



**Investor Relations Contact:**

Paul McKenna  
Retrocom Investment Management  
Tel: (416) 745-5775 x351  
Fax: (416) 745-5766  
[pmckenna@retrocom.ca](mailto:pmckenna@retrocom.ca)

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**RETROCOM MID-MARKET REIT ANNOUNCES SECOND QUARTER  
RESULTS**

**Toronto, Ontario** – August 12, 2005 – (TSX:**RMM.UN**) - Retrocom Mid-Market Real Estate Investment Trust announced today its financial results for the three months ended June 30, 2005.

During the second quarter the REIT's management team continued to focus on executing its internal and external growth strategies and improving efficiencies in an effort to lower costs.

Distributable income (see note 3) in the period was \$3.064 million or \$0.25 per unit basic or \$0.24 on a fully diluted basis for the three month period ending June 30, 2005. This compares with \$3.916 million and \$0.33 per unit basic and \$0.32 per unit fully diluted for the three month period ending June 30, 2004. The REIT declared \$3.119 million or \$0.26 per unit in cash distributions for the period. The lower distributable income for the second quarter 2005 is primarily due to a one-time lease termination payment received by the REIT in the second quarter 2004.

The Distribution Payout Ratio for the quarter was 102%, down from 108% in the prior quarter and 119% in the fourth quarter of 2004. The REIT's cumulative Distribution Payout Ratio since the inception of the REIT in March of 2004 is 100%.

Net Operating Income for the second quarter 2005 was \$6.134 million as compared with \$6.095 million in the same period in 2004.

The REIT's internal growth strategy consisted of refinancing activities which included a new mortgage facility for the Millwoods Mainstreet Mall in Edmonton, AB and the Gardiner's Road property in Kingston, ON. Proceeds from the refinancings went towards paying down the REIT's operating facility. The terms of these mortgages helped reduce the overall cost of borrowing to the REIT and provide increased borrowing capacity on the REIT's operating facility. In addition, the REIT disposed of two properties, Glenmore Commerce Court and the REIT's 50% interest in Northgate Shopping Centre. Proceeds were used to pay down debt.

In May, the REIT entered into an agreement to acquire a portfolio of seven retail properties across Canada. The effective closing date was July 1, 2005 and the REIT expects to see positive financial results from this acquisition in the third quarter and going forward.

Consolidated gross revenue was \$10.288 million for the three month period ending June 30, 2005 compared with \$10.119 million in the same period in 2004. Operating expenses were \$4.154 million in the period compared with \$4.024 in the same period of 2004. General, administrative and trust expenses were \$0.73 million for the second quarter compared with \$0.380 in the same quarter of 2004.

The REIT generated a loss of \$0.78 million (\$0.064 per unit) after income from discontinued operations of \$0.355 million (including a gain from sale of property of \$.273 million), up from a loss of \$0.914 million in the second quarter of 2004. Debt service was \$2.409 million and depreciation and amortization was \$4.129 million for the period compared with \$2.028 million and \$4.649 million respectively in the second quarter of 2004. The net loss is primarily the result of depreciation and amortization, (non cash items).

The REIT's EBITDA (defined as earnings before interest, incomes taxes, depreciation and amortization,) was \$5.758 million for the second quarter compared with \$5.763 million in the second quarter of 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.

Cash used by operating activities in the period amounted to \$1.095 million. Funds from operations provided \$2.887 million, and \$4.173 million was used by working capital items. Financing activities provided net cash of \$5.054 million, which was primarily related to refinancing mortgages, pay distributions to unitholders, pay down debt and the operating line. Investing activities used \$2.986 million primarily to fund deposits and acquisition cost relating to portfolio acquired as described above.

Below is a summary of the Financial Results for the three month period ending June 30, 2005 with comparative results for the three month period ending June 30, 2004. Full Financial Results will be available on SEDAR ([www.sedar.com](http://www.sedar.com)) as well as the Retrocom Mid-Market REIT website ([www.retrocomreit.ca](http://www.retrocomreit.ca)).

**Financial Highlights:**  
(In Thousands, except per unit amounts)

	Three Months Ended June 30, 2005 (Note 1) (unaudited)	Three Months Ended June 30, 2004 (Note 2) (unaudited)
Rental Revenue and Other Income	\$ 10,288	\$ 10,119
Expenses		
Operating	4,154	4,024
<b>Net Operating Income</b>	<b>6,134</b>	<b>6,095</b>
Less: Trust Expenses	(731)	(380)
Interest	(2,409)	(2,028)
Depreciation & Amortization	(4,129)	(4,649)
Loss Before Discontinued Operations	(1,135)	(962)
Discontinued Operations		
Net Income from discontinued operations	82	48
Gain on Sale	273	-
<b>Loss</b>	<b>(780)</b>	<b>(914)</b>
Add: Depreciation & amortization	4,135	4,850
Less: Gain on Disposal of IPP	(273)	-
Adjustment of debt	(18)	(20)
<b>Distributable Income (3)</b>	<b>\$ 3,064</b>	<b>\$ 3,916</b>
<b>Distributable Income per Unit:</b>		
Basic	\$ 0.25	\$ 0.33
Fully Diluted	\$ 0.24	\$ 0.32
Total Payout to Unitholders	\$ 3,119	\$ 3,119
Payout Ratio	102%	80%
Weighted Average Units Outstanding		
Basic	12,176,000	12,017,857
Fully Diluted	12,588,500	12,430,357

**Notes**

- 1 Based on the unaudited financial statements for the three months ended June 30, 2005.
- 2 Based on the unaudited financial statements for the three months ended June 30, 2004 which have been adjusted to reflect the GAAP treatment of properties sold or held for resale.
- 3 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 Monday August 15, 2005, at 5:00pm 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: 416-642-5212

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

*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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For further information: Paul J. McKenna, Investor Relations Tel: (416) 745-5775 x351, Fax: (416) 745-5677, E-mail: [pmckenna@retrocom.ca](mailto:pmckenna@retrocom.ca).