

# CALLOWAY

## REAL ESTATE INVESTMENT TRUST

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### **Calloway Real Estate Investment Trust**

TSX: CWT.UN

## **Calloway REIT Announces Agreements to Acquire Two Large Scale Walmart Anchored Centres in Ontario and Quebec**

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**TORONTO, ONTARIO — (August 31, 2010)** - Calloway REIT (TSX:CWT.UN) announced today that it has waived conditions in agreements to acquire two new, large-scale, unenclosed shopping centres, totalling approximately 1.1 million square feet on completion, for initial consideration of approximately \$131 million, including transaction costs. Calloway expects to invest a further \$94 million over the next 5 years as additional space is built and occupied in the centres.

“These properties represent the highest standard for retail income in the country and are in keeping with the quality of the rest of our portfolio – well located, well tenanted, Walmart anchored properties that are dominant in their markets,” said Simon Nyilassy, Calloway’s President and CEO.

“Our brand of shopping centres has proven its strength in the recent recession. Occupancy levels are already back over 99%, and remained above 98.4% throughout – a narrow range, which is a testament to the stability of our assets,” Nyilassy added. “Now, we are pleased to be able to add two more quality properties to our existing portfolio of 127, predominantly Walmart anchored centres.”

The two centres are in Laval, Quebec and Sarnia, Ontario. Laval is anchored by a Walmart, Canadian Tire and Sobeys (IGA) and also includes a 28,000 square foot Winners store and an 8,500 square foot SAQ (the Quebec equivalent to the LCBO in Ontario). These tenants have all signed long-term leases representing their commitment to this centre. Plans call for the centre to have almost 770,000 square feet of leasable area, including a home improvement retailer, of which 460,000 square feet is now built and occupied. Once completed, this centre will be Calloway’s largest property.

Sarnia will have almost 380,000 square feet on completion, of which approximately 270,000 square feet is currently built, including a 215,000 square foot Walmart Supercentre. A 27,000 square foot Winners store will be opening before the end of this year. The initial investment in



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these properties will yield a return of approximately 6.8%. Future investments will yield a return of 7.2%, resulting in an overall return of approximately 7.0% on completion.

“The Laval property, located in the east end of this growing suburb of Montreal, will complement our 560,000 square foot property on the west side of Laval. The Sarnia property, one of the largest of its type in this area, is conveniently located just off Highway 402, where it serves a stable southern Ontario market,” said Nyilassy. “We look forward to providing an exceptional value oriented shopping experience in these communities.”

Calloway will finance the transaction with the issuance of up to 630,000 units of a subsidiary limited partnership at \$21.60 per unit (the “LP Units”), exchangeable into Calloway REIT units on a one-for-one basis, representing a maximum of approximately \$13.6 million of the purchase price, and the balance with cash resources. The LP Units will be issued to Mr. Mitchell Goldhar, owner of a 23.3% interest in Calloway and owner of SmartCentres, one of the vendors. Mr. Goldhar will be entitled to subscribe for up to an additional 1,000,000 limited partnership units at the then market price conditional on the additional leasing and build out of the centres. These units are exchangeable into Calloway REIT units on a one-for-one basis.

The transaction is expected to close during the third quarter in 2010.

This press release contains "forward looking statements" subject to various significant risks and uncertainties which may cause actual results, performances or achievements of Calloway to be materially different from any future results, performances or achievements expressed or implied by such forward looking statements. Such risk factors include, but are not limited to, risks associated with real property ownership, availability of cash flow, restrictions on redemption, general uninsured losses, future property acquisitions, environmental matters, tax related matters, debt financing, Unitholder liability, potential conflicts of interest, potential dilution, and reliance on key personnel. Calloway cannot assure investors that actual results will be consistent with these forward looking statements and Calloway assumes no obligation to update or revise them to reflect new events or circumstances.

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