



RETROCOM MID-MARKET REAL ESTATE INVESTMENT TRUST

Attention Business/Financial Editors:

Retrocom Mid-Market REIT announces the appointment of a Chief Financial Officer and a reduction in the cash distribution

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TORONTO, Dec. 21 /CNW/ - (TSX - RMM.UN) - Retrocom Mid-Market Real Estate Investment Trust (the "REIT") announced today that it has appointed a new Chief Financial Officer and is reducing its cash distributions to \$0.60 per unit on an annual basis or \$0.05 per unit on a monthly basis, commencing with the December 2006 distribution, and will be making quarterly rather than monthly distribution payments thereafter.

At the conclusion last month of its transaction review process, the REIT's Board of Trustees and executive management team had been largely reconstituted and included the appointment of Mr. Stephen Bellringer as its new Chairman, replacing Mr. Patrick Lavelle who remains as a trustee of the REIT, the appointment of Mr. Hani Zayadi as a new trustee of the REIT and the promotion of the REIT's Chief Financial Officer, Mr. David Fiume, to Chief Executive Officer. The Board had also announced that it was committed to aggressively moving forward with implementing various strategies to improve the REIT's performance and enhance the long-term value of its units, including seeking experienced business people to strengthen the depth and breadth of the Board and the executive management team. On December 4, 2006, the REIT announced the appointment of Mr. Jim Meekison as an additional new trustee of the REIT, furthering this strategic initiative.

With its announcement today of the appointment of Ms. Avis Maher, CA as its new Chief Financial Officer, the REIT continues to execute on this plan. Ms. Maher brings to the REIT many years of senior financial experience, most recently as Chief Financial Officer of Trimin Capital Corporation and Grey Canada. After graduating from Queen's University with a Masters of Business Administration degree in 1989, Ms. Maher began her career at Ernst and Young LLP where she practiced as a Chartered Accountant. "We look forward to having Avis join our senior management team," said David Fiume, Chief Executive Officer. "We believe Avis' broad range of experience will assist the REIT tremendously at its current stage," he added.

The newly reconstituted Board and executive management team continues to implement various other strategies to improve the REIT's performance and enhance the long-term value of its units, including:

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- continuing to reposition the REIT's property portfolio through the strategic disposition of properties to improve the overall manageability and focus of the portfolio as mid-market retail

- properties;
 - renovating, reformatting and otherwise improving the structure and appearance of targeted properties to improve cash flow and financial returns;
 - further enhancing leasing and releasing efforts to increase rental rates, improve occupancy rates, lengthen lease maturities and otherwise strengthen the overall tenant base;
 - developing additional rentable space where opportunities permit; and
 - acquiring over the longer term additional retail assets as part of the external growth strategy.
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As part of repositioning its portfolio through the sale of non-core properties, the REIT has listed for sale its Woodbine Place office building in Toronto, Ontario.

As well, the REIT announced today that, as a result of its ongoing monthly review of distributable cash and business performance, the REIT's cash distribution for the month of December 2006 will be reduced to \$0.05 per Unit or \$0.60 per Unit on an annual basis. The cash distribution for the month of December is for the period from December 1, 2006 to December 31, 2006 inclusive, and will be payable on January 15, 2007 to Unitholders of record on December 31, 2006. Distributions paid to holders of Units who are non-residents of Canada will be subject to Canadian withholding tax. As well, beginning after the December monthly distribution payment, the REIT will be making quarterly rather than monthly distribution payments, on the 15th of the month following the end of each quarter.

"We believe it is prudent to adjust the REIT's distribution to a level that is more sustainable, and in line with our objective to distribute approximate 100% of our estimated on-going AFFO for 2007. Considering our leasing program and capital expenditure requirements, we are directing more of the REIT's internal funds towards generating accretive returns from within the portfolio," Fiume said. "The savings of approximately \$4 million per year will be used towards the REIT's approximately \$12 million budgeted leasing and capital expenditure program in 2007 that will bring in new tenants, revitalize centres and ultimately increase the operating income of the REIT," Fiume added. "We remain committed to improving the REIT's performance and enhancing long term Unitholder value, and investing a portion of the REIT's cash flow back into the existing properties facilitates this objective."

Retrocom Mid-Market REIT is an Ontario unincorporated open-end real estate investment trust that focuses on owning and acquiring mid-market commercial properties in primary and secondary cities across Canada with the objective of producing a geographically diversified portfolio of properties with stable and growing cash flows.

This press release shall not constitute an offer to sell or the solicitation of an offer to buy Units of the REIT, which may be made only by means of a prospectus, nor shall there be any sale of the Units in any state, province or other jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under securities laws of any such state, province or other jurisdiction. The Units of the REIT have not been, and will not be registered under the U.S. Securities Act of 1933, as amended, and may not be offered, sold or delivered in the United States absent registration or an application for exemption from the registration requirements of U.S. securities laws.

Certain statements contained in this news release may include

forward-looking information with respect to Retrocom Mid-Market Real Estate Investment Trust's operations and future financial results. Such statements are based on current expectations, are subject to a number of uncertainties and risks, and actual results may differ materially from those contained in such statements. These uncertainties and risks include, but are not limited to, availability of resources, competitive pressures, changes in market activity and regulatory requirements. Further information can be found in the disclosure documents filed by Retrocom Mid-Market Real Estate Investment Trust with the securities regulatory authorities, available at www.sedar.com.

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