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## RETROCOM MID-MARKET REIT ANNOUNCES ANNUAL FINANCIAL RESULTS

Toronto, Ontario – May 15, 2007 – (TSX: **RMM.UN**) - Retrocom Mid-Market Real Estate Investment Trust (the "REIT") announced today its financial results for the three months ended March 31, 2007.

### Financial Highlights

- Continued progress on the execution of our long-term internal restructuring plan. We continue to work through transitional leasing, financing, and asset management issues.
- Gain on disposition of approximately \$12 million on gross proceeds of approximately \$45.4 million from the sale of six properties closed in the first quarter.
- The REIT acquired the remaining 50% in Staples Plaza in Dartmouth, Nova Scotia and Lansdowne Place in Saint John, New Brunswick for approximately \$6 million and sold its 50% interest for a gain of \$827,000 in Les Promenades St Francois in Laval, Quebec.
- Waiving of conditions on the sale of 135 Queens Plate Drive, expected to close on May 22, 2007 with gross proceeds of approximately \$12.3 million, with a projected gain of approximately \$4.5 million.
- Net Operating Income for the quarter was \$6.6 million, versus \$6.8 million for the comparative quarter in 2006. The decrease is mainly attributable to property sales that occurred in February and slightly lower recovery ratios due to vacancies and gross leases.
- Extension of the REIT's Operating Line to March 31, 2008, with phased reductions of the credit limit from \$28 million to \$15 million by September 30, 2007.
- Trust expenses decreased by \$994,000 primarily due to the Trust's decision to internalize its asset management function in Q1 2006.
- Improvements were achieved in the REIT's debt leverage at March 31, 2007 which was 62.7%, a decrease of 0.6% from December 31, 2006 and 7.3% lower than the maximum of 70% as set out in the Declaration of Trust.
- The occupancy rate for the quarter has decreased slightly to 91.6% from 92.0% in the first quarter of 2006.
- Distributions paid to Unitholders were 39% of Distributable Income due to the change to quarterly distribution payments. Distributions on an accrued basis, factoring out the quarterly payment issue were 120%, as we continue to transition and work through our internal restructuring plan. After adjusting for certain one-time write-offs, the DI ratio was approximately 101%.

	Actual three months ended March 31, 2007 (unaudited) (\$000's)	Actual three months ended March 31, 2006* (unaudited) (\$000's)
Rental Revenue and Other Income	\$13,446	\$13,366
Property Operating Expenses	\$6,859	\$6,592
Net Operating Income	\$6,587	\$6,774
Trust Expenses	\$993	\$1,987
Income before Interest, Depreciation & Amortization	\$5,594	\$4,787
Interest	\$3,646	\$3,212
Depreciation and Amortization	\$4,602	\$4,691
Loss Before Discontinued Operations	(\$2,654)	(\$3,116)
Income (Loss) from Discontinued Operations	\$13,447	(\$301)
Income (Loss)	\$10,793	(\$3,417)
Loss Per Unit (Before Discontinued Operations)	(0.14)	(0.17)
Distributable Income**	\$2,320	\$4,053
Distributable Income per Unit:		
Basic	\$0.13	\$0.22
Fully Diluted	\$0.10	\$0.17
Distributable Income Payout Ratio on Cash Distributions***	39%	91%
Distributable Income Payout Ratio on Accrued Distributions***	120%	90%
Funds From Operations**	\$2,663	\$2,827
Funds From Operations :		
Basic	\$0.14	\$0.15
Fully Diluted	\$0.11	\$0.12
Funds From Operations Payout Ratio on Cash Distributions***	34%	130%
Funds From Operations Payout Ratio on Accrued Distributions***	104%	129%

Full Financial Results will be available on SEDAR ([www.sedar.com](http://www.sedar.com)) as well as the Investors Relations section of the REIT's website ([http://www.rmmreit.com/investor\\_finance.htm](http://www.rmmreit.com/investor_finance.htm)).

\* Previously reported results have been reclassified for discontinued operations.

\*\* The reconciliations of Distributable Income and Funds From Operations to Loss for the Year are included in the REIT's MD&.

\*\*\* Frequency of cash distributions changed from monthly to quarterly after the distribution declared in December was paid in January 2007. Since the quarterly distribution was declared for April 15, 2007, the actual distributions in the first quarter of 2007 were lower than previous quarters and lower than future quarters. For comparative purposes, Payout to Unitholders has been presented on both a cash and accrual basis.

The REIT's management considers Distributable Income and Funds From Operations to be an indicative measure in evaluating the REIT's performance. The table above, however, includes non-GAAP information that should not be construed as an alternative to net earnings or cash flows from operations and may not be comparable to similar measures presented by other issuers as there is no standardized meaning prescribed by GAAP.

## Operating Strategy Highlights

"Although the occupancy rate has dropped as expected this quarter, mainly as a result of surrender by an anchor tenant of 50,700 feet, the REIT's leasing plan is showing many positive signs", Fiume continued. Overall in 2007, the REIT has signed renewals for approximately 75 existing tenancies representing 262,612 square feet of existing tenancies, at a weighted average net rent of \$11.46 per square foot, an increase of \$0.83 per square foot over net rent of \$10.63 paid by the same tenants under the expiring lease. In addition, 20 new tenancies were signed this year, representing 31,375 square feet, while 13 tenants confirmed the surrender of 72,550 square feet of leased space (including 50,700 square feet of anchor space). The weighted average net rent for new tenants was \$15.66 per square foot, and \$7.95 for vacating tenants. This difference is primarily due to the greater amount of square footage attributable to anchor tenant space at lower lease rates becoming vacant, while higher yielding CRU space was filled.

The REIT continues to implement its internal restructuring plan, which to date encompasses a number of property dispositions, acquisitions, refinancings and an aggressive leasing strategy, with a focus on improving efficiencies and taking advantage of opportunities in the marketplace as well as within the REIT portfolio. "We are continuing to work through improving our balance sheet", said David Fiume President and CEO, and "and we are showing progress as we close these transactions".

### Investor Conference Call

A conference call to discuss the results will be held **Thursday May 17, 2007, at 11:00 AM ET** and will be followed by a question and answer period. The phone numbers for those who wish to participate in the question and answer period are as follows:

Live Conference Access information:  
Local Access: 416-915-9608  
Toll-Free Access: 1-866-214-7077

Replay :  
Local Access: 416-915-1028  
Toll-Free Access: 1-866-244-4494

### About Retrocom Mid-Market REIT

Retrocom Mid-Market REIT is an Ontario unincorporated open-end real estate investment trust which focuses on owning and acquiring mid-market retail 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 document may contain forward-looking statements, which although based on Management's best estimates as well as the current operating environment are subject to risks and uncertainties. As such, terms such as "anticipate", "believe", "expect", "plan" or other similar words should be taken as forward-looking statements. As a result of these potential uncertainties, any future results could differ materially from the predictions listed herein. Although Retrocom makes every effort to meet our predictions as listed in this document, we are unable to control certain circumstances such as economic, competitive or commercial real estate conditions.

This press release shall not constitute an offer to sell or the solicitation of an offer to buy, 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 Retrocom Mid-Market 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.

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