

RETROCOM MID-MARKET REAL ESTATE INVESTMENT TRUST

DISTRIBUTION REINVESTMENT PLAN

INTRODUCTION

Subject to regulatory approval, this distribution reinvestment plan (the “**Plan**”) is being offered to beneficial holders (“**Unitholders**”) of units (the “**Units**”) of Retrocom Mid-Market Real Estate Investment Trust (the “**Trust**”) who are Canadian residents. The Plan is administered by CIBC Mellon Trust Company (the “**Agent**”), which acts as agent for the Trust.

PURPOSE

The Plan enables Unitholders to invest any and all cash distributions on Units beneficially held by such Unitholders in additional Units. All such additional Units are purchased directly from the Trust by the Agent. The Plan enables the Trust to issue additional Units to existing Unitholders.

DEFINED TERMS

Where used herein, the following terms shall have the following meanings, respectively:

“**Average Market Price**” means the weighted average trading price of Units on the Toronto Stock Exchange for the 20 trading days immediately preceding the relevant Distribution Date.

“**Book-Entry System**” means the record entry securities transfer and pledge system administered by CDS in accordance with its operating rules and procedures.

“**CDS**” means The Canadian Depository for Securities Limited.

“**CDS Participants**” means participants in the CDS depository service, which include, without limitation, securities brokers and dealers, banks and trust companies.

“**Declaration of Trust**” means the first amended and restated declaration of trust dated March 22, 2004 pursuant to which the Trust is governed, as amended and/or restated from time to time.

“**Distribution Date**” means, for any month’s distribution, the 15th day of the immediately following month (other than the year-end distribution, which will occur on or about December 31 of the relevant year) and such other dates determined from time to time by the Trustees.

“**Distribution Record Date**” means the last business day of the calendar month for the relevant distribution (except for the month of December where the record date shall be December 31) or such other date as is fixed by the Trustees in accordance with the provisions of the Declaration of Trust.

“**Participants**” means registered holders of Units who are Canadian residents and who are participants in the Plan.

“**Trustees**” means the trustees of the Trust from time to time.

“**Unitholder**” means a beneficial holder of a Unit.

Book-Entry System

CDS is a limited purpose corporation organized under the laws of Canada and is a “clearing agency” under the *Securities Act* (Ontario). CDS is owned or controlled by the CDS Participants and was created to hold securities for CDS Participants and to facilitate the clearance and settlement of securities transactions between CDS Participants through electronic book entries, thereby eliminating the need for physical movement of certificates. CDS Participants include securities brokers and dealers, banks and trust companies. Indirect access to the CDS System is also available to others such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a CDS Participant, either directly or indirectly (“**Indirect Participants**”).

Unitholders that are not CDS Participants or Indirect Participants but desire to purchase, sell or otherwise transfer ownership in Units may do so only through CDS Participants and Indirect Participants. In addition, Unitholders will receive distributions on Units from the Agent through CDS Participants. Under a book-entry format, Unitholders may experience some delay in receiving payments, since payments will be forwarded by the Agent to CDS. CDS will forward these payments to CDS Participants, which will then forward them to Indirect Participants or Unitholders.

Currently, the only eligible Participant is CDS. **Unitholders wishing to participate in the Plan must do so through their CDS Participant.** Unitholders who participate in the Plan through their CDS Participant will not be recognized by the Trust or the Agent as Participants. Unitholders can exercise the rights of a Participant only through CDS and its CDS Participants.

Features

Under the Plan, a Unitholder may purchase additional Units with all or part of the cash distributions paid on Units beneficially held by the Unitholder or held in a Unitholder’s account maintained pursuant to the Plan. The price at which Units will be purchased with such cash distributions will be the Average Market Price. No commissions, service charges or brokerage fees are payable by Unitholders in connection with the Plan. Unitholders who elect to participate in the Plan will receive a further distribution, payable in Units, equal in value to 3% of each cash distribution reinvested by them (the “**Bonus Units**”).

ADMINISTRATION

The Trust shall promptly pay over to the Agent, on behalf of Unitholders, all cash distributions paid on Units held for beneficial holders thereof who have elected to participate in the Plan. The Agent shall use such funds to purchase additional Units for the Unitholders directly from the Trust. Additional Units purchased under the Plan shall be registered in the name of CDS, the Participant.

Accounts under the Plan shall be maintained in the names in which Units were registered at the time the Participants enrolled in the Plan.

PARTICIPATION

Participation in Plan

Canadian residents who are beneficial holders of Units may request enrollment in the Plan, in writing, through their CDS Participant. Once a Unitholder has advised his, her or its CDS Participant that such Unitholder wishes to participate in the Plan, participation continues automatically unless terminated in accordance with the terms of the Plan or unless participation becomes unlawful under the laws governing the Trust.

Cash distributions paid on Units held by CDS for the account of CDS Participants under the Plan will not be automatically reinvested in additional Units on each Distribution Date. Each month, each CDS Participant (but not the beneficial holder of Units) must advise CDS of the number of Units held by it that will be participating in the Plan. CDS will thereafter advise the Agent on the business day following the Distribution Record Date of the total number of Units held by it that will be participating in the Plan. The Participant will receive distributions in cash to the extent it has not advised the Agent, with respect to any particular month, that all or a portion of the Units held will be participating in the Plan.

If any Units are beneficially held by a non-resident of Canada, such Unitholder is not eligible to participate in the Plan. Upon ceasing to be a resident of Canada, a Unitholder shall forthwith notify his, her or its CDS Participant, who shall immediately terminate such Unitholder's participation in the Plan. Such CDS Participant shall make no further election to CDS on behalf of such Unitholder in respect of further distributions.

The Units purchased from the Trust's treasury will be allocated to the Participant. The Participant will be credited with the number of new Units, including fractions, computed to three decimal places, which is equal to the distributions reinvested divided by the applicable purchase price. No later than three business days prior to the next month's Distribution Record Date, the Participant will receive from the Agent a certificate representing the number of whole Units to which it is entitled and a cash payment for the total of the fractions of a Unit held by the Participant resulting from dividing the distributions reinvested by the applicable purchase price. The accounts of CDS Participants will be credited with the appropriate number of whole Units and the CDS Participants will in turn credit the account of each Unitholder with his, her or its *pro rata* share of Units, excluding fractions. In the event that a Unitholder's *pro rata* share of Units comprises a fraction of a Unit, the Unitholder's CDS Participant will take such measures as are necessary to sell in the market such number of Units held by it as is necessary to pay the Unitholder a cash amount for such fraction of a Unit.

No interest will be paid to Participants on any funds held for investment under the Plan.

Transfer of Participation Rights

The right to participate in the Plan may not be transferred by a Participant without the approval of the securities regulatory authorities.

Termination of Participation

A Unitholder may terminate his, her or its participation in the Plan by providing prior written notice to his, her or its CDS Participant. This notice, if actually received by the

CDS Participant prior to the deadline established by the applicable CDS Participant for such purpose, will have effect in respect of the next Distribution Date and otherwise will have effect in respect of the following Distribution Date.

The Trust reserves the right to terminate the right of a Participant to continue in the Plan where such Participant has failed to comply with the terms of the Plan or, in the reasonable opinion of the Trust, abused the Plan to the detriment of the Trust or its Unitholders.

When participation in respect of any Units subject to the Plan is terminated, the Participant will be credited for such Units held for the Participant's account. CDS will then credit the accounts of each of its CDS Participants for each of their *pro rata* share of Units and, thereafter, each CDS Participant will credit the accounts of Unitholders, on a *pro rata* basis, for their respective share of Units.

Amendment, Suspension or Termination of the Plan

The Trust reserves the right to amend, suspend or terminate the Plan at any time (subject to any applicable approval of any regulatory authority, including the Toronto Stock Exchange) but such action shall have no retroactive effect that would prejudice the interest of the Participants and Unitholders. All Participants will be sent written notice of any such amendment, suspension or termination.

In the event of termination of the Plan by the Trust, the Units and any applicable cash payments will be credited to an account designated by the Participant. In the event of suspension of the Plan by the Trust, any distribution paid after the effective date of any such suspension will be remitted by the Trust to the Participant in cash only.

Rules and Regulations

The Trust, in conjunction with the Agent, may from time to time adopt rules and regulations to facilitate the administration of the Plan. The Trust also reserves the right to regulate and interpret the Plan as it deems necessary or desirable to ensure the efficient and equitable operation of the Plan.

Rights Offering

In the event the Trust makes available to holders of Units rights to subscribe for additional Units or other securities, rights certificates will be issued by the Trust to each Participant in respect of the whole Units held for a Participant's account under the Plan on the record date for such rights issue. Rights based on fractional Units held for a Participant's account will be sold together with rights based on fractional Units held for other Participants on a commingled basis by the Agent and the proportionate net proceeds will be remitted to the Participant.

Unit Splits and Unit Distributions

If Units are distributed pursuant to a Unit split or Unit distribution on Units, such Units received by the Agent or its nominee for Participants under the Plan will be retained by the Agent or its nominee and credited proportionately to the accounts of the Participants in the Plan.

Rights Attaching to Units

Unitholders are entitled to receive the distributions paid by the Trust. Unitholders are entitled to one vote for each whole Unit held at all meetings of Unitholders. Whole Units held for a Participant's account under the Plan on the record date for a vote of Unitholders will be voted in the same manner as such Participant's Units are voted. Fractional Units may not be voted. In the event of the liquidation, dissolution or winding up of the Trust, after payment of all outstanding debts of the Trust, the remaining assets of the Trust will be distributed *pro rata* to Unitholders.

PRICE OF UNITS AND COSTS

Price of Additional Units

On each Distribution Date, the Agent will pay to the Trust all distribution funds received and held by it as of such date on behalf of Unitholders who have elected to participate in the Plan to the Trust, for investment in the Plan at the Average Market Price per Unit and the Trust will advise on each Distribution Date the Agent of the Average Market Price for such additional Units.

Each Participant will receive that number of Units issued to the Participant which is equal to the amount to be re-invested for the Participant, divided by the Average Market Price for the Units, and additional Units equal in value to 3% of the amount to be reinvested for the Participant.

Costs

There are no commissions, service charges or brokerage fees payable in connection with the issue of Units under the Plan. All administrative costs of the Plan are borne by the Trust.

RECORDING AND CERTIFICATES

Reports to Participants

An account will be maintained by the Agent for each Participant in the Plan. A monthly statement of Units issued under the Plan will be mailed to each Participant. These statements will be the Participant's continuing record of purchases made and Units issued and should be retained for income tax purposes. In addition, each Participant will be sent annually the appropriate information for tax reporting purposes.

Certificates for Units

Units purchased under the Plan will be held by the Agent for Participants in the Plan. Certificates for such Units will be issued to CDS only.

Units held by the Agent for a Participant may not be pledged, sold or otherwise disposed of by the Participant while so held.

RESPONSIBILITIES OF THE TRUST AND THE AGENT

The Trust and the Agent shall not be liable for any act or any omission to act in connection with the operation of the Plan including, without limitation, any claims for liability:

- (a) arising in connection with income taxes (together with any applicable interest and/or penalties) payable by Participants, CDS Participants, Indirect Participants or Unitholders in connection with the latter's participation in the Plan; or
- (b) relating to the prices at which Units are purchased or sold for the Unitholder's account and the times such purchases or sales are made.

Participants, CDS Participants, Indirect Participants and Unitholders should recognize that neither the Trust nor the Agent can assure a profit or protection against a loss on the Units purchased or sold under the Plan.

PERSONAL LIABILITY

The Plan shall be conclusively taken to have been approved by, or by officers of the Trust on behalf of, the Trustees of the Trust only in their capacity as trustees under the Declaration of Trust. The obligations of the Trust hereunder are not personally binding upon any Trustee of the Trust, any registered or beneficial holder of Units or any annuitant under a plan of which a registered or beneficial holder of Units acts as trustee or carrier, and resort shall not be had to, nor shall recourse or satisfaction be sought from, the private property of any of the foregoing, but the property of the Trust from time to time only shall be bound by such obligations.

NOTICES

All notices required to be given under the Plan shall be mailed to Participants at the addresses shown on the records of the Plan or at a more recent address as furnished by the Participant.

Notices to the Trust shall be sent to:

Retrocom Mid-Market Real Estate Investment Trust
Distribution Reinvestment Plan
c/o CIBC Mellon Trust Company
Dividend Reinvestment Department
P.O. Box 7010
Adelaide Street Postal Station
Toronto, Ontario M5C 2W9

Telephone: (416) 643-5500
(800) 387-0825

Fax: (416) 643-5020

EFFECTIVE DATE OF THE PLAN

The effective date of the Plan is September 29, 2005.