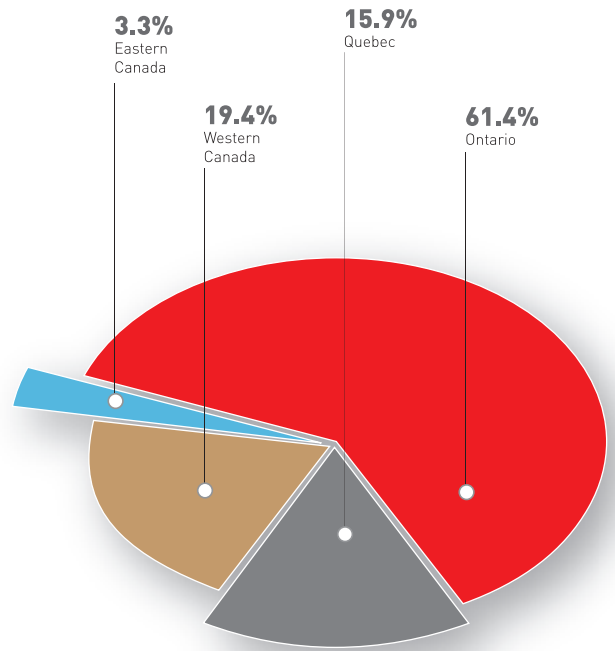
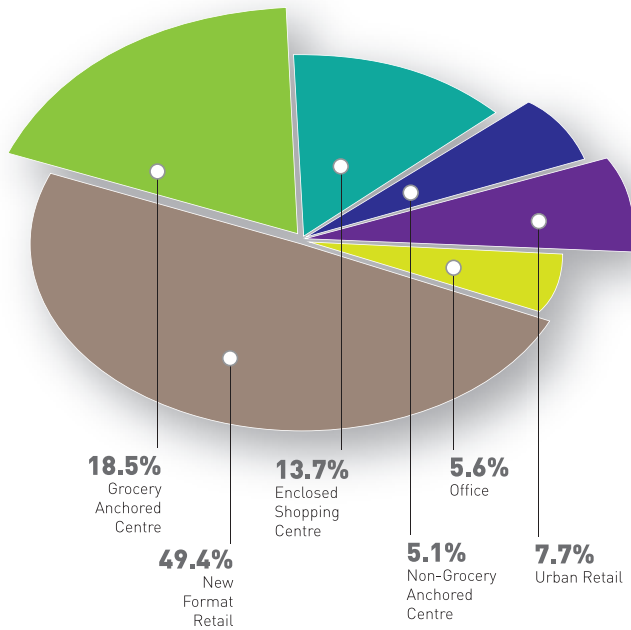
As at December 31, 2011, RioCan's ten largest tenants in the Canada have the following profile:

	Annualized rental revenue	Number of locations
1 Canadian Tire Corporation	5.1%	108
2 Walmart	5.1%	28
3 Famous Players/Cineplex/Galaxy Cinemas	4.8%	30
4 Metro/Super C/Loeb/Food Basics	4.7%	59
5 Winners/HomeSense/Marshalls	3.2%	61
6 Loblaws/No Frills/Fortinos/Zehrs/Maxi	3.1%	30
7 Target Corporation	2.3%	24
8 Staples/Business Depot	2.3%	48
9 Shoppers Drug Mart	1.9%	43
10 Reitmans/Penningtons/Smart Set/Addition-Elle/Thyme Maternity	1.8%	128
	34.3%	559

* Weighted average based on gross rental revenue

(i) Canadian Tire Corporation includes Canadian Tire/PartSource/Mark's Work Wearhouse/Sport Mart/Sport Chek/Sports Experts/National Sports/Atmosphere

Annualized rental revenue of the Canadian portfolio by property type at December 31, 2011



Annualized rental revenue of the Canadian portfolio by geographic area at December 31, 2011

NLA (in thousands)	Percentage of total NLA	Weighted average remaining lease term (years)*
2,046	5.4%	9.9
3,193	8.4%	13.4
1,319	3.5%	11.4
2,145	5.7%	8.0
1,349	3.6%	6.6
1,218	3.2%	7.9
1,960	5.2%	8.6
974	2.6%	6.9
498	1.3%	9.7
534	1.4%	4.5
15,236	40.3%	9.3



SAFETY THROUGH KNOWLEDGE OF THE MARKETPLACE

US Operations

RioCan's strategic approach minimizes risk by teaming with leading local partners in select states to acquire premium shopping centres.

RioCan's business is based on disciplined growth through development, redevelopment, and acquisitions. With its financial strength and track-record, RioCan has assembled a high quality US retail portfolio focused in the Northeast and Texas.

Over the past two years, RioCan has partnered with leading US real estate owners and operators in its acquisitions of prime retail properties. With its strong financial position and ability to execute transactions, RioCan acquired desirable retail properties at competitive valuations.

RioCan is one of the largest retail REITs in North America. The portfolio numbers some 331 shopping centres which are leased to North America's leading retailers.

RioCan's strategy is to develop strong relationships with local partners, who are experts in their regions and markets. In the past two years, RioCan has built a strong and stable platform in the United States, similar to the one that made RioCan successful in Canada. This platform is based on attractive properties in prosperous markets, strong tenant relationships, and a diversified portfolio of properties and tenants. RioCan's approach has provided consistent returns over the long-term.

The national anchor tenants in RioCan's American properties are "best-of-class" in their respective markets, assuring that RioCan's properties appeal to other quality tenants, and provides a strong draw to customers alike. RioCan's relationships with leading tenants in the United States also benefit RioCan in Canada. Now that leading US retailers are coming north of the border, they are drawn to RioCan's Canadian properties. In turn, the strong interest of US retailers in RioCan's Canadian portfolio allows it to realize full value in its properties.

Selective and disciplined investment in key US markets



Strong tenant relationships in both Canada and the US

PET SMART

RioCan has developed a number of strong partnerships with local market expertise



SOUTHPARK MEADOWS: Located in Austin, Texas

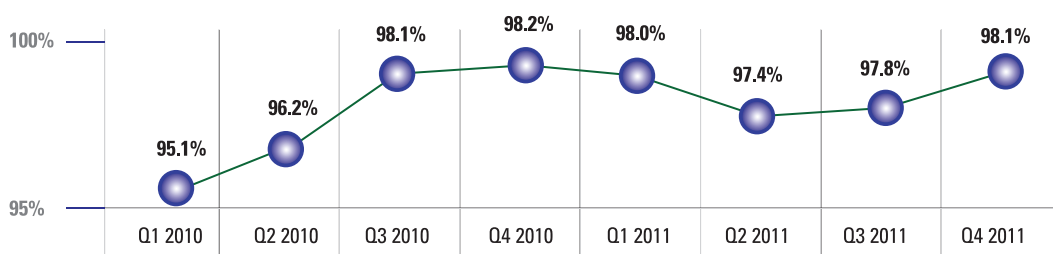




USA AT A GLANCE

Since the fourth quarter of 2009, RioCan has assembled a US portfolio of 45 shopping centres, or 6.9 million square feet with a fair value in excess of \$1.4 billion.

Total Net Leasable Area ("NLA")(sq.ft.)	Retail	Office	Total
Income Producing Properties	6,821,263	51,758	6,873,021
Properties Under Development	–	–	–
Total	6,821,263	51,758	6,873,021
Occupancy	98.2%	84.1%	98.1%



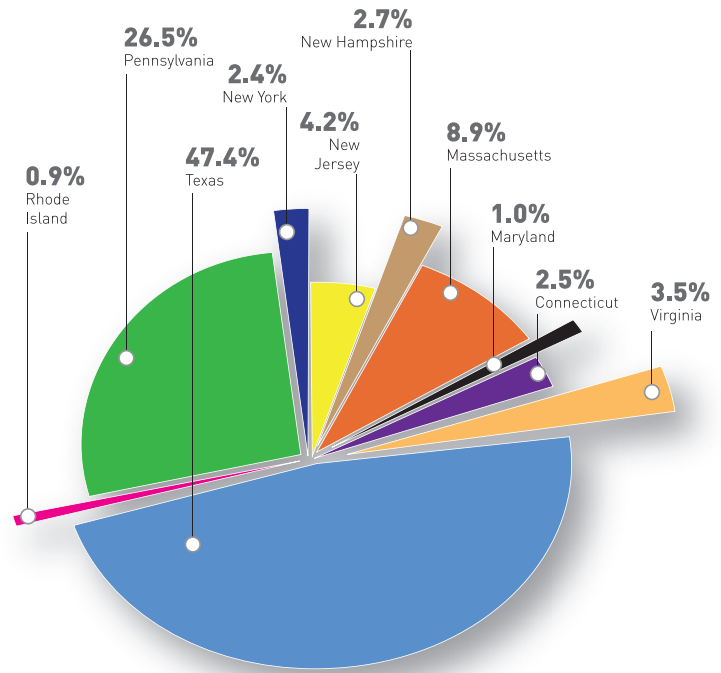
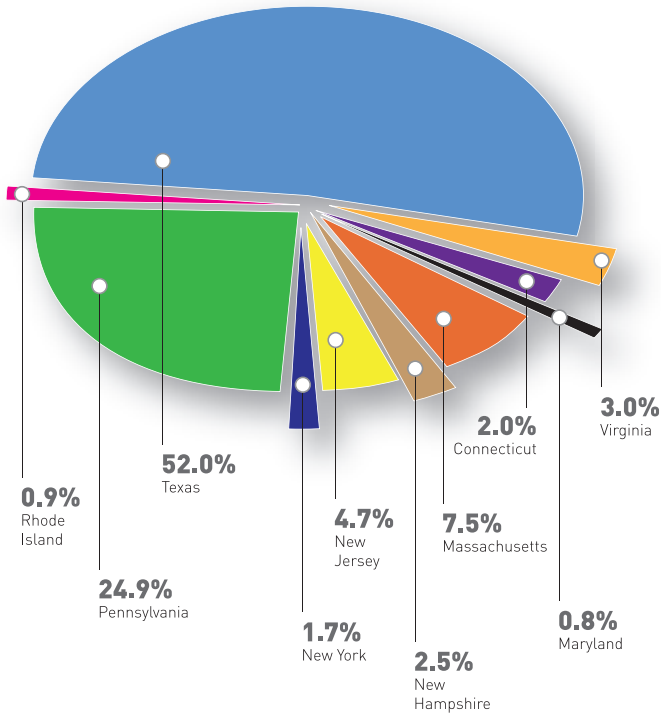
Top 10 Tenants – US

As at December 31, 2011, RioCan's ten largest tenants in the US have the following profile:

	Annualized rental revenue	Number of locations
1 Giant Food Stores/Stop & Shop (Royal Ahold)	13.8%	20
2 Best Buy	5.4%	9
3 PetSmart	3.6%	12
4 Walmart	2.1%	3
5 Bed Bath & Beyond	2.1%	8
6 Ross	2.0%	7
7 Sports Authority	2.0%	3
8 Lowes	2.0%	3
9 HEB Grocery Stores	1.7%	2
10 Michael's	1.7%	7
	36.4%	74

* Weighted average based on gross rental revenue

Net leasable area of the US portfolio at December 31, 2011



Annualized rental revenue of the US portfolio by state at December 31, 2011

NLA (in thousands)	Percentage of total NLA	Weighted average remaining lease term (years)*
899	13.2%	14.1
284	4.2%	8.6
216	3.2%	8.9
416	6.1%	17.7
167	2.4%	8.2
157	2.3%	7.0
109	1.6%	8.0
294	4.3%	16.0
114	1.7%	9.3
112	1.6%	5.8
2,768	40.6%	11.4

RELIABILITY THROUGH SENIOR EXPERTISE

From left to right
Maria Rico
Kenneth Siegel
Jeff Ross
Jordan Robins

From left to right
Naftali Sturm
Howard Rosen

From left to right
Michael Connolly
Suzanne Marineau
Mark Swalwell



From left to right
Oliver Harrison
Jane Plett
John Ballantyne
Danny Kissoon
Jonathan Gitlin

From left to right
Raghunath Davloor
Edward Sonshine, O.Ont., Q.C.
Frederic A. Waks

A STABLE AND EFFECTIVE BOARD



Edward Sonshine, O.Ont., Q.C.



Sharon Sallows



Ronald W. Osborne



Paul Godfrey, C.M., O.Ont



Charles M. Winograd



Raymond M. Gelgoot



Dale H. Lastman



Frank W. King, O.C.



Clare R. Copeland

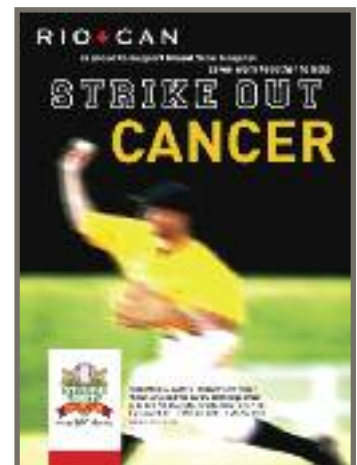
RioCan Board of Trustees and Management Team

RioCan has a long-established Board, with accomplished individuals in their respective fields. The Board's depth of talent includes expertise in a variety of sectors: law, finance, retailing, real estate, banking, human resources, energy and investments. With a long tenure on the Board, each member has an in-depth understanding of RioCan's strategy and operations. Moreover, members are personally committed to help your REIT flourish. They use their leadership in their fields, and knowledge of RioCan to help ensure that optimal decisions are made. That's why the conversations at the Board are robust and challenging. The Board operates independently from the management of the company.

CORPORATE SOCIAL RESPONSIBILITY

AT RIOCAN, three facets comprise corporate responsibility: environmental responsibility, corporate philanthropy and responsibility to employees. Your REIT strives for a high standard in all three areas.

Environmental Responsibility: RioCan focuses on efficiency improvements in its properties. Sustainable building practices are used wherever possible. As well, RioCan works with its tenants to help reduce energy consumption, improve energy conservation, and lower emissions. At its head office, RioCan's environmental sustainability has been recognized with BOMA BEST certification. Water consumption has declined by more than half a million litres, and in 2011 more than 90% of waste has been diverted at the RioCan Yonge Eglinton Centre.



Corporate Philanthropy: RioCan strengthens the communities in which it is active with its financial support of children's charities, and vital medical initiatives. Further, RioCan provides space to charitable organizations, and helps facilitate the active volunteerism of RioCan employees.

Responsibility to Employees: RioCan's Code of Conduct helps provide a safe working environment for its employees, free from discrimination and harassment. Other initiatives include anti-bribery measures and a Whistleblower hotline for anonymous reporting of violations of the Code of Conduct.

Unitholder Information

Unitholder Information

Head Office

RioCan Real Estate
Investment Trust
RioCan Yonge Eglinton Centre,
2300 Yonge Street, Suite 500
P.O. Box 2386, Toronto, Ontario M4P 1E4
Tel: 416-866-3033 or 1-800-465-2733
Fax: 416-866-3020
Website: www.riocan.com
Email: inquiries@riocan.com

Unitholder and Investor Contact

Christian Green
Director, Investor Relations
Tel: 416-864-6483
Email: cgreen@riocan.com

Auditors

Ernst & Young LLP

Transfer Agent and Registrar

CIBC Mellon Trust Company
P.O. Box 7010, Adelaide Street Postal
Station, Toronto, Ontario M5C 2W9
Answerline: 1-800-387-0825
or 416-643-5500
Fax: 416-643-5501
Website: www.cibcmellon.com
Email: inquiries@cibcmellon.com

Unit Listing

The units are listed on the Toronto Stock
Exchange under the symbol REI.UN.

Annual Meeting

The 2012 Annual Meeting of RioCan REIT will be held on Monday, June 11, 2012 at 10:00 a.m. at SilverCity Theatres located at RioCan Yonge Eglinton Centre, 2300 Yonge Street, Toronto, Ontario. All unitholders are invited and encouraged to attend in person or via webcast at www.riocan.com.

On peut obtenir une version française du présent rapport annuel sur le site web de RioCan: www.riocan.com.
A French language version of this annual report is available on RioCan's website: www.riocan.com.

Forward-Looking Statement Advisory

The terms "RioCan" and the "Trust" in this document refer to RioCan Real Estate Investment Trust and should be read in conjunction with RioCan's audited consolidated financial statements and Management's Discussion and Analysis for the two years ended December 31, 2011 and 2010. Certain information included in this document contains forward-looking statements within the meaning of applicable securities laws. These statements include, but are not limited to, statements made in "Safe Stable and Reliable Growth", "Canadian Operations", "Canada at a Glance", "USA Operations", "USA at a Glance", "RioCan Board of Directors and Management Team", and "Corporate Social Responsibility", and other statements concerning RioCan's objectives, its 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", "would", "expect", "intend", "estimate", "anticipate", "believe", "should", "plan", "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. All forward-looking statements in this Annual Report are qualified by these cautionary statements.

These forward-looking statements are not guarantees of future events or performance and, by their nature, are based on RioCan's current estimates and assumptions, which are subject to risks and uncertainties, including those described under "Risks and Uncertainties" in RioCan's MD&A dated as at February 13, 2012, which could cause actual events or results to differ materially from the forward-looking statements contained in this Annual Report.

Those risks and uncertainties include, but are not limited to, those related to: liquidity in the global marketplace associated with economic conditions, tenant concentrations, occupancy levels, access to debt and equity capital, interest rates, joint ventures/partnerships, the relative illiquidity of real property, unexpected costs or liabilities related to acquisitions, construction, environmental matters, legal matters, reliance on key personnel, unitholder liability, income taxes, the investment in the United States of America ("USA"), fluctuations in the currency exchange rate between the Canadian and US dollar, and RioCan's qualification as a real estate investment trust for tax purposes. Material factors or assumptions that were applied in drawing a conclusion or making an estimate set out in the forward-looking information may include, but are not limited to: a stable retail environment; relatively low and stable interest costs; a continuing trend toward land use intensification in high growth markets; access to equity and debt capital markets to fund, at acceptable costs, the future growth program and to enable the Trust to refinance debts as they mature; the availability of purchase opportunities for growth in Canada and the US; and the impact of accounting principles adopted by the Trust effective January 1, 2011 under International Financial Reporting Standards ("IFRS"). Although the forward-looking information contained in this Annual Report 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 Annual Report may be considered "financial outlook" for purposes of applicable securities laws, and such financial outlook may not be appropriate for purposes other than this Annual Report.

The Income Tax Act (Canada) contains provisions which potentially impose tax on publicly traded trusts (the "SIFT Provisions"). However, the SIFT Provisions do not impose tax on a publicly traded trust which qualifies as a REIT. RioCan currently qualifies as a REIT and intends to continue to qualify for future years. Should this not occur, certain statements contained in this Annual Report may need to be modified.

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.



RIO  **CAN**

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