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### **RETROCOM MID-MARKET REIT ANNOUNCES THIRD QUARTER FINANCIAL RESULTS ANNOUNCES CHANGE TO ANNUAL DISTRIBUTION TO UNITHOLDERS**

**Toronto, Ontario – November 14, 2005 – (TSX: RMM.UN)** - Retrocom Mid-Market Real Estate Investment Trust announced today its financial results for the three and nine month\* periods ended September 30, 2005. The REIT also announced it is reducing the per unit distribution to unitholders to \$0.82 on an annual basis or \$0.0683 per month effective December 2005.

#### **Highlights**

- In Q3, the REIT closed its acquisition of a \$182 million, geographically diverse portfolio of retail properties and related public financings.
- Net Operating Income is up 64.4% versus third quarter 2004.
- Occupancy rate rose 2% in the third quarter 2005.
- Average cost of debt dropped by .4% to 6% in the quarter, down from 6.4% in Q2 2005.
- Average net rent in place grew 6.5% in the quarter and has grown 13% year-to-date.

During the third quarter the REIT delivered on its external growth objectives through the successful integration of seven new properties into the REIT's portfolio while continuing to focus on improving efficiencies and take advantage of opportunities in the marketplace as well as within the REIT portfolio. These opportunities consisted primarily of the repositioning of certain properties and disposition of underperforming holdings in the original portfolio.

The addition of the 7 properties in July has had a positive impact on the overall portfolio of properties. Recent announcements by the Department of Finance affecting income trusts, coupled with rising interest rates have pushed the REIT's cost of capital to a point where major acquisitions will be increasingly difficult in this environment. As a result, the current growth objectives will be achieved through the redeployment of equity from properties sold or under contract, into accretive acquisitions and internal reinvestment in our existing properties.

Distributable income for the three months ended September 30, 2005 was \$3.784 million or \$0.23 per unit basic or \$0.18 per unit on a fully diluted basis and \$9.502 million or \$0.69 per unit basic or \$0.62 per unit on a fully diluted basis for the nine month period ending September 30, 2005. This compares with \$3.226 million and \$0.26 per unit both on basic and fully diluted basis and \$10.348 million or \$0.86 per unit basic and \$0.83 per unit fully diluted, for the three month and nine month period ending September 30, 2004. The REIT declared \$4.719 million or \$0.26 per unit in cash distributions for the period.

The Distribution Payout Ratio for the quarter was 125%, up from 109%\*\* in the prior quarter. The REIT's cumulative Distribution Payout Ratio since the inception of the REIT in March of 2004 is 106%. The higher distribution payout ratio for the third quarter 2005 is primarily due to the timing of the disposition of underperforming properties and the redeployment of that capital into income earning assets.

Commencing with the December 2005 distribution to unitholders, the distribution payout will be changed to \$0.82 on an annual basis or \$0.0683 monthly per unit down from \$1.02 per unit annually and \$0.0854 per unit on a monthly basis. This change in the distribution payout will provide the REIT with the capital required to reinvest into the existing REIT properties to take advantage of internal growth opportunities.

“We do not make this decision lightly, but feel that the REIT needs to continue to invest both internally and externally and this is a necessary measure,” said Michael Steplock, president and chief executive officer of Retrocom Mid Market REIT. “We believe that through this reinvestment, the REIT will be on stronger physical and financial footing and allow it to take better advantage of market opportunities in the future.”

Net Operating Income for the three month period ended September 30, 2005 grew by 64.4% over the third quarter of 2005 quarter to \$8.010 million as compared with \$4.871 million in the same period in 2004. For the nine month period ended September 30, 2005, Net Operating Income was \$19.002 million compared with \$15.809 million in the comparative period in 2004.

Consolidated gross revenue was \$14.928 million for the three month period and \$34.437 million for the nine month periods ending September 30, 2005 compared with \$8.516 million and \$26.925 million in the same period in 2004. Operating expenses were \$6.918 million in the three month and \$15.435 million in the nine month period compared with \$3.645 million and \$11.116 million respectively in the same periods in 2004. General, administrative and trust expenses were \$0.903 million for the three months and \$2.210 million for the nine months ended September 30, 2005 compared with \$0.354 million and \$1.330 million in the periods of 2004. The increase in operating and general expenses in the third quarter 2005 was due primarily to the acquisition of the 7 properties in July 2005.

The REIT generated a loss before Discontinued Operations of \$2.355 million (\$0.14 per unit) in the third quarter and \$4.992 million year-to-date in 2005 compared with losses of \$1.305 million for the three month period and \$1.521 million for the nine month period in 2004. Debt service was \$3.743 million and \$8.172 million for the three and nine month periods respectively in 2005 compared with \$1.981 million and \$5.755 million for the three and nine month periods respectively in 2004. Depreciation and Amortization was \$5.719 million and \$13.611 million for the three and nine month periods respectively in 2005 compared with \$3.841 million and \$10.246 million for the three and nine month period respectively in 2004.

The REIT's EBITDA (defined as earnings before interest, incomes taxes, depreciation and amortization,) was \$5.941 million for the three month period and \$16.135 million for the nine month period ending September 30, 2005 compared with \$3.866 million for the three month period and \$12.499 million for the nine month period ended September 30, 2004. EBITDA is not a recognized measure under generally accepted accounting principles. However, management believes EBITDA is a useful supplemental measure to net earnings as it provides investors with an indication of cash available for distribution prior to debt service, capital expenditures and depreciation and amortization.

Below is a summary of the Financial Results for the three and nine month period ending September 30, 2005 with comparative results for the three and nine month\* period ending September 30, 2004. 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.retrocomreit.ca/investor\\_finance.htm](http://www.retrocomreit.ca/investor_finance.htm)).

\*The financial reporting for the nine month period in 2004 has been grossed up as the actual period only represents the 193 days from the REIT's inception to September 30, 2004.

\*\* The interpretation of distributable income was adjusted to reflect the recognition of income generated from discontinued operations and resulted in a revision of the Q2 2005 payout ratio.

## Financial Highlights:

	in \$000's	in \$000's	in \$000's	in \$000's	in \$000's
	Actual three months ended September 30, 2005 (1)	Actual three months ended September 30, 2004 (2)	Actual nine months ended September 30, 2005 (1)	Actual 193 Day Period ended September 30, 2004 (2)	Grossed up Actual Nine Month Ended September 30, 2004
	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Rental Revenue and Other Income	\$14,928	\$8,516	\$34,437	\$19,035	\$26,925
Expenses					
Operating	\$6,918	\$3,645	\$15,435	\$7,858	\$11,116
Trust Expenses	\$903	\$354	\$2,210	\$940	\$1,330
	\$7,821	\$3,999	\$17,645	\$8,799	\$12,446
Income before Interest, Depreciation & Amortization	\$7,107	\$4,517	\$16,792	\$10,236	\$14,479
Less: Interest	(\$3,743)	(\$1,981)	(\$8,172)	(\$4,068)	(\$5,755)
Depreciation & Amortization	(\$5,719)	(\$3,841)	(\$13,611)	(\$7,243)	(\$10,246)
Loss before Discontinued Operations	(\$2,355)	(\$1,305)	(\$4,992)	(\$1,075)	(\$1,521)
Gain (Loss) on Disposal of Discontinued Operations	(\$1,432)	\$0	(\$1,159)	\$0	\$0
Income (Loss) from Discontinued Operations	(\$448)	(\$133)	(\$351)	(\$1,400)	(\$1,980)
Net Loss	(\$4,235)	(\$1,438)	(\$6,502)	(\$2,475)	(\$3,501)
Add Back:					
Depreciation & Amortization (4)	\$5,612	\$4,690	\$14,087	\$9,837	\$13,915
Gain (Loss) on Disposal of IPP	\$1,432	\$0	\$1,159	\$0	\$0
Income (Loss) from Discontinued Operations (3)	\$275	\$0	\$97	\$0	\$0
Adjustment for Q3 2005 Acquisition (6)	\$606	\$0	\$606	\$0	\$0
Amortization of Fair Value					
Adjustment of Debt (5)	\$94	(\$26)	\$55	(\$46)	(\$65)
Distributable Income (7)	\$3,784	\$3,226	\$9,502	\$7,316	\$10,348
Distributable Income per Unit:					
Basic	\$0.23	\$0.26	\$0.69	\$0.61	\$0.86
Fully Diluted	\$0.18	\$0.26	\$0.62	\$0.59	\$0.83
Total Payout to Unitholders	\$4,719	\$3,119	\$10,957	\$6,527	\$9,232
Payout Ratio	125%	97%	115%	89%	89%
Weighted Average Units Outstanding					
Basic	16,723,989	12,176,000	13,708,656	12,044,078	12,044,078
Fully diluted	20,824,602	12,588,500	15,370,102	12,456,578	12,456,578

### Notes

- 1 Based on the unaudited financial statements for the three and nine months ended September 30, 2005.
- 2 Based on the unaudited financial statements for the three months ended September 30, 2004 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 add back is included in the depreciation and amortization add back.
- 4 Amounts in the three months ended September 30, 2004 has been adjusted from the previous filings to reflect the additions and deductions to Distributable Income, as defined in the REIT's Declaration of Trust. The add back of Depreciation and Amortization includes Depreciation and Amortization which is included in Income (Loss) from Discontinued Operations.

- 5 Includes Interest Rate Subsidy received from Vendor on Q3 2005 Acquisition lowering cash payments required under conventional debt.
- 6 The Adjustment for the Q3 2005 Acquisition is effective July 1, 2005 and as such the revenue and expenses from the properties were received by the Trust. The distributions paid to Unitholders in this quarter were based on the Trust owning the properties from July 1, 2005.
- 7 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.

## **Investor Conference Call**

A conference call to discuss the results will be held Wednesday November 16, 2005, at 10:30 am EST 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: **416-642-5212**

Toll-Free Access: **1-866-553-5934**

## **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. Further information can be found at <http://www.retrocomreit.ca>.

*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.*

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