

CALLOWAY

REAL ESTATE INVESTMENT TRUST

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CALLOWAY REAL ESTATE INVESTMENT TRUST RELEASES FOURTH QUARTER AND YEAR END RESULTS

TORONTO, ONTARIO – (February 24, 2010) Calloway Real Estate Investment Trust (TSX:CWT.UN) is pleased to report its results for the fourth quarter and year ended December 31, 2009.

Highlights of the Quarter:

- Raised \$100 million in capital that closed in 2010
- Invested \$53.7 million to complete the development and lease up of 205,413 square feet of leaseable area
- Portfolio occupancy rate increased to approximately 99%
- Net income from continuing operations decreased by \$5.0 million to \$7.5 million and funds from operations (non-GAAP measure) decreased by \$4.5 million to \$40.1 million compared to the same period in 2008 as higher interest expense and lower interest income offset improved operating results
- Monthly distributions are confirmed for the period of February to April

Highlights of the Year:

- Raised \$265.8 million through term financing
- Issued \$225.0 million and repaid \$153.5 million principal amount of unsecured debentures
- Raised \$50.0 million through a new issuance of Trust units
- Closed on a new two year \$160 million operating facility
- Acquired a 50% leasehold interest in an income property for \$40.8 million
- Invested \$186.5 million to complete the development and lease up of 775,490 square feet of leasable area
- Portfolio occupancy rate maintained above 98.0% throughout the year
- Net income from continuing operations decreased by \$14.0 million and funds from operations (non-GAAP measure) decreased by \$8.3 million to \$162.0 million compared to 2008 as higher interest expense and lower interest income offset improved operating results

Simon Nyilassy, President & CEO, said, “Calloway’s operating strengths prevailed during 2009. High occupancy rates resulted in stable cash flow, quality tenants limited the number of bankruptcies, and recently built properties leased to many of Canada’s top retailers enabled Calloway to access capital at competitive rates.”

Quarterly Results

The income-producing portfolio generated revenue of \$116.2 million in the fourth quarter, a \$6.6 million increase over the same period in the prior year. Net operating income (non-GAAP measure) for the fourth quarter of \$75.0 million increased \$2.2 million or 3.0% over the same period in the previous year. This growth is attributed to developments and acquisitions during 2009. Income from continuing operations and cash flow as measured by Funds from Operations (FFO – a non-GAAP measure) decreased by \$5.0



million and \$4.5 million respectively. This decrease is due to higher interest expense (\$5.3 million) and lower interest income (\$2.0 million) offsetting the improved results from operations. FFO per unit for the fourth quarter (fully diluted) was \$0.40 compared to \$0.47 in the previous year. The Trust's quarterly distribution of \$0.39 per unit represents a payout ratio (to FFO) of 96.0% compared to 83.0% in the same period in 2008. This distribution is confirmed for the period of February to April.

Annual Results

As at December 31, 2009, Calloway's \$4.2 billion real estate portfolio included 22.8 million square feet of built gross leasable area and 5.1 million square feet of future developable area in 117 operating and 10 development properties.

Developments completed during the year comprised approximately 775,490 square feet of leasable area at a cost of \$186.5 million.

Calloway has been successful at recapitalizing its balance sheet. During the year, the Trust issued unsecured debentures (\$225 million), convertible debentures (\$60 million), and equity (\$90 million) for a total of \$375 million.

In addition, the Trust received \$265.8 million in new term mortgages with an average term of 4.6 years and weighted average interest rate of 5.7%.

As a result of these financing activities, Calloway has reduced its debt to gross book value (non-GAAP measure) to 55.3% (57.9% including convertible debentures) at year-end which is at the low end (below) of the Trust's target range of 55.0%-60.0% (60.0% to 65.0% including convertible debentures). This will enable the Trust to address its committed financing obligations through to 2011.

Net income for the year totalled \$0.24 per unit compared to \$0.95 per unit in 2008, primarily the result of gains on asset sales in 2008. Net income from continuing operations totalled \$0.24 per unit compared to \$0.40 per unit in 2008. The decrease was due to higher interest expense and higher write down of capital. Cash provided by operating activities decreased by \$1.3 million to \$142.8 million over the previous year due to higher investment in working capital.

Continued high occupancy levels of over 98% throughout the year, as well as Calloway's acquisition and development program, helped the income-producing portfolio to generate revenue of \$447.0 million in the year, a \$31.5 million increase over the prior year. Net operating income (non-GAAP measure) of \$294.3 million increased \$19.7 million or 7.2% over the previous year. Income from continuing operations decreased \$14.0 million over the previous year. Annual cash flow as measured by Funds from Operations (FFO – a non-GAAP measure) totalled \$162.0 million, a decrease of \$8.3 million or 4.9% over 2008. The year-over-year results were positively impacted by completed acquisitions and developments generating income of \$19.7 million offset by decreased interest income (\$6.5 million), increase interest expense (\$15.7 million) and increase amortization expense (\$12.5 million). The previous year also included a writedown of properties under development (\$1.8 million). FFO per unit (fully diluted) was \$1.67 compared to \$1.81 in the previous year. The Trust's annual distribution of \$1.55 per unit represents a payout ratio (to FFO) of 92.8% compared to 85.6% in 2008.

The non-GAAP measures identified in this Press Release do not have any standardized meaning prescribed by Canadian generally accepted accounting principles ("GAAP") and are therefore unlikely to be comparable to similar measures presented by other issuers. These non-GAAP measures are more fully defined and discussed in the management discussion and analysis of Calloway for the year ended December 31, 2009, available on SEDAR website at www.sedar.com.



Full reports of the financial results of the Trust for the year are outlined in the audited financial statements and the related management discussion and analysis of Calloway, available on the SEDAR website at www.sedar.com. In addition, supplemental information is available on Calloway's website at www.callowayreit.com.

Calloway will hold a conference call on Thursday February 25, 2010 at 11:00 a.m. (ET). Participating in the call will be members of Calloway's senior management.

Investors are invited to access the call by dialing 1-800-814-4860. You will be required to identify yourself and the organization on whose behalf you are participating. A recording of this call will be made available Thursday, February 25, 2010 beginning at 1:00 p.m. (ET) through to 11:59 p.m. (ET) on Thursday, March 4, 2010. To access the recording, please call 1-877-289-8525 and use the reservation number 4204836#.

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

