

**PRESS RELEASE**

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**RETROCOM MID-MARKET REIT CONCLUDES STRATEGIC REVIEW AND ANNOUNCES  
QUARTERLY RESULTS**

Toronto, Ontario – November 14, 2006 – (TSX – RMM.UN) - Retrocom Mid-Market Real Estate Investment Trust (the “REIT”) announced today that it has completed its review of strategic alternatives to enhance unitholder value and, as a result, will not be pursuing any sale, merger or other third-party transaction. The REIT also announced today its financial results for the three and nine month periods ended September 30, 2006.

**Strategic Review Process**

As part of its strategic review process, the REIT had announced on February 27, 2006 that, concurrently with the internalization of its asset management functions, it would commence a process managed by its financial advisor to solicit proposals leading to a sale, merger or other strategic transaction that would enhance the value of the REIT’s units.

“We conducted a thorough and disciplined strategic review process and there were a number of parties interested in partnering with the REIT,” said Mr. Patrick J. Lavelle, Chairman of the Special Committee that was established to oversee the REIT’s strategic review process. The Board of Trustees of the REIT, with the assistance of its financial advisor, has now determined that each of the transaction proposals that were submitted to the REIT was on terms that were not acceptable to the REIT or failed to set out a strategy that would ensure the enhancement of unitholder value. “While the process of soliciting proposals failed to yield an acceptable third-party transaction, we remain committed to the REIT’s business and, together with management, to taking the necessary action to improve the REIT’s performance and enhance the long-term value of its units,” said Mr. Lavelle.

As part of the strategic review process, the Board conducted a self-assessment of its composition and effectiveness, along with an assessment and evaluation of the REIT’s management team. As a result, by the time of its annual general meeting in June 2006, the REIT had for the most part completed a reconstitution of the Board of Trustees, which then comprised of five members with only three trustees, being independent trustees, remaining from the original seven member Board that was in place at the time of the REIT’s initial public offering.

In furthering its reconstitution of the Board, the REIT is now pleased to announce the appointment of Mr. Stephen Bellringer as its new Chairman, replacing Mr. Patrick Lavelle who will remain as a trustee of the REIT. Mr. Bellringer has served as a trustee of the REIT since April 2006 and brings to the REIT many years of real estate industry experience having served as Chairman of Anthem Properties from 2002 until 2004 and President and Chief Executive Officer of Canadian Hotel Income Properties from 1999 to 2002. Mr. Bellringer also currently serves as a director of several other Canadian public companies and holds M.B.A. and LL.D. (Hon) degrees from the University of Windsor. “I look forward to leading the Board of Trustees and the REIT as we focus on the challenges of improving our performance and enhancing the long-term value of our units,” said Mr. Bellringer. “We would also like to acknowledge the many contributions that Patrick Lavelle has made to the REIT, particularly as our leader through the REIT’s strategic review process, and we are very pleased that he will continue to serve as a trustee of the REIT,” he added.

With respect to the REIT’s management team, the Board of Trustees is pleased to announce the appointment of Mr. David Fiume as the REIT’s new Chief Executive Officer. Mr. Fiume has been the

Chief Financial Officer of the REIT since September 2005 and brings with him many years of senior executive experience having served as President and Chief Executive Officer of Telepanel Systems Inc., Chief Financial Officer of Camreal Inc. and as Vice President Finance at The Lehdorff Group, later Dundee Realty, which owned and managed real estate and private client investments. Mr. Fiume began his career at KPMG LLP where he practiced as a Chartered Accountant primarily in the real estate industry. Mr. Fiume will be replacing Mr. Walter Davies who, in February 2006, assumed on an interim basis the responsibilities of Chief Executive Officer of the REIT. Mr. Davies today advised the REIT that he is also retiring as a trustee of the REIT. “We have confidence in David’s abilities and look forward to having him lead our management team”, said Stephen Bellringer. “We would also like to express our sincere thanks to Walter Davies for the many contributions that he has made to the REIT, having served as a trustee of the REIT since its initial public offering in March 2004 and, in particular, for serving as our interim CEO through the REIT’s transition to internalized management and through the strategic review process that we have now completed”, he added.

The REIT also announced today the appointment of Mr. Hani Zayadi as a new trustee of the REIT. Mr. Zayadi retired earlier this year as Group Managing Director, Food, Liquor & Fuel Division of Coles Myer Ltd., Australia’s largest retailer with more than 2,600 stores throughout Australia and New Zealand and sales of over \$35 billion. Prior to joining Coles Myer in 2001, Mr. Zayadi held several other senior executive retail roles including President and CEO of Zellers Inc., President and CEO of Woodwards Ltd. and Senior Vice President of Wal-Mart Canada. “We are very pleased that Hani has decided to accept our invitation to join the REIT’s board”, said Mr. Bellringer. “The REIT will particularly benefit from the extensive experience that he has in the retail shopping industry.” Mr. Zayadi has also been appointed Chair of the REIT’s Governance & Compensation Committee.

As a result of the conclusion of the REIT’s strategic review process and the Board’s commitment to improving the REIT’s performance and enhancing the long-term value of its units, the REIT will also be aggressively moving forward with implementing various strategies, including:

- continuing to seek experienced business people to strengthen the depth and breadth of the Board of Trustees and the executive management team;
- renovating, reformatting and otherwise improving the structure and appearance of targeted properties;
- 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.

The REIT has initiated discussions with its lender to extend the maturity date of its \$35 million operating line through to the end of fiscal 2007. The REIT is also discussing with a Canadian chartered bank an offer to refinance the existing mortgages on certain of the REIT’s properties. In addition, the REIT will be continuing to reposition its property portfolio through the disposition of “non-core” assets. It is expected that these and other measures, including the cost savings that the REIT expects to continue to realize as a result of internalizing management, will provide the necessary capital for the REIT to continue to implement the strategies set out above.

## September 30, 2006 Quarterly Financial Results

### Highlights

- Net Operating Income for the quarter ended increased to \$9.0 million from \$7.8 million achieved on last year's third quarter results.
- In the third quarter, distributions paid to Unitholders were 94% of Distributable Income compared to 125% in the same period last year.
- Ongoing Trust Expenses (excluding those costs classified as transactional) are lower in the three month period ended September 30, 2006 at \$0.6 million, when compared to the same three month period in 2005 at \$0.9 million, but overall Trust Expenses are higher mainly due to one time costs related to the termination of the Asset Management Agreement and advisor fees and other costs relating to the Special Committee in the amount of \$0.4 million.
- The occupancy rate at quarter end is 92.1% compared to 91.5% in the same period last year, and stands at 93.0% at the date of the MD&A
- The average cost of debt remained basically unchanged at 6.03% at the end of the quarter, versus 6.05% at the end of the second quarter last year after giving effect to the interest rate subsidy.
- The average net rent in place was \$9.74 per square foot, 5.5% or \$0.51 per square foot higher than average net rent in place in the third quarter last year.
- The Trust spent in excess of \$2.6 million in deferred leasing costs for the nine month period ended September 30, 2006, with \$1.4 million incurred this quarter.

The REIT continues to implement its aggressive leasing strategy and focus on improving efficiencies and taking advantage of opportunities in the marketplace as well as within the REIT portfolio. These opportunities consisted primarily of the repositioning of certain properties.

Distributable income (a non-GAAP measure) for the quarter ended September 30, 2006 was \$4.0 million or \$0.22 per unit (\$0.17 per unit on a diluted basis) compared to \$3.8 million or \$0.23 per unit (\$0.18 per unit on a diluted basis) for the three months ended September 30, 2005. For the nine months ended September 30, 2006, Distributable Income was \$11.8 million or \$0.64 per unit basic (\$0.48 per unit on a diluted basis) compared to \$9.5 million or \$0.69 per unit basic (\$0.62 per unit on a diluted basis). The REIT declared \$3.8 million or \$0.21 per unit in cash distributions for the quarter and \$11.4 million or \$0.62 per unit in cash distributions for the nine month period ended September 30, 2006.

The Distribution Payout Ratio for the quarter was 94%, down from 125% in the third quarter of 2005. The lower distribution payout ratio for the second quarter of 2006 is primarily due to the acquisition of seven income producing properties in Q3 of 2005, the cut in distributions discussed below and the decrease in trust expenses (net of one time costs added back to income) as a percentage of revenue. The payout ratio for the nine months ended September 30, 2006 was 96% compared to 115% for the nine months ended September 30, 2005.

Commencing with the December 2005 distribution to Unitholders, the distribution paid was changed to \$0.82 annually or \$0.0683 monthly per unit down from \$1.025 per unit annually and \$0.0854 per unit on a monthly basis.

David Fiume, Chief Executive Officer said:

“Previously, we announced that we had secured new major tenancies in excess of 130,000 square feet in six of our shopping centres. Most of these tenants have taken possession of their space to be open for the Christmas season, and will shortly be paying rent. As of the date of this MD&A, only 15,000 square feet had not been finalized. Subsequent to the announcement on July 24, 2006, an additional 30,000 square feet in major tenancies was completed in the third quarter of 2006.”

“During 2006, the REIT has renewed approximately 192 existing tenancies representing 536,000 square feet of existing tenancies representing a 93.5% retention rate, at a weighted average net rent increase of \$0.56 per square foot. In addition, 60 new tenancies, representing 221,000 square feet, including several new anchor tenants referred to above, were completed this year, while 49 tenants surrendered 159,000 square feet of lease space.”

“We have spent over \$1.4 million this quarter and in excess of \$2.6 million for the nine months, and we are beginning to see the results of the aggressive leasing strategy in new and renewal leasing. However, rents will begin to flow from these new tenancies mainly in the fourth quarter 2006 and subsequent quarters. These leasing costs have been financed largely through draws on the operating line. Maturing mortgages and general borrowings have also been drawn from the operating line, leading to an increase in interest cost of approximately \$50,000 from the second quarter of 2006 to the third quarter of 2006. We are in the process of obtaining conventional borrowings on the matured mortgages that were placed in the operating line pending completion of the strategic review process.”

“Additionally, we continue our strategy to dispose of non-core assets with the continuation of the sales process on Maple Park, which we believe will close in the first quarter of 2007.”

Net Operating Income for the quarter ended September 30, 2006 grew to \$9.0 million on gross revenues of \$16.4 million, an increase from Net Operating Income of \$7.8 million on gross revenues of \$14.2 million for the quarter ended September 30, 2005. Net Operating Income for the nine months ended September 30, 2006 grew to \$26.4 million on gross revenues of \$49.2 million, an increase from \$18.0 million on gross revenues of \$32.7 million for the nine month period ended September 30, 2005. These increases are due for the most part to the purchase of the seven properties in the third quarter of 2005.

Interest charges have increased by \$0.5 million and \$4.5 million for the three and nine months ended September 30, 2006 respectively, compared to the three and nine month periods ended September 30, 2005. The average cost of the REIT's debt has basically remained unchanged at 6.0%, after giving effect to the interest rate subsidy, compared to the same period last year. Increased debt loads due to the ownership of the additional properties acquired in the third quarter of 2005, resulted in an overall higher interest charge.

General, administrative and trust expenses have increased by \$0.1 million for the three month period and \$2.2 million for the nine month period ended September 30, 2006 compared to the three and nine month periods ended September 30, 2005. Approximately \$0.4 million of the current quarter's expense and \$2.4 million of the year to date expense relates directly to the termination of the Asset Management Agreement and costs related to the Special Committee and its Financial Advisor. The decision to internalize management in the first quarter of 2006 is anticipated to result in savings in general, administrative and trust expenses to the Trust in excess of \$1.5 million over the next three years.

The REIT generated a net loss of \$2.1 million (\$0.11 per unit, basic and diluted) and \$12.2 million (\$0.64 per unit basic and diluted) for the three and nine months period ended September 30, 2006 respectively compared with losses of \$4.2 million (\$0.23 per unit basic and diluted) and \$6.5 million (\$0.43 per unit basic and diluted) for the three and nine month periods respectively in 2005.

The period to date net loss is greatly affected by the non-cash loss on the sale of the property in Mississauga, Ontario and the result of depreciation and amortization charges (non-cash items) that we are required to report due to new accounting policies. These policies were adopted by all Canadian real estate companies effective January 1, 2004 and require that for any acquisitions after that effective date, a REIT must depreciate its assets at an accelerated rate compared to acquisitions prior to that date. Because the portfolio is much larger as a result of the acquisition in the third quarter of 2005, the period to date provision for depreciation and amortization is approximately 40% greater for the nine month period ending September 30, 2006 being \$18.0 million versus \$12.9 million for the nine month period ended September 30, 2005.

Below is a summary of the financial results for the three and nine months ended September 30, 2006 with comparative results for the three and nine months ended September 30, 2005.

## Financial Highlights

	(in \$000's)	(in \$000's)	(in \$000's)	(in \$000's)
	Actual three months ended Sept 30, 2006 (1)	Actual three months ended Sept 30, 2005 (2)	Actual nine months ended Sept 30, 2006 (1)	Actual nine months ended Sept 30, 2005 (2)
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Rental Revenue and Other Income	\$16,419	\$14,201	\$49,244	\$32,743
Expenses				
Operating	\$7,395	\$6,432	\$22,779	\$14,698
Trust Expenses	\$1,029	\$903	\$4,368	\$2,209
	\$8,424	\$7,335	\$27,147	\$16,907
Income Before Interest, Depreciation & Amortization	\$7,995	\$6,866	\$22,097	\$15,836
Add: Gain on Disposal of IPP	\$0	\$0	\$0	\$0
Less: Interest	(\$4,093)	(\$3,582)	(\$12,168)	(\$7,635)
Depreciation & Amortization	(\$5,980)	(\$5,615)	(\$18,036)	(\$12,910)
Loss from Operations	(\$2,078)	(\$2,331)	(\$8,107)	(\$4,709)
Gain (Loss) on Disposal of Discontinued Operations	\$0	(\$1,432)	(\$3,781)	(\$1,159)
Income (Loss) Before Discontinued Operations	(\$2,078)	(\$3,763)	(\$11,888)	(\$5,868)
Income (Loss) from Discontinued Operations	(\$53)	(\$472)	(\$294)	(\$634)
Net Loss	(\$2,131)	(\$4,235)	(\$12,182)	(\$6,502)
Add Back:				
Depreciation & Amortization	\$5,686	\$5,612	\$17,447	\$14,086
Gain (Loss) on Disposal of IPP	\$0	\$1,432	\$3,781	\$1,159
Income (Loss) from Discontinued Operations (3)	\$53	\$275	\$218	\$98
Adjustment for Q3 2005 Acquisition	\$0	\$606	\$0	\$606
Special Trust Expense Adjustments (5)	\$417	\$0	\$2,449	\$0
Amortization of Fair Value				
Adjustment of Debt (4)	\$14	\$94	\$75	\$55
Distributable Income (6)	\$4,039	\$3,784	\$11,789	\$9,502
<b>Income (Loss) Before Discontinued Operations per Unit:</b>				
Basic and Diluted	(\$0.11)	(\$0.23)	(\$0.64)	(\$0.43)
<b>Distributable Income per Unit:</b>				
Basic	\$0.22	\$0.23	\$0.64	\$0.69
Diluted	\$0.17	\$0.18	\$0.48	\$0.62
Total Payout to Unitholders	\$3,791	\$4,719	\$11,361	\$10,957
Payout Ratio	94%	125%	96%	115%
<b>Weighted Average Units Outstanding</b>				
Basic	18,472	16,724	18,459	13,709
Diluted	24,368	20,843	24,355	15,370

Notes

- 1 Based on the unaudited financial statements for the three months and nine months ended September 30, 2006.
- 2 Based on the unaudited financial statements for the three months and nine months ended September 30, 2005 which have been adjusted to reflect the Discontinued Operations.
- 3 An adjustment for Discontinued Operations is only made in the quarter in which the property is determined to be discontinued. The amount for Discontinued Operations excludes depreciation and amortization as the amount allowable as an addback is included in the depreciation and amortization addback.
- 4 Includes Interest Rate Subsidy received from Vendor on Q3 2005 Acquisition lowering cash payments required under conventional debt.
- 5 The adjustment for Trust Expenses relate to non-recurring costs as a result of the termination of the Asset Management Agreement and costs related to the Special Committee and potential transactions.
- 6 Distributable Income is not a measure recognized under GAAP and does not have a standardized meaning prescribed by GAAP. Distributable Income is presented to reflect the ability of the Trust to earn income and to make distributions of cash to unitholders and therefore is considered a measure of cash available for distribution. Distributable Income as computed by the Trust may differ from similar computations as reported by other real estate investment trusts and accordingly may not be comparable to Distributable Income reported by other such issuers. Generally, Distributable Income differs from Net Income, a GAAP measure, in that for any period, Net Income is adjusted for depreciation and amortization and other non-cash operating expenses and non-recurring items.

Full financial results will be available on SEDAR ([www.sedar.com](http://www.sedar.com)) as well as the Investor Relations section of the Retrocom Mid-Market REIT website ([http://www.rmmreit.com/investor\\_finance.htm](http://www.rmmreit.com/investor_finance.htm)).

### **Investor Conference Call**

A conference call to discuss the results will be held Wednesday November 15<sup>th</sup>, 2006, at 10:00 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: 416-640-3407**

**Toll-Free Access: 1-866-322-8798**

*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](http://www.sedar.com).*

### **FOR MORE INFORMATION:**

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