

CALLOWAY

REAL ESTATE INVESTMENT TRUST

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TSX SYMBOL: CWT

**CALLOWAY REAL ESTATE INVESTMENT TRUST COMPLETES
OFFERING OF \$100 MILLION OF TRUST UNITS AND CONVERTIBLE
UNSECURED SUBORDINATED DEBENTURES**

NOT FOR DISTRIBUTION IN THE UNITED STATES OR OVER UNITED STATES WIRE SERVICES

Toronto, Ontario (January 5, 2010) - Calloway Real Estate Investment Trust ("Calloway") (TSX:CWT.UN) announced that it has closed its previously announced offering of \$60 million principal amount 5.75% convertible unsecured subordinated debentures ("Debentures") and 2,100,000 trust units ("Trust Units") at a price of \$19.05 per unit to raise, in aggregate, gross proceeds of approximately \$100 million.

The net proceeds from the offering of \$96,154,800, after deducting the underwriters' fee of \$3,850,200, will be used by Calloway to pay down its lines of credit, to finance future acquisitions and for general trust purposes.

A syndicate led by CIBC World Markets Inc. acted as underwriters for the offerings. The offering was made under Calloway's existing short form base shelf prospectus dated October 1, 2009. The terms of the offering are described in a prospectus supplement dated December 18, 2009, which was filed with Canadian securities regulators.

The Debentures bear interest at a rate of 5.75% per annum payable semi-annually in arrears on June 30 and December 31 in each year commencing on June 30, 2010 and mature on June 30, 2017 (the "Maturity Date"). The Debentures are convertible at the holder's option into trust units of Calloway (the "Units") at any time prior to the earlier of the Maturity Date and the date fixed for redemption at a conversion price of \$25.75 per Unit (the "Conversion Price"). The Debentures are not redeemable on or before June 30, 2013. After June 30, 2013 and on or prior to June 30, 2015, the Debentures may be redeemed in whole or in part from time to time at Calloway's option provided that the volume weighted average trading price for the Units is not less than 125% of the Conversion Price. After June 30, 2015 and prior to the Maturity Date, the Debentures may be redeemed in whole or in part from time to time at Calloway's option at a price equal to their principal amount plus accrued interest. Subject to regulatory approval, Calloway may satisfy its obligation to repay the principal amount of the Debentures on redemption or at maturity, in whole or in part, by delivering that number of Units equal to the amount due divided by 95% of the market price for the units at that time, plus accrued interest in cash.

Calloway Real Estate Investment Trust is an unincorporated open-end real estate investment trust focused on the ownership and development of high quality retail properties.



The Toronto Stock Exchange neither approves nor disapproves of the contents of this Press Release.

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