



Notice of Annual Meeting
of holders of Units and Special Voting Units
to be held on May 10, 2007
- and -
Management Information Circular

Dated March 14, 2007

TABLE OF CONTENTS

NOTICE OF ANNUAL MEETING OF VOTING UNITHOLDERS	1
SOLICITATION OF PROXIES AND VOTING AT THE MEETING	2
Solicitation of Proxies	2
Appointment and Revocation of Proxies.....	2
Signature of Proxy.....	3
Voting of Proxies	3
Exercise of Discretion of Proxy	3
Notice to Beneficial Holders of Voting Units	3
INFORMATION RESPECTING CALLOWAY REAL ESTATE INVESTMENT TRUST.....	4
General	4
Authorized Capital	4
Units	5
Special Voting Units	5
Principal Unitholders.....	5
Trustees	6
Cease Trade Orders, Bankruptcies, Penalties or Sanctions	8
Governance.....	9
Executive Compensation	15
Unit Performance Graph	20
Indebtedness of Trustees and Officers	20
Equity Compensation Plan Information	22
Interests of Management and Others In Material Transactions.....	25
Additional Information.....	25
PARTICULARS OF MATTERS TO BE ACTED UPON.....	26
Meetings of Voting Unitholders.....	26
Financial Statements.....	26
Fix Number of Trustees.....	26
Election of Trustees.....	26
Re-Appointment of Auditors.....	27
Adoption of Amendments to the Deferred Unit Plan	27
Interest of Certain Persons in Matters to be Acted Upon	28
Other Business.....	28
APPROVAL OF TRUSTEES.....	28
SCHEDULE “A” – MANDATE OF THE BOARD	A-1

**CALLOWAY REAL ESTATE INVESTMENT TRUST
NOTICE OF ANNUAL MEETING OF VOTING UNITHOLDERS
to be held on May 10, 2007**

NOTICE IS HEREBY GIVEN that an annual meeting (the "Meeting") of the holders of Units ("Units") and special voting Units ("Special Voting Units") of Calloway Real Estate Investment Trust ("Calloway" or the "Trust") will be held at the Toronto Board of Trade located at 1 First Canadian Place, 77 Adelaide Street West, Toronto, Ontario, on May 10, 2007 at 2:00 p.m. (Toronto time) for the following purposes:

1. To receive and consider the consolidated financial statements of the Trust for the year ended December 31, 2006 and the auditor's report thereon;
2. To fix the aggregate number of trustees to be elected or appointed at the Meeting at not more than 9;
3. To elect the persons named as proposed trustees in the Management Information Circular accompanying this notice as trustees of the Trust for the ensuing year;
4. To re-appoint PricewaterhouseCoopers LLP, Chartered Accountants as auditors of the Trust for the ensuing year and to authorize the trustees of the Trust to fix the remuneration of such auditors;
5. To approve certain amendments to the Deferred Unit Plan of the Trust, all as more particularly set forth in the Management Information Circular accompanying this notice; and
6. To transact such other business as may properly come before the Meeting or any adjournment thereof.

The holders of Units ("Unitholders") and the holders of Special Voting Units ("Special Voting Unitholders") are collectively referred to herein as the "Voting Unitholders". The Units and Special Voting Units are collectively referred to herein as the "Voting Units".

The specific details of the matters proposed to be put before the Meeting are set forth in the accompanying Management Information Circular. The record date for determination of Voting Unitholders entitled to receive notice of and to vote at the Meeting is April 5, 2007 (the "Record Date"). Only Voting Unitholders whose names have been entered in the register of Voting Unitholders at the close of business on the Record Date and holders of Voting Units issued by Calloway after such date and prior to the Meeting will be entitled to receive notice of and to vote at the Meeting; provided that, to the extent a Voting Unitholder transfers the ownership of any Voting Units after the Record Date and the transferee of those Voting Units establishes that such transferee owns the Voting Units and demands, not later than 10 days before the Meeting, to be included in the list of Voting Unitholders eligible to vote at the Meeting, such transferee will be entitled to vote those Voting Units at the Meeting.

A Voting Unitholder may attend the Meeting in person or may be represented by proxy. Voting Unitholders who are unable to attend the Meeting or any adjournment thereof in person are requested to date, sign and return the accompanying form of proxy for use at the Meeting or any adjournment thereof. To be effective:

- (a) a proxy submitted by a holder of Units must be received by the Chief Financial Officer of Calloway, c/o Computershare Trust Company of Canada, 100 University Avenue, 9th Floor, Toronto, Ontario M5J 2Y1; and
- (b) a proxy submitted by a holder of Special Voting Units must be received by the Chief Financial Officer of Calloway at the head office of Calloway located at 700 Applewood Crescent, Suite 200, Vaughan, Ontario L4K 5X3;

in each case at least 48 hours (excluding Saturdays, Sundays and holidays) prior to the time set for the Meeting or any adjournment thereof.

DATED at the City of Vaughan, in the Province of Ontario, this 14th day of March, 2007.

**BY ORDER OF THE BOARD OF TRUSTEES OF
CALLOWAY REAL ESTATE INVESTMENT TRUST**

(signed) Simon Nyilassy

Simon Nyilassy
President, Chief Executive Officer and a Trustee

**CALLOWAY REAL ESTATE INVESTMENT TRUST
MANAGEMENT INFORMATION CIRCULAR
For the Annual Meeting of Voting Unitholders to be held on May 10, 2007**

SOLICITATION OF PROXIES AND VOTING AT THE MEETING

Solicitation of Proxies

This Management Information Circular is furnished in connection with the solicitation of proxies by the management of Calloway Real Estate Investment Trust (“Calloway” or the “Trust”) to be used at the annual meeting (the “Meeting”) of the holders of Units (“Units”) and special voting Units (“Special Voting Units”) of Calloway to be held at the Toronto Board of Traded, located at 1 First Canadian Place, 77 Adelaide Street West, Toronto, Ontario, on May 10, 2007 at 2:00 p.m. (Toronto time), and at any adjournment thereof, for the purposes set forth in the enclosed Notice of Annual Meeting. Solicitations of proxies will be primarily by mail, but may also be by newspaper publication, in person or by telephone, teletype or oral communication by directors, officers, employees or agents of Calloway who may be specifically remunerated for such solicitations. All costs of the solicitation will be borne by Calloway. The information contained herein is given as of March 14, 2007 except where otherwise indicated.

The holders of Units (“Unitholders”) and the holders of Special Voting Units (“Special Voting Unitholders”) are collectively referred to herein as the “Voting Unitholders”. The Units and Special Voting Units are collectively referred to herein as the “Voting Units”.

Appointment and Revocation of Proxies

The persons named in the accompanying form of proxy are trustees or officers of Calloway. **A Voting Unitholder desiring to appoint a person (who need not be a Voting Unitholder) to represent such Voting Unitholder at the Meeting other than the persons designated in the accompanying form of proxy may do so either by inserting such person’s name in the blank space provided in the form of proxy or by completing another form of proxy and, in either case, sending or delivering the completed proxy to the Chief Financial Officer of Calloway. To be effective:**

- (a) a proxy submitted by a holder of Units must be received by the Chief Financial Officer of Calloway, c/o Computershare Trust Company of Canada, 100 University Avenue, 9th Floor, Toronto, Ontario M5J 2Y1; and
- (b) a proxy submitted by a holder of Special Voting Units must be received by the Chief Financial Officer of Calloway at the head office of Calloway located at 700 Applewood Crescent, Suite 200, Vaughan, Ontario L4K 5X3;

in each case at least 48 hours (excluding Saturdays, Sundays and holidays) prior to the time set for the Meeting or any adjournment thereof. Failure to so deposit a form of proxy shall result in its invalidation.

A Voting Unitholder who has given a form of proxy may revoke it as to any matter on which a vote has not already been held pursuant to its authority by an instrument in writing executed by such Voting Unitholder or by his attorney duly authorized in writing or, if the Voting Unitholder is a corporation, by an officer or attorney thereof duly authorized, and deposited either at the above mentioned office of Computershare Trust Company of Canada on or before the last business day preceding the day of the Meeting or any adjournment thereof, or with the chairman of the Meeting on the day of the Meeting or any adjournment thereof. Notwithstanding the foregoing, if a registered Voting Unitholder attends personally at the Meeting, such Voting Unitholder may revoke the proxy and vote in person.

The Board of Trustees of Calloway has fixed the record date (“Record Date”) for the Meeting as at the close of business on April 5, 2007. Voting Unitholders of Calloway of record as at the Record Date are entitled to receive notice of, to attend and to vote at the Meeting, except to the extent such Unitholder transfers any of such Unitholder’s Voting Units after the Record Date and the transferee of those Voting Units establishes that such transferee owns the Voting Units and demands, not later than 10 days before the Meeting, that the transferee’s name

be included in the list of Voting Unitholders entitled to vote, in which case such transferee shall be entitled to vote such Voting Units at the applicable Meeting.

Signature of Proxy

The form of proxy must be executed by the Voting Unitholder or his attorney authorized in writing or, if the Voting Unitholder is a corporation, the form of proxy should be signed in its corporate name under its corporate seal by an authorized officer whose title should be indicated. A proxy signed by a person acting as attorney or in some other representative capacity should reflect such person's capacity following his signature and should be accompanied by the appropriate instrument evidencing qualification and authority to act (unless such instrument has been previously filed with Calloway).

Voting of Proxies

The persons named in the accompanying form of proxy will vote the Voting Units in respect of which they are appointed in accordance with the direction of the Voting Unitholder appointing them. **In the absence of such direction, such Voting Units will be voted in favour of the following resolutions:**

1. **Fixing the aggregate number of trustees to be elected or appointed at the Meeting at not more than 9;**
2. **Electing the persons named as proposed trustees in this Management Information Circular as trustees of the Trust for the ensuing year;**
3. **Re-appointing PricewaterhouseCoopers LLP, Chartered Accountants as auditors of the Trust for the ensuing year and to authorize the trustees of the Trust to fix the remuneration of such auditors; and**
4. **Approving certain amendments to the Deferred Unit Plan of the Trust, all as more particularly set forth in this Management Information Circular.**

Exercise of Discretion of Proxy

The accompanying form of proxy confers discretionary authority upon the persons named therein with respect to amendments or variations to matters identified in the accompanying Notice of Annual Meeting and this Management Information Circular and with respect to other matters that may properly come before the Meeting. At the date of this Management Information Circular, management of Calloway ("Management") knows of no amendments, variations or other matters to come before the Meeting other than the matters referred to in the Notice of Annual Meeting.

Notice to Beneficial Holders of Voting Units

The information set forth in this section is of significant importance to many Voting Unitholders, as a substantial number of Voting Unitholders do not hold Voting Units in their own name. Voting Unitholders who do not hold their Voting Units in their own name (referred to herein as "Beneficial Voting Unitholders") should note that only proxies deposited by Voting Unitholders whose names appear on the records of Calloway as the registered holders of Voting Units can be recognized and acted upon at the Meeting. If Voting Units are listed in an account statement provided to a Voting Unitholder by a broker or other intermediary, then in almost all cases, those Voting Units will not be registered in the Voting Unitholder's name on the records of Calloway. Such Voting Units will more likely be registered under the name of the Voting Unitholder's broker or other intermediary or an agent of that broker or other intermediary. In Canada, the vast majority of such securities are registered under the name of CDS & Co. (the registration name for CDS Clearing and Depository Services Inc., which acts as nominee for many Canadian brokerage firms and other intermediaries). Voting Units held by brokers or other intermediaries or their agents can only be voted (for or against resolutions) upon the instructions of the Beneficial Voting Unitholder. Without specific instructions, brokers and other intermediaries are prohibited from voting the Voting Units for their clients. The Fund does not know for whose benefit the Units registered in the name of CDS & Co. are held.

Applicable regulatory policy requires brokers and other intermediaries to seek voting instructions from Beneficial Voting Unitholders in advance of meetings of Voting Unitholders. Every broker or other intermediary has its own mailing procedures and provides its own return instructions, which should be carefully followed by Beneficial

Voting Unitholders in order to ensure that their Voting Units are voted at the Meeting. Often, the form of proxy supplied to a Beneficial Voting Unitholder by its broker or other intermediary is identical to the form of proxy provided to registered Voting Unitholders; however, its purpose is limited to instructing the registered Voting Unitholders how to vote on behalf of the Beneficial Voting Unitholder. The majority of brokers now delegate responsibility for obtaining instructions from clients to ADP Investor Communications (“ADP”). ADP typically mails a scannable Voting Instruction Form in lieu of the form of proxy. The Beneficial Unitholder is requested to complete and return the Voting Instruction Form by mail or facsimile. Alternatively, the Beneficial Unitholder can follow specific telephone or other voting procedures to vote the Units held by the Beneficial Unitholder. ADP then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of Units to be represented at the Meeting. A Beneficial Unitholder receiving a form of proxy from their broker or other intermediary or a Voting Instruction Form from ADP cannot use that form of proxy or Voting Instruction Form to vote Units directly at the Meeting as the form of proxy or Voting Instruction Form must be returned as directed by ADP, as applicable, or the alternate voting procedures specified by the broker or other intermediary or ADP, as applicable, must be completed, well in advance of the Meeting in order to have the Units voted.

Although a Beneficial Voting Unitholder may not be recognized directly at the Meeting for the purposes of voting the Voting Units registered in the name of his or her broker or other intermediary, a Beneficial Voting Unitholder may attend at the Meeting as proxyholder for the registered Voting Unitholder and vote the Voting Units in that capacity. Beneficial Voting Unitholders who wish to attend at the Meeting and indirectly vote their Voting Units as proxyholder for the registered Voting Unitholder should enter their own names in the blank space on the instrument of proxy provided to them by their broker or other intermediary and return the same to their broker or other intermediary in accordance with the instructions provided by such broker or other intermediary, well in advance of the Meeting.

INFORMATION RESPECTING CALLOWAY REAL ESTATE INVESTMENT TRUST

General

Calloway is an unincorporated “open-end” real estate investment trust constituted in accordance with the laws of the Province of Alberta pursuant to a declaration of trust dated December 4, 2001, as most recently amended and restated as of May 16, 2006 (the “Declaration of Trust”). Calloway was created to invest in income-producing rental properties located in Canada. The principal and head office of Calloway is located at 700 Applewood Crescent, Suite 200, Vaughan, Ontario L4K 5X3.

Calloway’s objectives are to provide Unitholders with stable and growing tax deferred cash distributions through the acquisition, development and operation of a portfolio of well-located, well-leased, primarily large format unenclosed retail centres in Canada; and to enhance the value of Calloway’s assets and unit value through effective management, leasing and re-development of its assets; and through effective control of long-term cost of capital and operating costs.

Calloway intends to invest primarily in large format, unenclosed retail rental properties with strong tenant covenants, stable yields, low vacancy levels and growth potential and to build a geographically diversified portfolio of such properties. Calloway believes it will be able to implement an investment strategy of acquiring additional properties with these characteristics to provide additional cash flow and further enhance the long-term portfolio value. To the extent that opportunities exist, and to the extent that management and the board of trustees of Calloway believe such opportunities are beneficial to Unitholders, Calloway will continue to acquire well-anchored large format, unenclosed retail centres.

Authorized Capital

The Declaration of Trust authorizes the issuance of an unlimited number of two classes of units: Units (See “Information Respecting Calloway Real Estate Investment Trust – Units”) and Special Voting Units (See “Information Respecting Calloway Real Estate Investment Trust – Special Voting Units”).

As of March 14, 2007, the Trust had 75,489,446 Units and 15,019,079 Special Voting Units outstanding for a total of 90,508,525 outstanding Voting Units.

Units

An unlimited number of Units may be created and issued pursuant to the Declaration of Trust. Each Unit represents an equal fractional undivided beneficial interest in any distributions from the Trust, and in any net assets of the Trust in the event of termination or winding-up of the Trust. All Units are of the same class with equal rights and privileges. Each Unit is transferable, entitles the holder thereof to participate equally in distributions, including the distributions of net income and net realized capital gains of the Trust and distributions on liquidation, is fully paid and non-assessable and entitles the holder thereof to one vote at all meetings of Unitholders for each Unit held.

Special Voting Units

An unlimited number of Special Voting Units may be created and issued pursuant to the Declaration of Trust. Special Voting Units may be issued by the Trust from time to time which shall entitle the holder of an Exchangeable Security (as defined below) to such number of votes at meetings of Voting Unitholders as is equal to the number of Units into which such Exchangeable Security (other than an Exchangeable Security owned by the Trust or any subsidiary of the Trust) is then exchangeable or convertible for. For greater certainty, holders of Special Voting Units shall not be entitled, by virtue of their holding of Special Voting Units, to distributions of any nature whatsoever from the Trust nor shall they have any beneficial interest in any assets of the Trust on termination or winding up of the Trust. Special Voting Units are not separately transferable from the Exchangeable Security to which they relate and are automatically redeemed and cancelled upon the exercise or conversion of such Exchangeable Security.

“Exchangeable Security” means any security of any trust, limited partnership or corporation other than the Trust that is convertible or exchangeable directly for Units without the payment of additional consideration therefore.

Notwithstanding the foregoing, if in any given 365 day period in the five year period from July 1, 2005, the average weighted aggregate number of Special Voting Units plus Units held or controlled by Mitchell Goldhar, companies controlled by Mitchell Goldhar or affiliates of such companies (collectively referred to herein as “SmartCentres”) is equal to or greater than 15,000,000, then so long as Mr. Mitchell Goldhar remains a Trustee and SmartCentres directly or indirectly beneficially owns or controls less than 25% of the voting rights attached to all voting securities of the Trust, the Trust shall issue such number of additional Special Voting Units (the “Additional Special Voting Units”) which will entitle SmartCentres to cast 25% of the votes attached to all voting securities of Calloway at a meeting of the holders of Units and Special Voting Units. SmartCentres’ entitlement under this clause shall extend for an additional five year period should SmartCentres sell in aggregate at least \$800,000,000 of freehold assets (including freehold interests in assets sold under development arrangements) to the Trust or its affiliates during the initial 5 year period, provided that number of Units and Special Voting Units held or controlled by SmartCentres shall be increased to the lesser of 20,000,000 or 20% of the aggregate issued and outstanding Units plus Special Voting Units and provided that Mr. Mitchell Goldhar remains a trustee of Calloway.

Principal Voting Unitholders

To the knowledge of Calloway, as at March 14, 2007, no person or company beneficially owned, directly or indirectly, or exercised control or direction over, voting securities of Calloway carrying more than 10% of the voting rights attached to any class of voting securities of Calloway except as set out below:

Voting Unitholder and Municipality of Residence	Type of Ownership	Units		Special Voting Units		Voting Units	
		Number	Percentage	Number	Percentage	Number	Percentage
Mitchell Goldhar ^{(1) (2)} Vaughan, ON	Beneficial	9,335,991	12.37%	11,002,718	73.26%	20,338,709	22.47%

Note:

- (1) These Voting Units are held by companies controlled by Mitchell Goldhar.
- (2) Notwithstanding the foregoing, pursuant to the terms of the Declaration of Trust, Mr. Goldhar shall be entitled to 25% of the votes cast at the Meeting. See "Information Respecting Calloway Real Estate Investment Trust – Special Voting Units".

Trustees

The following table sets forth the name, age, municipality of residence, current office held with Calloway and experience and principal occupation during at least the last five (5) years of each of the current Trustees of Calloway and each of the individuals to be nominated for election as a Trustee of Calloway at the Meeting or to be appointed by SmartCentres upon the conclusion of the Meeting (see "Particulars of Matters to be Acted Upon - Election of Trustees"), each of whom shall take office from and after the Meeting. Information regarding the number of Voting Units owned by each individual is set forth under "Information Respecting Calloway Real Estate Investment Trust – Executive Compensation - Trustee Equity Ownership". Trustees elected at the Meeting, or appointed by SmartCentres, will hold office from and after the closing of the Meeting until the conclusion of the next meeting of Voting Unitholders held to elect Trustees, unless re-elected at that meeting.

<u>Name, Age and Municipality Of Residence</u>	<u>Current Office In Calloway⁽⁴⁾</u>	<u>Principal Occupation</u>
Simon Nyilassy, 51 Toronto, Ontario	President, Chief Executive Officer and Trustee	President and Chief Executive Officer of Calloway Real Estate Investment Trust since July 8, 2005. Executive Vice-President Finance and Treasury of SmartCentres (formerly FirstPro Shopping Centres), a private shopping centre development company in Vaughan, Ontario, from November 2000 to July 8, 2005. Finance consultant from August 1998 to November 2000. Trustee of Calloway Real Estate Investment Trust since November, 2003. Mr. Nyilassy is a Chartered Accountant and has a Bachelor of Science degree from the University of Warwick (1976).
David M. Calnan ⁽²⁾ , 51 Calgary, Alberta	Secretary and Trustee	Partner of Shea Nerland Calnan LLP, Barristers and Solicitors, from 1990 to present. Secretary and a Trustee of Calloway Real Estate Investment Trust since December 4, 2001. Mr. Calnan is a member of the Law Society of Alberta. Mr. Calnan has a Bachelor of Arts from the Queens University (1977) and a Bachelor of Laws from the University of Toronto (1981).
Jamie M. McVicar ⁽¹⁾⁽³⁾ , 48 Canmore, Alberta	Trustee	Chief Financial Officer then Vice President Finance and Administration at Devonian Properties Inc., a property development company, from October 2000 to present. President of Newell Post Developments Ltd., a property development company, from June 1998 to June 2000. Legal counsel for Oxford Development Group, a property development company, from 1988 to June 1998. Trustee of Calloway Real Estate Investment Trust since December 4, 2001. Mr. McVicar is a member of the Law Society of Alberta and has a Bachelor of Commerce from the University of Alberta (1980), Bachelor of Laws from the University of Western Ontario (1981) and Masters of Business Administration from the University of Toronto (1982).

<u>Name, Age and Municipality Of Residence</u>	<u>Current Office In Calloway⁽⁴⁾</u>	<u>Principal Occupation</u>
Kevin B. Pshebniski ⁽¹⁾⁽²⁾ , 44 Calgary, Alberta	Trustee	President of Hopewell Development Corporation, a property development company, from September 1998 to present. Chief Operating Officer of Hopewell Development Corporation from September 1997 to September 1998. Vice-President with Hopewell Group of Companies from January 1996 to September 1997. Trustee of Calloway Real Estate Investment Trust since December 4, 2001. Mr. Pshebniski holds a Bachelor of Science (Geol. Major) and a Bachelor of Laws from the University of Manitoba and is a member of the Law Society of Alberta.
Michael Young ⁽³⁾ , 62 Dallas, Texas	Trustee	President of Quadrant Capital Partners, a private equity firm with offices in Toronto and Dallas since November 2003. Managing Director for CIBC World Markets from 1994 to October, 2003 and was appointed Global Head of Real Estate for CIBC World Markets in 1997. Trustee of Calloway Real Estate Investment Trust since November 11, 2003. Mr. Young holds a Bachelors degree from the University of Western Ontario (1967)
Al Mawani ⁽¹⁾ , 55 Toronto, Ontario	Trustee	Mr. Mawani is currently president of Exponent Capital Partners Inc., a private equity firm. Prior to January 31, 2004, Mr. Mawani was a Vice-President of Industrial Promotion Services Ltd., another private equity firm. Prior thereto, Mr. Mawani was Executive Vice-President of Business Development for one year and Senior Vice-President and Chief Financial Officer for 10 years at Oxford Properties Group Inc., one of Canada's largest real estate companies. Mr. Mawani is a Chartered Accountant and has a Masters in Business Administration from the University of Toronto and a Masters of Laws from Osgoode Hall Law School. He is also a member of the Financial Executives Institute.
Mitchell Goldhar ⁽²⁾ , 45 Toronto, Ontario	Trustee	Mitchell Goldhar is the owner of SmartCentres (formerly FirstPro Shopping Centres), a private shopping centre development company in Vaughan, Ontario. Mr. Goldhar has been in the real estate development business for 22 years. Since developing the first new Canadian Wal-Mart store in Barrie, Ontario 13 years ago, Mr. Goldhar has developed over 175 shopping centres across Canada (135 of them with Wal-Mart stores). Mitchell is a graduate of York University with a Bachelors of Political Science (1985). He teaches at the University of Toronto, Rotman School of Management. Mitchell is a member of the Board of Directors of The Hospital for Sick Children.
Peter Forde ⁽²⁾ , 52 Richmond Hill, Ontario	Trustee	Chief Operating Officer of SmartCentres (formerly FirstPro Shopping Centres), a private shopping centre development company in Vaughan, Ontario, since September 2005. Executive Vice-President Finance and Administration of SmartCentres from 1998 to September 2005, Vice-President and Chief Financial Officer of Nexacor Realty Management Inc. (real estate subsidiary of Bell Canada) from January 1996 to October 1998. Mr. Forde is a Chartered Accountant and has a Bachelor of Business Administration degree from York University (1977).

<u>Name, Age and Municipality Of Residence</u>	<u>Current Office In Calloway⁽⁴⁾</u>	<u>Principal Occupation</u>
J. Michael Storey ⁽²⁾⁽³⁾ , 49 Calgary, Alberta	Trustee	President of Exeter Financial Corp. a private real estate lending and investment company. President and Chief Executive Officer of Calloway Real Estate Investment Trust from December 4, 2001 to July 8, 2005. President, Chief Executive Officer and a Director of Calloway Properties Inc. from May 1, 1997 to January 22, 2002. Prior employment included various management positions in real estate development firms including Princeton Developments Limited, Stewart Green Properties Ltd. and Oxford Properties Group Inc. Mr. Storey has a Bachelor of Science in Mechanical Engineering from the University of Washington and a Masters of Business Administration from the University of British Columbia.

Notes:

- (1) Member of the Audit Committee. For further details on the Audit Committee, please refer to the section entitled "Audit Committee" in the Annual Information Form of Calloway dated March 9, 2007 prepared for the financial year ended December 31, 2006.
- (2) Member of the Investment Committee.
- (3) Member of Corporate Governance and Compensation Committee.
- (4) Each of the Trustees of Calloway serves in such capacity until the Meeting of Unitholders of Calloway unless re-elected at the Meeting to serve for a further one-year term.

Cease Trade Orders, Bankruptcies, Penalties or Sanctions

Other than as set out below, to the best of the knowledge of the Management, no person or company who is a Trustee of Calloway is, as at the date of this Management Information Circular or has been, within the 10 years before the date of this Management Information Circular, a director or executive officer of any company, that, while that person was acting in that capacity:

- (i) was the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days;
 - (ii) was subject to an event that resulted, after the director or executive officer ceased to be a director or executive officer, in the company being the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days; or
 - (iii) within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or
- (b) has, within the 10 years before the date of this Management Information Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, officer or shareholder.

Sable Technologies, Inc., a California based company of which Kevin Pshebniski was a director, filed bankruptcy protection documentation in California on August 12, 2001.

Governance

Introduction

The Board of Trustees of Calloway (the “Board”) believes that sound governance practices are essential to achieve the best long-term interests of Calloway and the enhancement of value for all security holders. The Board further believes that an important element of sound governance is the alignment of interests between the Trustees and Unitholders of Calloway. This is achieved, in part, by encouraging investment in Calloway by the Trustees through the Deferred Unit Plan (see “Equity Compensation Plan Information – Deferred Unit Plan”). In addition, the majority of the Trustees beneficially own a significant number of Units (see “Information Respecting Calloway Real Estate Investment Trust – Trustees”).

The Canadian Securities Administrators (the “CSA”) have issued National Policy 58-201 – Corporate Governance Guidelines (“NP 58-201”). The CSA have also adopted National Instrument 58-101 – Disclosure of Corporate Governance Practices (“NI 58-101”) which requires Canadian reporting issuers to annually disclose their corporate governance practices. Regulatory changes to governance practices that have occurred, or will occur, are continually monitored by the Board and the Board has taken, or will take, appropriate action as regulatory changes occur. Below is a discussion on the current composition of the Board and the current governance practices of Calloway.

Board of Trustees

Composition

As at March 14, 2007, the Board was composed of nine (9) individuals (each referred to herein as a “Trustee”). Such Trustees are Simon Nyilassy, David M. Calnan, Jamie M. McVicar, Kevin B. Pshebniski, Michael Young, Al Mawani, Mitchell Goldhar, Peter Forde and J. Michael Storey.

Independence

The principle factor underlying the determination of Trustee “independence” is whether or not a particular Trustee has a “material relationship” with Calloway which is a relationship which could be reasonably expected to interfere with the exercise of the Trustee’s independent judgement. Notwithstanding the foregoing, in the opinion of the CSA, as set out in NI 58-101, certain relationships are deemed to be “material relationships”. The following analysis has been based upon the definition of “material relationship” as set out in NI 58-101.

Four (4) trustees qualify as independent under NI 58-101: David M. Calnan, Jamie M. McVicar, Kevin B. Pshebniski, and Al Mawani. David M. Calnan is a partner in a law firm that provides legal services to Calloway but has been determined by the Trustees to be an “independent trustee” on the basis that Mr. Calnan’s interest in the legal fees payable to the law firm are not material to him. Kevin B. Pshebniski is the President of a company with which Calloway has outstanding loans totalling \$600,000 pursuant to development agreements but this is not considered material to Calloway nor the company of which he is President and he is therefore considered an independent trustee.

Five (5) trustees do not qualify as independent under NI 58-101: Simon Nyilassy, Michael Young, Mitchell Goldhar, Peter Forde and J. Michael Storey. Simon Nyilassy is the President and Chief Executive Officer of Calloway and is therefore not an independent trustee. Michael Young had been retained by Calloway to provide services connected to financing activities of Calloway pursuant to a consulting arrangement which was terminated in August 2005. Since Mr. Young has received in excess of \$75,000 under this arrangement during a 12-month period in the previous three (3) years, he is not considered to be independent under NI 58-101. Mitchell Goldhar holds a controlling equity interest in SmartCentres which has entered into development agreements that are material to Calloway and is therefore not an independent trustee. Peter Forde is the Chief Operating Officer of SmartCentres and is therefore not an independent trustee. J. Michael Storey has served as President and Chief Executive Officer of Calloway in the past three years (3) and is therefore not considered to be independent under NI 58-101.

Other Boards

The following table sets forth the names of each other reporting issuer for which each of the current Trustees of Calloway and of each of the individuals to be nominated for election as a Trustee of Calloway at the Meeting serve as a trustee or director as at March 14, 2007.

<u>Name</u>	<u>Name of Reporting Issuer</u>
Simon Nyilassy	N/A
David M. Calnan	Badger Income Fund Rocky Old Man Energy Inc. Aztek Energy Ltd. Ripper Oil and Gas Inc. Parkland Energy Services Inc.
Jamie M. McVicar	N/A
Kevin B. Pshebniski	N/A
Michael Young	IPC US Real Estate Investment Trust Brookfield Homes Corporation
Al Mawani	Amica Mature Lifestyles Inc. IPC US Real Estate Investment Trust Boardwalk Real Estate Investment Trust
Mitchell Goldhar	Indigo Books & Music Inc.
Peter Forde	N/A
J. Michael Storey	Ripper Oil and Gas Inc.

Independent Chairs and Independent Trustees

The Board has not appointed a Chairman of the Board. However, the chair of each Board committee is an independent Trustee. Al Mawani is the Chair of the Audit Committee. Kevin B. Pshebniski is the Chair of the Investment Committee. Jamie M. McVicar is the Chair of the Corporate Governance and Compensation Committee. In addition, Mr. Mawani is the primary contact under the Board's "Whistleblower" policy as discussed under "Ethical Business Conduct".

The independent Trustees meet quarterly and otherwise, as they deem necessary. For these purposes, the independent Trustees include Jamie M. McVicar, Kevin B. Pshebniski, Al Mawani, David Calnan and J. Michael Storey. Mr. Storey, although not considered independent under NI 58-101, is considered by the Board to be independent for these purposes as he is no longer a member of management and has not been since July 2005. The goal of the independent Trustees is to provide corporate governance by overseeing the activities of the Board and management to ensure all decisions are made in the best interest of the Trust and its Unitholders. The independent Trustees report to the full Board after each meeting, identifying any issues. Issues requiring further actions will be tabled, responsibility assigned and reporting deadline agreed upon.

Attendance

Since the commencement of the 2006 fiscal year, the Board has held 5 regularly scheduled Board meetings and 6 non-regularly scheduled Board meetings. The following table summarizes the attendance of each of the Trustees at such Board meetings.

<u>Trustee</u>	<u>Regularly Scheduled Board Meetings Attended</u>	<u>Non-Regularly Scheduled Board Meetings Attended</u>	<u>Total Board Meetings Attended</u>
Simon Nyilassy	5 out of 5	6 out of 6	11 out of 11
David M. Calnan	5 out of 5	6 out of 6	11 out of 11
Jamie M. McVicar	5 out of 5	6 out of 6	11 out of 11
Kevin B. Pshebniski	5 out of 5	6 out of 6	11 out of 11
Michael Young	4 out of 5	4 out of 6	8 out of 11
Al Mawani	5 out of 5	5 out of 6	10 out of 11
Mitchell Goldhar	5 out of 5	5 out of 6	10 out of 11
Peter Forde	5 out of 5	5 out of 6	10 out of 11
J. Michael Storey	4 out of 5	5 out of 6	9 out of 11

Board Mandate

The Board is responsible for the stewardship of Calloway. The Board supervises management of Calloway with the goal of enhancing long term Unitholder value. Management, in turn, is responsible for the day-to-day management of the business and affairs of Calloway and its subsidiaries. Management is also responsible for establishing strategic planning initiatives for Calloway. The Board assists in the development of these goals and strategies by acting as a sounding board and by contributing ideas. The Board ultimately approves the strategic plan, taking into account the risks and opportunities of the business of Calloway. The Board approves all significant decisions that affect Calloway before they are implemented, supervises the implementation and reviews the results.

The Board has specifically assumed responsibility for: (i) participating in the development of the strategic plan; (ii) identifying and managing business risks; (iii) ensuring the integrity and adequacy of Calloway's internal controls and management information systems; (iv) defining the roles and responsibilities of management; (v) reviewing and approving the business and investment objectives to be met by management; (vi) assessing the performance of management and the performance of its subsidiaries; (vii) succession planning; (viii) ensuring effective and adequate communication with Calloway's Unitholders and other stakeholders as well as the public at large; and (ix) establishing committees of the board of Trustees, where required, and defining their mandates.

In addition, the Board has adopted a mandate that expands upon its objectives and responsibilities. The full text of the "Mandate of the Board" is attached as Schedule "A" to this Management Information Circular.

Position Descriptions

Chair of each Board Committee

The Board has not developed written position descriptions for the chair of each Board committee. However, the Board has adopted written mandates for the Board and for each Board committee. The Board as a whole and the members of each Board committee are responsible for taking such steps as may be necessary to ensure that the Board and the committees of the Board fulfill their respective mandates.

Chief Executive Officer

The Board has developed a position description for the Chief Executive Officer of Calloway involving the definition of the limits to the Chief Executive Officer's responsibilities. In addition, the Board has developed objectives which the Chief Executive Officer is responsible for meeting and the Board assesses the Chief Executive Officer against those objectives

Orientation and Continuing Education

The Board and management of Calloway have established an informal orientation and education program for new Trustees and new committee members regarding the role of the Board, its committees and the Trustees and the nature and operation of Calloway's business. Existing Trustees have historically provided orientation and education to new members on an ad hoc and informal basis in light of the particular needs of each new Trustee. Further, every Trustee has access to management and relevant business information and management makes regular presentations to the Board on the main areas of Calloway's business. At least annually, the Board reviews the skills, knowledge and effectiveness of the Board, its committees and individual Trustees.

Ethical Business Conduct

The Board has adopted a written code of conduct for the Trustees, directors, officers and employees of Calloway and its subsidiaries. A copy of that code of conduct may be obtained electronically at www.sedar.com. The code of conduct stipulates that such persons will treat each other, customers, suppliers, security holders and all other persons with goodwill, trust, and respect. The code of conduct strives to create a culture in Calloway and its subsidiaries that values honesty, high ethical standards and compliance with laws, rules and regulations. In addition, the Trust has approved a human rights policy, an equal opportunity employment policy, a sexual harassment policy, a workplace harassment policy and an insider trading policy.

The Declaration of Trust contains "conflict of interest" provisions that serve to protect Unitholders without creating undue limitations on Calloway. Given that the Trustees are engaged in a wide range of real estate and other business activities, the Declaration of Trust contains provisions, similar to those contained in the *Canada Business Corporations Act*, that require each Trustee to disclose to Calloway any interest in a material contract or transaction or proposed material contract or transaction with Calloway (including a contract or transaction involving the making or disposition of any investment in real property or a joint venture arrangement) or the fact that such person is a director or officer of or otherwise has a material interest in any person who is a party to a material contract or transaction or proposed material contract or transaction with Calloway. Such disclosure is required to be made at the first meeting at which a proposed contract or transaction is considered. In the event that a material contract or transaction or proposed material contract or transaction is one that in the ordinary course would not require approval by the Trustees, a Trustee is required to disclose in writing to Calloway or request to have entered into the minutes of the meeting of the Trustees the nature and extent of his or her interest forthwith after the Trustee becomes aware of the contract or transaction or proposed contract or transaction. In any case, a Trustee who has made disclosure to the foregoing effect is not entitled to vote on any resolution to approve the contract or transaction unless the contract or transaction is one relating primarily to his or her remuneration as a Trustee, officer, employee or agent of Calloway or one for indemnity under the provisions of the Declaration of Trust or liability insurance.

The Board has advised each of the executive officers of Calloway and its subsidiaries that the terms of their employment require such executive officers to follow the same disclosure procedures and practices outlined above when such executive officers are in a situation that is, or may be considered to be, a "conflict of interest".

The Audit Committee has also adopted a "whistleblower" policy that sets out procedures which allow trustees, directors, officers and employees of Calloway and its subsidiaries to file reports on a confidential and anonymous basis with the appropriate persons regarding any concerns about accounting, internal accounting controls or auditing matters.

Nomination of Directors

The Board has appointed the Corporate Governance and Compensation Committee which is responsible for, among other items: (i) reviewing the size and composition of the Board; (ii) recommending candidates for election to the Board; (iii) reviewing credentials of nominees for re-election; and (iv) recommending candidates for filling vacancies on the Board. While two (2) of the three (3) members of the Corporate Governance and Compensation Committee are technically not independent trustees under NI 58-101, the Board feels that the Corporate Governance and Compensation Committee conducts its activities in an objective manner.

The Board reviews its size and composition from time to time to determine their impact on its effectiveness. The Board believes that a board of 9 trustees is an appropriate size for a public entity with a capitalization and business of Calloway's size. The Board believes that its current Trustees comprise an appropriate mix of individuals with real estate, accounting, financial, legal and general business experience.

Compensation

The Board, through its Corporate Governance and Compensation Committee, periodically reviews the adequacy and form of compensation of trustees and executive officers. The Compensation Committee considers the time commitment, risks and responsibilities of Trustees and executive officers and takes into account the types of compensation and the amounts paid to directors and/ or Trustees and executive officers of comparable publicly traded Canadian companies. As stated earlier, notwithstanding that two (2) of the three (3) members of the Corporate Governance and Compensation Committee are technically not independent trustees under NI 58-101, the Board feels that the Corporate Governance and Compensation Committee conducts its activities in an objective manner.

Board Committees

General

The Trustees may appoint from among their number one or more committees of Trustees and may, subject to applicable law and to any provision in the Declaration of Trust to the contrary, delegate to such committee or committees any of the powers of the Trustees.

The Board has three committees: the Audit Committee, the Investment Committee and the Corporate Governance and Compensation Committee.

Audit Committee

Pursuant to the Declaration of Trust, the Trustees shall appoint an Audit Committee to consist of not less than three Trustees. The Audit Committee shall be composed of Trustees who comply with the provisions of Multilateral Instrument 52-110. Subject to the delegation to the Audit Committee of such other responsibilities as are determined by the Trustees from time to time and subject to such changes to its form and function as may be mandated by any relevant regulatory authorities, the Audit Committee shall:

- (a) review the Trust's procedures for internal control with the external auditors and the Trust's Chief Financial Officer;
- (b) review the engagement of the external auditors;
- (c) review and recommend to the Trustees for approval annual and quarterly financial statements and management's discussion and analysis of financial condition and results of operation;
- (d) assess the Trust's financial and accounting personnel; and
- (e) review any significant transactions outside the Trust's ordinary course of business and all pending litigation involving the Trust.

The external auditors of the Trust are entitled to receive notice of every meeting of the Audit Committee and, at the expense of the Trust, to attend and be heard thereat and, if so requested by a member of the Audit Committee, shall attend any meeting of the Audit Committee held during the term of office of the external auditors.

Investment Committee

Pursuant to the Declaration of Trust, the Trustees shall appoint an Investment Committee to consist of not less than three Trustees and not more than five Trustees, a majority of whom shall be outside trustees (i.e. independent of

management), two of whom shall be Trustees appointed by SmartCentres for so long as SmartCentres is the registered and beneficial owner of in excess of 15% of the issued and outstanding Units and/or Special Voting Units of the Trust (unless the prior written consent to the contrary or a written waiver of SmartCentres is obtained) and two-thirds of whom shall have had at least 5 years of substantive experience in the real estate industry. The duties of the Investment Committee will be to:

- (a) review all proposals regarding investments;
- (b) approve or reject proposed acquisitions and dispositions of investments by the Trust or any of its subsidiaries or affiliates;
- (c) approve proposed transactions on behalf of the Trust or any of its subsidiaries or affiliates; and
- (d) approve or reject all borrowings and the assumption or granting of any mortgage or other security interest in real property, including any assignment of rents and other monies derived from or related to real property, by the Trust or any of its subsidiaries and affiliates.

Where for any reason a member of the Investment Committee is disqualified from voting on or participating in a decision, any other independent and disinterested Trustee not already a member of the Investment Committee may be designated by the Trustees to act as an alternate. Notwithstanding the appointment of the Investment Committee, the Trustees may consider and approve any matter which the Investment Committee has the authority to consider or approve.

Corporate Governance and Compensation Committee

Pursuant to the Declaration of Trust, the Trustees shall appoint a Corporate Governance and Compensation Committee to consist of not less than three Trustees and not more than four Trustees, one of whom shall be a Trustee appointed by SmartCentres for so long as SmartCentres is the registered and beneficial owner of in excess of 15% of the issued and outstanding Units and/or Special Voting Units of the Trust (unless the prior written consent to the contrary or a written waiver of SmartCentres is obtained). The duties of the Corporate Governance and Compensation Committee will be to review the governance of the Trust with the responsibility for the Trust's corporate governance, human resources and compensation policies. In particular, the Corporate Governance and Compensation Committee will be responsible for:

- (a) assessing the effectiveness of the board of Trustees and each of its committees;
- (b) considering questions of management succession;
- (c) participating in the recruitment and selection of candidates as Trustees of Calloway;
- (d) considering and approving proposals by the Trustees of Calloway to engage outside advisers on behalf of the board of Trustees of Calloway;
- (e) administering Calloway's long term incentive plan;
- (f) assessing the performance of the Chief Executive Officer;
- (g) reviewing and approving the compensation of senior management and consultants of Calloway and its subsidiaries; and
- (h) reviewing and making recommendations to the board concerning the level and nature of the compensation payable to the Trustees.

Where for any reason a member of the Corporate Governance and Compensation Committee is disqualified from voting on or participating in a decision, any other independent and disinterested Trustee not already a member of the

Corporate Governance and Compensation Committee may be designated by the Trustees to act as an alternate. Notwithstanding the appointment of the Corporate Governance and Compensation Committee, the Trustees may consider and approve any matter, which the Corporate Governance and Compensation Committee has authority to consider or approve.

Assessments of Trustees

The Corporate Governance and Compensation Committee annually conducts a peer evaluation process to provide feedback to individual Trustees, including the chairs of each Board committee, on their effectiveness. The survey requires that every Trustee assess the contribution of each of his or her peers. The Corporate Governance and Compensation Committee also conducts an annual evaluation of the effectiveness of the Board and each of the committees of the Board. The latter survey covers the operation of the Board and its committees, the adequacy of information provided to Trustees, Board structure and agenda planning for Board meetings. These assessments take into account the Board mandate and the relevant committee mandates. The results of the surveys form the basis of recommendations to the Board for change.

Executive Compensation

For the purposes of this “Executive Compensation” section, the following terms shall have the following meanings:

- (a) “Chief Executive Officer” or “CEO” means each individual who served as chief executive officer of Calloway or acted in a similar capacity during the most recently completed financial year;
- (b) “Chief Financial Officer” or “CFO” means each individual who served as chief financial officer of Calloway or acted in a similar capacity during the most recently completed financial year; and
- (c) “Named Executive Officers” or “NEOs” means the following individuals:
 - (i) each CEO;
 - (ii) each CFO;
 - (iii) each of the three most highly compensated executive officers of Calloway, other than the CEO and CFO, who were serving as executive officers at the end of the most recently completed financial year and whose total salary and bonus exceeds \$150,000; and
 - (iv) any additional individuals for whom disclosure would have been provided under (iii) except that the individual was not serving as an officer of Calloway at the end of the most recently completed financial year-end.

Compensation of Executive Officers

The following table provides a summary of all compensation paid to the Named Executive Officers for the periods indicated.

<u>Name and Principal Position</u>	<u>Year Ended</u>	<u>Annual Compensation</u>			<u>Long Term Compensation</u>	<u>Total Annual Compensation (\$)</u>
		<u>Salary (\$)</u>	<u>Bonus (\$)⁽⁴⁾</u>	<u>Other Annual Compensation (\$)⁽⁵⁾</u>	<u>Deferred Unit Plan Contributions (\$)⁽⁶⁾</u>	
Simon Nyilassy, President & Chief Executive Officer ⁽¹⁾	2006	400,000	225,000	13,463	225,000	862,000
	2005	157,157	160,000	5,077	160,000	482,234
Bart Munn, Chief Financial Officer ⁽²⁾	2006	250,000	118,750	12,925	118,750	499,500
	2005	9,615	135,000	462	90,000	235,077
Marc Charlebois, Chief Operating Officer ⁽³⁾	2006	250,000	100,000	13,302	100,000	462,000
	2005	78,846	30,000	3,692	25,000	137,538

Notes:

- (1) Simon Nyilassy was appointed as President and Chief Executive Officer effective July 8, 2005. The figures above for 2005 represent the compensation actually earned by Mr. Nyilassy from Calloway during the 2005 fiscal year.
- (2) Bart Munn was appointed as Chief Financial Officer effective December 12, 2005. The figures above for 2005 represent the compensation actually earned by Mr. Munn from Calloway during the 2005 fiscal year.
- (3) Marc Charlebois was appointed Chief Operating Officer effective September 6, 2005. The figures above for 2005 represent the compensation actually earned by Mr. Charlebois from Calloway during the 2005 fiscal year.
- (4) See "Employment Agreements" for further details on these bonuses.
- (5) These figures represent car and health club allowances.
- (6) Note that these amounts represent only the dollar value of the Deferred Units matched by Calloway under its Deferred Unit Plan. For a description of the Deferred Unit Plan of Calloway, see "Equity Compensation Plan Information – Deferred Unit Plan". Also see the table below for a description of the Deferred Units issued during the fiscal year ended December 31, 2006.

The following table sets forth, in respect of the Named Executive Officers, details of the awards under the Deferred Unit Plan of Calloway issued during the fiscal year ended December 31, 2006.

<u>Name</u>	<u>Deferred Units Issued (#)</u>	<u>Deferred Units Vested (#)</u>	<u>Deferred Units Non-Vested (#)</u>
Simon Nyilassy	13,320	301	13,019
Bart Munn	476	--	476
Marc Charlebois	2,441	--	2,441
Total	<u>16,237</u>	<u>301</u>	<u>15,936</u>

Notes:

- (1) For a description of the Deferred Unit Plan of Calloway, including a discussion on the vesting provisions of the Deferred Units issued, see "Equity Compensation Plan Information – Deferred Unit Plan". Notwithstanding the foregoing, in conjunction with the closing of the acquisition of certain properties in July 2005 all outstanding non-vested Deferred Units, at the time, were deemed vested by the Board of Trustees.

Employment Agreements

Each of the Named Executive Officers has entered into employment agreements with Calloway. In addition to standard employment contract terms, each Named Executive Officer's employment agreement provides that the Named Executive Officer will be entitled to receive compensation if the agreement is terminated other than for cause, such compensation to be the sum of such Named Executive Officer's current base salary and the most recently paid bonus multiplied by an agreed upon notice term. The table below sets forth the current annual salary

and current annual maximum bonus payable to each Named Executive Officer as well as the agreed upon notice term in the event of termination without cause.

<u>Name</u>	<u>Title</u>	<u>Current Salary</u>	<u>Current Maximum Bonus</u>	<u>Notice Term (Years)</u>
Simon Nyilassy	President & CEO	440,000	275,000	1.5
Bart Munn	CFO	280,000	140,000	1.0
Marc Charlebois	COO	270,000	135,000	1.0

None of the amounts payable to Named Executive Officers on termination of their employment is eligible for participation in the Deferred Unit Plan.

Compensation of Trustees

The Trustees are entitled to compensation for services rendered to Calloway in their capacities as Trustees. During the most recently completed financial year of Calloway, the compensation for the Trustees, other than any trustee who is also an employee of Calloway and is compensated in that capacity, was set at \$20,000 per year plus an additional \$1,000 for each meeting of Trustees or committee meeting attended and an additional annual fee of \$10,000 for the Chairman of the Audit Committee and an additional annual fee of \$5,000 for the Chairman of each other committee of the Board. The Trustees are also entitled to be reimbursed for reasonable travel and other expenses properly incurred by them in attending meetings of the Trustees or any committee thereof in connection with their services as Trustees. The Trustees are also entitled to participate in the Deferred Unit Plan of Calloway. The objective of granting Deferred Units under the Deferred Unit Plan is to encourage trustees to acquire an equity ownership interest in Calloway over a period of time which acts as a financial incentive for such persons to consider the long-term interests of Calloway and its Unitholders. Calloway no longer awards options to purchase Units to trustees. See "Equity Compensation Plan Information."

For the year ended December 31, 2006, the Trustees earned an aggregate of \$329,032 for their services. Further, during the fiscal year ended December 31, 2006, Calloway paid fees totalling \$813,000 to a legal firm in which David M. Calnan, a trustee of Calloway, is a partner.

Trustee Equity Ownership

Calloway encourages its Trustees to hold an equity position in the Trust. To this end, all Trustee compensation is eligible for investment in Calloway's Deferred Unit Plan (see "Information Respecting Calloway Real Estate Investment Trust – Equity Compensation Plan Information"). The following table outlines the equity holdings as at March 14, 2007 of each of the current Trustees of Calloway and each of the individuals to be nominated for election as a Trustee of Calloway at the Meeting or to be appointed by SmartCentres upon the conclusion of the Meeting (see "Particulars of Matters to be Acted Upon - Election of Trustees").

<u>Name</u>	<u>Voting Units Beneficially Owned or Controlled as at March 14, 2007⁽¹⁾</u>		<u>Deferred Units Beneficially Owned or Controlled as at March 14, 2007</u>		<u>Total Market Value as at March 14, 2007 (\$)</u>
	<u>Number⁽²⁾</u>	<u>Market Value (\$)⁽³⁾</u>	<u>Number⁽⁴⁾</u>	<u>Market Value (\$)⁽⁵⁾</u>	
Simon Nyilassy	27,000 (0.03%)	720,900	17,263	460,922	1,181,822
David M. Calnan	200,175 (0.22%)	5,334,673	9,792	261,446	5,606,119
Jamie M. McVicar	45,000 (0.05%)	1,201,500	11,220	299,574	1,501,074
Kevin B. Pshebniski	46,273 (0.05%)	1,235,489	13,719	366,297	1,601,786

<u>Name</u>	<u>Voting Units Beneficially Owned or Controlled as at March 14, 2007⁽¹⁾</u>		<u>Deferred Units Beneficially Owned or Controlled as at March 14, 2007</u>		<u>Total Market Value as at March 14, 2007 (\$)</u>
	<u>Number⁽²⁾</u>	<u>Market Value (\$)⁽³⁾</u>	<u>Number⁽⁴⁾</u>	<u>Market Value (\$)⁽⁵⁾</u>	
Michael Young	300,000 (0.33%)	8,010,000	7,383	197,126	8,207,126
Al Mawani	3,000 (0.003%)	80,100	7,282	194,429	274,529
Mitchell Goldhar	20,338,709 ⁽⁶⁾ (22.47%)	543,043,530	4,056	108,295	543,151,826
Peter Forde	1,500 (0.002%)	40,050	4,275	114,143	154,193
J. Michael Storey	214,711 (0.24%)	5,732,784	21,954	586,172	6,318,956

Notes:

- (1) All Voting Units beneficially owned by these individuals consist solely of Units with the exception of Mitchell Goldhar who beneficially owns both Units and Special Voting Units.
- (2) These amounts do not include Deferred Units issued to these individuals pursuant to the Deferred Unit Plan.
- (3) These amounts were determined by multiplying the applicable number of Voting Units by the closing price of the Units on the Toronto Stock Exchange on the date indicated. For these purposes, it has been assumed that any Special Voting Units have a value equal to the value of the underlying Exchangeable Securities for which such Special Voting Units have been issued and it has been assumed that such Exchangeable Securities have a value equal to the value of the Units for which they may be exchanged.
- (4) These amounts include both vested and unvested Deferred Units issued to these individuals pursuant to the Deferred Unit Plan.
- (5) These amounts were determined by multiplying the applicable number of Deferred Units by the closing price of the Units on the Toronto Stock Exchange on the date indicated.
- (6) Includes 9,335,991 Units and 11,002,718 Special Voting Units.

Composition of the Corporate Governance and Compensation Committee

During the most recently completed financial year of Calloway, the Corporate Governance and Compensation Committee of the Board of Trustees consisted of Jamie M. McVicar, J. Michael Storey and Michael Young. Mr. McVicar was the Chairman of the Corporate Governance and Compensation Committee throughout the most recently completed financial year of Calloway.

Compensation Policy

General Information

In this section, there are references to “Adjusted Funds From Operations” or “AFFO” which means the net income of the Trust plus non cash items including, but not limited to, amortization of building, deferred costs, intangible assets, and gains on dispositions less sustaining capital and leasing expenditures. Adjusted Funds From Operations is a measure sometimes used by Canadian income trusts as an indicator of financial performance. Management of the Trust uses AFFO to analyze operating performance. As one of the factors that may be considered relevant by prospective investors is the cash distributed by Calloway relative to the price of the Units, management believes that AFFO is a useful supplemental measure that may assist prospective investors in assessing an investment in Units. Adjusted Funds From Operations is not a measure that is recognized by generally accepted accounting principles in Canada (“GAAP”) and does not have a standardized meaning prescribed by GAAP. Therefore, AFFO may not be comparable to similar measures presented by other issuers. Adjusted Funds From Operations is not intended to represent operating profits for the period nor should it be viewed as an alternative to net income, cash flow from operating activities or other measures of financial performance calculated in accordance with GAAP.

As set forth under the heading “Employment Agreements”, each of the Named Executive Officers entered into employment agreements with Calloway. In determining the appropriate terms of the employment agreements, the Corporate Governance and Compensation Committee of Calloway considered the following objectives:

- (a) obtaining the executives critical to the success of Calloway and the enhancement of Unitholder values;
- (b) providing fair and competitive compensation;
- (c) aligning the interests of management and Unitholders of Calloway; and
- (d) reviewing performance, both on an individual basis and with respect to the business of Calloway in general.

To achieve these objectives, the compensation paid to each of the Named Executive Officers consists of the following primary components:

- (a) base salary;
- (b) annual bonus incentives; and
- (c) long-term incentive in the form of Deferred Units granted in accordance with the Deferred Unit Plan of Calloway.

The base salary and bonus of each Named Executive Officer is determined by the assessment of the Corporate Governance and Compensation Committee of such executive’s performance, consideration of competitive compensation levels in entities similar to Calloway, and the role such executive is expected to play in the performance of Calloway. Calloway also provides a long-term incentive to executive officers and certain employees through the Deferred Unit Plan. The objective of granting Deferred Units is to encourage executive officers and certain employees to acquire an equity ownership interest in Calloway over a period of time which acts as a financial incentive for such persons to consider the long-term interests of Calloway and its Unitholders. Generally speaking, Deferred Units granted to executive officers and employees pursuant to the Deferred Unit Plan vest in accordance with the following schedule: (a) 50% of the Deferred Units vest on the third anniversary of the grant; (b) 25% of the Deferred Units vest on the fourth anniversary of the grant; and (c) 25% of the Deferred Units vest on the fifth anniversary of the grant. Notwithstanding the foregoing, the Board of Trustees have the discretion to vary the manner in which Deferred Units vest for any participant. See “Equity Compensation Plan Information.”

Chief Executive Officer’s Compensation

The Corporate Governance and Compensation Committee assesses the overall performance of the Chief Executive Officer based on:

- (a) executing the strategic plan for the Trust;
- (b) meeting the specific financial goals and objectives of the Trust as set at the beginning of each year and agreed to by the Corporate Governance and Compensation Committee and the Board of Trustees;
- (c) generating AFFO per Unit relative to the annual goals and objectives of the Trust; and
- (d) achieving efficient operational management, providing effective leadership, and maintaining sound investor relations standards of the Trust.

Chief Executive Officer’s Bonus

Annual cash bonus incentive awards are based upon meeting certain growth, operational and cash flow targets which are set out at the commencement of each fiscal year. Such targets are set by the Corporate Governance and Compensation Committee for the Chief Executive Officer pursuant to Calloway’s business model, strategy and objectives. This establishes a direct link between the Chief Executive Officer’s compensation and Calloway’s financial performance. In 2006 the maximum cash bonus award available to the Chief Executive Officer was established at 63% of salary (i.e. up to \$250,000). The basis for the Chief Executive Officer receiving the 2006 bonus was based on achieving specific financial targets which are consistent with Calloway’s annual plan. The

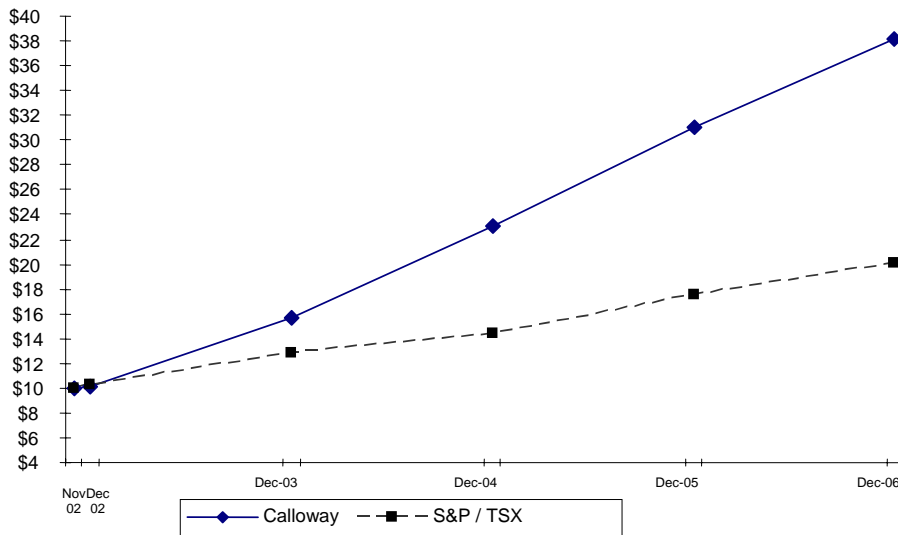
Corporate Governance and Compensation Committee's assessment of the Chief Executive Officer's performance for 2006 include the following highlights: (a) achieving the targeted AFFO per Unit on a fully diluted basis; (b) exceeding the leasing and development performance targeted for the year; (c) exceeding the asset growth of the Trust by way of accretive acquisition of operating properties; and (d) meeting certain operational goals including property vacancies. As a result of the foregoing the Chief Executive Officer was awarded \$225,000 as a bonus for 2006. This bonus is eligible for Calloway's Deferred Unit Plan.

The total compensation value of the Chief Executive Officer's management team was \$1,823,500 which amounts to 1.5% of the Trust's 2006 AFFO and 1.6% of the Trust's 2006 annual distribution.

In addition, from time to time, the Board of Trustees may declare an additional cash bonus in favour of one or more members of Calloway's management team in circumstances where it is determined that the executive(s) in question have made an exceptional contribution to the performance of Calloway during the fiscal year.

Unit Performance Graph

The following graph compares the cumulative total unitholder returns (assuming an investment of \$100.00 on November 4, 2002, the date the Units of Calloway were listed for trading on the Toronto Stock Exchange, and assuming the reinvestment of cash distributions into Units on the date of payment of such distributions) on Calloway's Units during the period November 4, 2002 to December 31, 2006 with the cumulative return of the Toronto Stock Exchange S&P/TSX Composite Index during the same period. The price performance of the Calloway's Units as set out on the graph does not necessarily indicate future price performance.



Note:

- (1) Calloway paid cumulative distributions of \$5.28 per Unit between November 4, 2002 and December 31, 2006.

Indebtedness of Trustees and Officers

The table below sets out, as at the date indicated, the aggregate indebtedness of the current and former trustees, directors and executive officers of Calloway and its subsidiaries, any proposed nominee for election as a trustee of Calloway, and any associate of any one of them, to:

- (a) Calloway or any of its subsidiaries; or

- (b) another entity which such indebtedness is the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by Calloway or any of its subsidiaries.

Aggregate Indebtedness as at February 28, 2007

<u>Purpose</u>	To Calloway or its Subsidiaries (\$)	To Another Entity (\$)
Mortgages/Loans/Notes	80,690,000	N/A

Other than as set out in the table below, no individual who is, or at any time during the most recently completed financial year of Calloway was, a trustee, director or executive officer of Calloway or one of its subsidiaries, nor any proposed nominee for election as a trustee of Calloway, nor any associate of any one of them:

- (a) is, or was at any time since the beginning of the most recently completed financial year of Calloway, indebted to Calloway or any of its subsidiaries; or
- (b) is, or was at any time since the beginning of the most recently completed financial year of Calloway, indebted to another entity, which such indebtedness is, or was during such time, the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by Calloway or any of its subsidiaries.

<u>Name and Principal Position</u>	<u>Involvement of Calloway or Subsidiary</u>	<u>Commitment (\$)</u>	<u>Amount Outstanding as at December 31, 2006 (\$)</u>	<u>Amount Outstanding as at February 28, 2007 (\$)</u>	<u>Security For Indebtedness</u>	<u>Amount Forgiven during 2006 (\$)</u>
<i>Security Purchase Programs</i>						
N/A	N/A	N/A	N/A	N/A	N/A	N/A
<i>Other Programs</i>						
SmartCentres ⁽⁵⁾	Lender ⁽¹⁾	101,430,000	67,349,000	67,044,000	First or second charges on title, assignments of rents and leases, GSA, and indemnities and guarantees	Nil
SmartCentres ⁽⁵⁾	Lender ⁽²⁾	N/A	8,556,000	10,567,000	Nil	Nil
SmartCentres ⁽⁵⁾	Lender ⁽³⁾	2,405,000	2,405,000	2,479,000	Second charge against the property and guarantees	Nil
Hopewell ⁽⁶⁾	Lender ⁽⁴⁾	600,000	600,000	600,000	Second charge against the property and guarantees	Nil

Notes:

- (1) Mortgages receivable of \$67,349,000 (2005 - \$36,492,000) have been provided pursuant to agreements with SmartCentres in which the Trust will lend up to \$101,430,000 (2005 - \$54,450,000) for use in acquiring and developing eight (2005 – 6) properties in Ontario and Quebec. These mortgages bear interest payable monthly at 7.0% to 9.0% (2005 – 7.50% to 9.25%) and the principal amounts are due at the maturity of the mortgages at various dates in 2009 and 2011 (four to five years from the initial advance). The mortgages are secured by first or second charges on properties, assignments of rents and leases, and general security agreements. In addition, other SmartCentres affiliated companies have provided certain limited indemnities and guarantees.

During the year, \$45,617,000 (2005 - \$22,521,000) has been funded, offset by repayments of \$14,760,000 (2005 - \$7,524,000).

The Trust has an option to acquire a 50% interest in the properties upon substantial completion at an agreed upon formula using the net operating rents and a capitalization rate based on the ten year Government of Canada rate within a specified range. Should the capitalization rate exceed the upper limit, the owner is not obligated to sell, with one exception, when the owner is obligated to sell as there is no upper limit. Should the capitalization rate be less than the lower limit, then the lower limit is deemed to be the capitalization rate, with two exceptions, where no lower limit exists.

- (2) Loans receivables of \$8,556,000 (2005 - \$5,061,000) have been provided pursuant to development acquisition agreements with SmartCentres. The loans bear interest at rates that approximate the prime rate of a Canadian chartered bank plus rates ranging from 0.5% to 1.25% (December 31, 2005 – 0.75% to 1.25%). The loans receivable are repayable at the completion and rental of the properties under development. SmartCentres has not provided any security in regard to the loans; however, the loan agreements stipulate that the proceeds of the loans are to be used to fund improvements to properties owned by the Trust.
- (3) Notes receivable at December 31, 2006 of \$2,406,000 (2005 - \$ nil) have been provided to SmartCentres. These secured demand notes bear interest at 9%.
- (4) The mortgage receivable of \$600,000 (2005 - \$1,600,000) has been provided to a company in which a trustee of the Trust is an officer and trustee, is secured by a second charge on a property under development, bears interest at 12% per annum and is repayable in its entirety upon the earliest of the Trust purchasing the property, the property being sold to a third party and the day which is two years following the date of substantial completion of the property. The Trust has an option to purchase the property at a negotiate price, or failing agreement, at a price equal to 95% of the appraised value of the property.
- (5) SmartCentres is controlled by Mitchell Goldhar, a trustee of Calloway.
- (6) Hopewell is a company of which a trustee of Calloway, Kevin Pshebniski, is an officer.

Equity Compensation Plan Information

Summary

The following table summarizes certain information as of March 14, 2007 regarding compensation plans of Calloway under which equity securities of Calloway are authorized for issuance.

<u>Plan Category</u>	<u>Units To Be Issued Upon Exercise of Outstanding Deferred Units (#)</u>	<u>Units Remaining Available For Future Issuance Under The Deferred Unit Plan (#)</u>
Deferred Unit Plan	176,116	823,884

Deferred Unit Plan

Calloway has a deferred unit plan (the “Deferred Unit Plan”) which has previously been approved by the Unitholders. However, Calloway has proposed that the Unitholders approve of certain amendments to the Deferred Unit Plan. Generally speaking the proposed amendments are to revise the amendment provisions of the Deferred Unit Plan to specify which amendments require Unitholder approval. See the discussion below as well as “Particulars of Matters to be Acted Upon – Adoption of Amendments to the Deferred Unit Plan”.

The Deferred Unit Plan is administered by the Corporate Governance and Compensation Committee of the Board of Trustees.

The purpose of the Deferred Unit Plan is to promote a greater alignment of interests between the Trustees, officers and employees of Calloway and/or its subsidiaries (such persons hereinafter collectively referred to in this section as “Eligible Participants”) and the Unitholders.

Each Eligible Person is given the right to elect to be a participant (a “Participant”) of the Deferred Unit Plan. An Eligible Person who elects to be a Participant shall be paid up to one hundred percent (100%) of:

- (i) in respect of a Trustee, the annual retainer paid by Calloway to that Trustee in a calendar year for service on the Board of Trustees, together with committee fees, attendance fees and additional fees and retainers to committee chairs; and
- (ii) in respect of an officer or employee, the annual bonus paid by Calloway to that officer or employee in a calendar year;

(the “Elected Amount”) in the form of deferred Units (“Deferred Units”) in lieu of cash provided that Calloway shall match the Elected Amount for each Participant such that the number of Deferred Units issued to each Participant shall be equal in value to two (2) times the Elected Amount.

The number of Deferred Units (including fractional Deferred Units) granted at any particular time pursuant to this Deferred Unit Plan will be calculated by dividing (i) two (2) times the dollar amount of the Elected Amount allocated to the Participant by (ii) the Market Value (as defined below) of a Unit on the award date. “Market Value” at any date in respect of the Units means the volume weighted average price of all Units traded on the Toronto Stock Exchange for the ten trading days immediately preceding such date (or, if such Units are not listed and posted for trading on the Toronto Stock Exchange, on such stock exchange on which such Units are listed and posted for trading as may be selected for such purpose by the Board of Trustees). In the event that such Units are not listed and posted for trading on any stock exchange, the Market Value shall be the fair market value of such Units as determined by the Board of Trustees in its sole discretion.

Under no circumstances shall Deferred Units be considered Units nor entitle a Participant to any Unitholder rights, including, without limitation, voting rights, distribution entitlements (other than as set out below) or rights on liquidation. One (1) Deferred Unit is equivalent to one (1) Unit. Fractional Units are permitted under the Deferred Unit Plan.

Generally speaking, Deferred Units granted to Participants pursuant to the Deferred Unit Plan shall vest in accordance with the following schedule:

- (a) 50% of the Deferred Units shall vest on the third anniversary of the grant;
- (b) 25% of the Deferred Units shall vest on the fourth anniversary of the grant; and
- (c) 25% of the Deferred Units shall vest on the fifth anniversary of the grant.

Notwithstanding the foregoing, the Board of Trustees shall have the discretion to vary the manner in which Deferred Units vest for any Participant.

The Deferred Units credited to a Participant’s Deferred Unit account that have vested may be redeemable in whole or in part on the date in which the Participant files a written notice of redemption with Calloway (the “Redemption Date”). The unvested Deferred Units credited to a Participant’s Deferred Unit account shall vest immediately and be redeemable by the Participant (or, where the Participant has died, his or her estate) following an event, including termination other than for cause, failure to be reappointed as a trustee, retirement or death, causing the Participant to be no longer an Eligible Person (the “Termination Date”). Where the Participant has been terminated for cause or

voluntarily resigns, the unvested Deferred Units credited to the Participant's Deferred Unit account shall be redeemable by the Participant in accordance with the aforementioned vesting schedule excepting only that a minimum of 50% of such Deferred Units shall be deemed vested. The Participant shall receive, within five (5) business days after the Termination Date or Redemption Date, as applicable, a whole number of Units from Calloway equal to the whole number of Deferred Units then recorded in the Participant's Deferred Unit account, net of any applicable withholding taxes. Calloway shall also make a cash payment, net of any applicable withholding taxes, to the Participant with respect to the value of fractional Deferred Units standing to the Participant's credit after the maximum number of whole Units have been issued by Calloway, calculated by multiplying (i) the number of such fractional Deferred Units by (ii) the Market Value of such fractional Deferred Units on the Termination Date or Redemption Date, as applicable. Upon payment in full of the value of the Deferred Units, the Deferred Units shall be cancelled.

Whenever cash distributions are paid on the Units, additional Deferred Units will be credited to the Participant's Deferred Unit account. The number of such additional Deferred Units shall be calculated by dividing (i) the amount determined by multiplying (a) the number of Deferred Units in such Participant's Deferred Unit account on the record date for the payment of such distribution by (b) the distribution paid per Unit, by (ii) 97% of the Market Value of a Unit on the distribution payment date for such distribution, in each case, with fractions computed to two decimal places. Such additional Deferred Units shall vest on the basis as the initial Deferred Units granted from the date of grant of same.

As of March 14, 2007, Calloway has 75,489,446 Units outstanding (not including the 15,019,079 Units issuable upon the exercise or conversion of the Exchangeable Securities outstanding). The aggregate number of Units authorized for issuance upon the redemption of all Deferred Units granted under the Deferred Unit Plan shall not exceed 1,000,000, or approximately 1.32% of the currently outstanding Units of Calloway, or such greater number of Units as may be determined by the Board of Trustees and approved by the Unitholders and, if required, by any relevant stock exchange or other regulatory authority; provided, however, that: (i) at no time shall the number of Units reserved for issuance to insiders of Calloway pursuant to outstanding Deferred Units, together with the number of Units reserved for issuance to such persons pursuant to any other compensation arrangements, exceed 10% of the then outstanding Units, as calculated immediately prior to the issuance in question; and (ii) the number of Units issued to insiders of Calloway pursuant to outstanding Deferred Units together with the number of Units issued to such persons pursuant to any other compensation arrangements, within any one year period, shall not exceed 10% of the then outstanding Units. No Units have been issued upon the redemption of Deferred Units issued under the Deferred Unit Plan. Calloway has issued 176,116 Deferred Units, or approximately 0.23% of the currently outstanding Units of Calloway, under the Deferred Unit Plan leaving 823,884 Deferred Units, or approximately 1.09% of the currently outstanding Units of Calloway, remaining available for issuance pursuant to the Deferred Unit Plan (assuming that all Deferred Units are redeemed for Units).

In no event may the rights or interests of a Participant under the Deferred Unit Plan be assigned, encumbered, pledged, transferred or alienated in any way, except to the extent that certain rights may pass to a beneficiary or legal representative upon death of a Participant, by will or by the laws of succession and distribution.

The administration of the Deferred Unit Plan shall be subject to and performed in conformity with all applicable laws, regulations, orders of governmental or regulatory authorities and the requirements of any stock exchange on which the Units are listed. Should the Corporate Governance and Compensation Committee, in its sole discretion, determine that it is not desirable or feasible to provide for the redemption of Deferred Units in Units, including by reason of any such laws, regulations, rules, orders or requirements, it shall notify the Participants of such determination and on receipt of such notice each Participant shall have the option of electing that such redemption obligations be satisfied by means of a cash payment by Calloway equal to the Market Value of the Units that would otherwise be delivered to a Participant in settlement of Deferred Units on the redemption date (less any applicable withholding taxes).

According to the Deferred Unit Plan, the Board of Trustees of Calloway has the power to amend, modify, suspend or terminate the Deferred Option Plan, subject to any necessary regulatory and Unitholder approvals. Subject to the receipt of any necessary regulatory or Unitholder approvals, the Board of Trustees may also at any time amend or revise the terms of any Deferred Units granted under the Deferred Option Plan from time to time.

Notwithstanding the foregoing, the Toronto Stock Exchange rules were amended effective January 1, 2005 to provide that in order for an issuer to amend an equity compensation plan, or an agreement or entitlement subject to an equity compensation plan, the equity compensation plan must specify whether security holder approval is required for that type of amendment. In the absence of a specific amendment procedure in the equity compensation plan which addresses the types of amendment being requested, security holder approval will be required by the Toronto Stock Exchange. The Board of Trustees believes that except for certain material changes to the Deferred Unit Plan it is important that the Board of Trustees has the flexibility to make changes to the Deferred Unit Plan without Unitholder approval. Such amendments could include making appropriate adjustments to outstanding entitlements in the event of certain corporate transactions, the addition of provisions requiring forfeiture of entitlements in certain circumstances, specifying practices with respect to applicable tax withholdings, changes necessary to ensure that the Deferred Unit Plan continues to operate as intended within the parameters of the *Income Tax Act* (Canada) and changes to enhance clarity or correct ambiguous provisions.

Unitholders will be asked at the Meeting to pass a resolution approving the following amendments (which amendments are collectively referred to herein as the “Proposed Deferred Unit Plan Amendments”) to the Deferred Unit Plan which Proposed Deferred Unit Plan Amendments change the amendment provisions of the Deferred Unit Plan to clarify that Unitholder approval is not required for amendments except for any amendment or modification that:

1. increases the number of Units reserved for issuance under the Deferred Unit Plan;
2. increases the percentage of the Participant’s annual retainer (in respect of a Trustee) or annual bonus (in respect of an officer or employee) that a Participant may elect to receive in the form of Deferred Units (earlier defined as the “Elected Amount”) beyond 100% of such annual retainer or annual bonus as the case may be (provided that the Deferred Unit Plan may be amended without Unitholder approval to allow up to 100% of other forms of trustee, officer and employee cash compensation for services rendered to Calloway, including but not limited to salaries, to be included in the Elected Amount);
3. increases the percentage of the Elected Amount to be matched by Calloway beyond 100% of the Elected Amount;
4. extends eligibility to participate in the Deferred Unit Plan to persons not currently eligible to participate;
5. permits entitlement under the Deferred Unit Plan be transferred other than for normal estate settlement purposes; and
6. permits awards, other than those entitlements specifically contemplated in the Deferred Unit Plan, to be made under the Deferred Unit Plan.

Interests of Management and Others In Material Transactions

Except as set out in the section of this Management Information Circular entitled “Indebtedness of Trustees and Officers” or in the section entitled “Calloway Real Estate Investment Trust – Acquisitions, Dispositions and Loans” in the annual information form of Calloway dated March 9, 2007, which section is incorporated by reference in this Management Information Circular, no Trustee, director or executive officer Calloway or its subsidiaries, or insider of Calloway, or any associate or affiliate of any of the foregoing persons, has or had any material interest in any material transaction with Calloway since the commencement of Calloway’s last financial period. A copy of the aforementioned annual information form may be found on SEDAR at www.sedar.com.

Additional Information

Additional information relating to Calloway may be found on SEDAR at www.sedar.com including additional financial information which is provided in Calloway’s consolidated comparative financial statements and management’s discussion and analysis for its most recently completed financial year. Voting Unitholders may contact Calloway at any time to receive a copy of Calloway’s consolidated comparative financial statements and management’s discussion and analysis for its most recently completed financial year. Any such request should be made to the Chief Financial Officer of Calloway, 700 Applewood Crescent, Suite 200, Vaughan, Ontario L4K 5X3 Facsimile: 905-326-0783.

PARTICULARS OF MATTERS TO BE ACTED UPON

Meetings of Voting Unitholders

The Declaration of Trust provides that meetings of Voting Unitholders must be called and held for, among other matters, the election or removal of Trustees (except filling casual vacancies), the appointment or removal of the auditors of Calloway, the approval of amendments to the Declaration of Trust, an increase or decrease in the number of Trustees, the sale of the assets of Calloway as an entirety or substantially as an entirety (other than as part of an internal reorganization) or the termination of Calloway.

Voting Unitholders may attend and vote at all meetings of Voting Unitholders either in person or by proxy and a proxyholder need not be a Voting Unitholder. Two persons present in person or represented by proxy and representing in the aggregate at least 10% of the votes attaching to all outstanding Voting Units shall constitute a quorum for the transaction of business at all such meetings.

Financial Statements

The audited financial statements of the Trust for the year ended December 31, 2006 and the auditor's report thereon will be tabled before the Voting Unitholders at the Meeting for the consideration of the Voting Unitholders. The audited financial statements have been approved by the Audit Committee and by the Board of Trustees of the Trust.

Fix Number of Trustees

It is proposed that the aggregate number of Trustees to be elected or appointed at the meeting will be 9.

At the Meeting, Voting Unitholders will be asked to vote on the following resolution, with or without variation:

Be it resolved that:

1. The aggregate number of Trustees to be elected or appointed at this Meeting is fixed at not more than 9.

Notwithstanding the foregoing resolution, the Trustees may, between annual general meetings, appoint one or more additional Trustees of the Trust to serve until the close of the next annual general meeting, but the total number of additional Trustees shall not at any time exceed 1/3 of the number of trustees elected at the Meeting.

Election of Trustees

The Declaration of Trust provides that: "For so long as Mitchell Goldhar, companies controlled by Mitchell Goldhar or Affiliates of such companies (collectively referred to herein as "SmartCentres") are the registered and beneficial owner of at least 5% but less than 15% of the issued and outstanding Units and Special Voting Units of the Trust, in aggregate, it shall be entitled to appoint one trustee to the Board of Trustees of the Trust and the number of trustees on the Board of Trustees shall be limited to eight; for so long as SmartCentres is the registered and beneficial owner of at least 15% but less than 25% of the issued and outstanding Units and Special Voting Units of the Trust, in aggregate, it shall be entitled to appoint a total of two trustees to the Board of Trustees of the Trust and the number of trustees on the Board of Trustees shall be limited to a maximum of eight; and for so long as SmartCentres is the registered and beneficial owner of at least 25% of the issued and outstanding Units and Special Voting Units of the Trust, in aggregate, it shall be entitled to appoint a total of three trustees to the Board of Trustees of the Trust and the number of trustees on the Board of Trustees shall be limited to a maximum of nine."

The Declaration of Trust further provides that, so long as certain conditions are satisfied, Smartcentres shall be entitled to 25% of the votes cast at the Meeting. See "Information Respecting Calloway Real Estate Investment Trust – Principal Unitholders" and see "Information Respecting Calloway Real Estate Investment Trust – Special Voting Units".

At the Meeting it is proposed that an aggregate of 9 Trustees be elected or appointed to hold office from the closing of the Meeting until the next annual meeting or until their successors are elected or appointed. SmartCentres has confirmed that it will appoint three Trustees to hold office from the closing of the Meeting until their successors are appointed. There are presently 9 Trustees of the Trust, each of whom cease to hold office following the closing of the Meeting, unless re-elected at the Meeting.

At the Meeting it is proposed that Simon Nyilassy, David M. Calnan, Jamie M. McVicar, Kevin B. Pshebniski, J. Michael Storey and Al Mawani, be elected as Trustees to hold office until the next annual meeting or until their successors are elected or appointed. SmartCentres has confirmed that Peter Forde, Michael Young and Mitchell Goldhar will be the SmartCentres appointees to the Board of Trustees.

At the Meeting, Voting Unitholders will be asked to vote on the following resolution, with or without variations:

Be it resolved that:

1. Simon Nyilassy, David M. Calnan, Jamie M. McVicar, Kevin B. Pshebniski, J. Michael Storey and Al Mawani, be appointed as Trustees of Calloway to hold office from the closing of the Meeting until the close of the next annual meeting of Voting Unitholders.

Re-Appointment of Auditors

It is proposed that PricewaterhouseCoopers LLP, Chartered Accountants, of Toronto, Ontario, be re-appointed to serve as auditors of the Trust until the next annual meeting of Voting Unitholders. PricewaterhouseCoopers LLP have been the Trust's auditors since September 30, 2005.

At the Meeting, Voting Unitholders will be asked to vote on the following resolution, with or without variation:

Be it resolved that:

1. The firm of PricewaterhouseCoopers LLP, Chartered Accountants, of Toronto, Ontario be appointed as the auditors of Calloway to hold office until the close of the next annual meeting of Voting Unitholders.
2. The Board of Trustees of Calloway is hereby authorized to fix the auditor's remuneration as required to give effect to the aforementioned resolution.

Adoption of Amendments to the Deferred Unit Plan

The Trust has an incentive Deferred Unit Plan. The Trust proposes to make the Proposed Deferred Unit Plan Amendments. For a summary of the key terms of the Deferred Unit Plan and the Proposed Deferred Unit Plan Amendments, see the discussion under "Information Respecting Calloway Real Estate Investment Trust - Equity Compensation Plan Information – Deferred Unit Plan".

At the Meeting, Unitholders will be asked to vote on the following resolution (the "Deferred Unit Plan Resolution"), with or without variations:

Be it resolved that:

1. The Proposed Deferred Unit Plan Amendments, substantially as described in the Management Information Circular of Calloway dated March 14, 2007, be and are hereby approved.
2. Notwithstanding that this resolution has been passed, the Board of Trustees of the Trust may, without further notice to or approval of the Unitholders, revoke this resolution at any time prior to the Proposed Amendments becoming effective.

3. Any one Trustee or officer of the Trust, be and is hereby authorized and empowered to execute or cause to be executed in the name and on behalf of the Trust or to deliver or cause to be delivered all such documents, agreements and instruments and do or cause to be done all such acts and things as such person shall determine to be necessary or desirable in order to carry out the intent of the resolution and the matters authorized thereby, such determination to be conclusively evidenced by the execution and delivery of such document, agreement or instrument or the doing of any such act or thing.

Approval of the Deferred Unit Plan Resolution requires the affirmative vote of a majority of the Voting Unitholders present or represented by proxy at the Meeting. **The Board of Trustees of Calloway believes that the passing of the Deferred Unit Plan Resolution is in the best interests of Calloway and recommend that the Voting Unitholders vote in favour of the Deferred Unit Plan Resolution. The persons named in the enclosed form of proxy, if named as proxy, intend to vote for the approval of the Deferred Unit Plan Resolution, unless instructed otherwise.**

The implementation of the Proposed Deferred Unit Plan Amendments is also subject to regulatory approval.

Interest of Certain Persons in Matters to be Acted Upon

Other than the election of Trustees of Calloway or as otherwise set out in this Management Information Circular, no Trustee, officer or insider of Calloway, or any associate or affiliate of any of the foregoing persons, has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted upon at the Meeting.

Other Business

Management is not aware of any matter to come before the Meeting other than the matters referred to in the Notice of Annual Meeting. However, if any other matter properly comes before the Meeting, the accompanying forms of proxy confer discretionary authority to vote with respect to amendments or variations to matters identified in the Notice of Annual Meeting and with respect to other matters that properly may come before the Meeting in the best judgement of the persons voting the proxy.

APPROVAL OF TRUSTEES

The contents of this Management Information Circular have been approved by the Board of Trustees of Calloway Real Estate Investment Trust.

DATED at Vaughan, Ontario this 14th day of March, 2007.

Schedule “A” – Mandate of the Board

1. Adoption

The Board of Trustees (the “Board”) of Calloway Real Estate Investment Trust (the “Trust”) adopted this Mandate by resolution dated March 8, 2004.

2. Policy Statement

The Board of the Trust has, subject to all of the provisions of the Declaration of Trust of the Trust, as amended from time to time (the “Declaration of Trust”), the responsibility to oversee the conduct of the business of the Trust and to oversee the activities of management who are responsible for the day-to-day conduct of the business of the Trust.

3. Composition and Operation

The Board operates by delegating certain of its authorities to management and to Committees of the Board and by reserving certain powers to itself all as prescribed by the Declaration of Trust. The Board retains the responsibility of managing its own affairs including selecting its Chairman, nominating candidates for election to the Board, constituting committees of the full Board and determining compensation for the trustees. Subject to the Declaration of Trust and all amendments thereto, the Board may constitute, seek the advice of and delegate powers, duties and responsibilities to committees of the Board.

4. Responsibilities

The Board’s fundamental objectives are to enhance and preserve long-term unitholder value, to ensure the Trust meets its obligations on an ongoing basis and that the Trust operates in a reliable manner. In performing its functions, the Board should also consider the legitimate interests its other stakeholders such as employees, customers and communities may have in the Trust. In broad terms, the stewardship of the Trust involves the Board in strategic planning, financial reporting, risk management and mitigation, senior management determination, communication planning and internal control integrity.

5. Specific Duties

Subject only to the express limitations contained in the Declaration of Trust including, without limitation sections 5.1 and 5.2 of the Declaration of Trust, and in addition to any powers and authorities conferred by the Declaration of Trust or which the trustees may have by virtue of any present or future statute or rule or law, the Board shall have and may exercise the following powers and authorities (with all defined terms having the meaning prescribed by the Declaration of Trust):

- (a) To retain, invest and reinvest the capital or other funds of the Trust in Real Property of any kind, and to possess and exercise all the rights, powers and privileges appertaining to the ownership of the property of the Trust and to increase the capital of the Trust at any time by the issuance of additional Units for such consideration as they deem appropriate;
- (b) For such consideration as they deem proper, to invest in, purchase or otherwise acquire for cash or other property or through the issuance of Units or through the issuance of notes, debentures, bonds or other obligations or securities of the Trust and hold for investment the entire or any participating interest in mortgages. In connection with any such investment, purchase or acquisition, the Board shall have the power to acquire a share of rents, lease payments or other gross income from or a share of the profits from or a share in the equity or ownership of Real Property;
- (c) To sell, rent, lease, hire, exchange, release, partition, assign, mortgage, pledge, hypothecate, grant security interests in, encumber, negotiate, convey, transfer or otherwise dispose of any or all of the property of the Trust by deeds, trust deeds, assignments, bills of sale, transfers, leases, mortgages,

financing statements, security agreements and other instruments for any of such purposes executed and delivered for and on behalf of the Trust or Trustees by one or more of the Trustees or by a duly authorized officer, employee, agent or any nominee of the Trust;

- (d) To enter into leases, contracts, obligations and other agreements for a term extending beyond the term of office of the Trustees and beyond the possible termination of the Trust or for a lesser term;
- (e) To borrow money from or incur indebtedness to any person; to guarantee, indemnify or act as surety with respect to payment or performance of obligations of third parties; to enter into other obligations on behalf of the Trust; and to assign, convey, transfer, mortgage, subordinate, pledge, grant security interests in, or encumber, the property of the Trust to secure any of the foregoing;
- (f) To lend money, whether secured or unsecured;
- (g) To incur and pay out of the property of the Trust any charges or expenses and disburse any funds of the Trust, which charges, expenses or disbursements are, in the opinion of the Board, necessary or incidental to or desirable for the carrying out of any of the purposes of the Trust or conducting the affairs of the Trust including, without limitation, taxes or other governmental levies, charges and assessments of whatever kind or nature, imposed upon or against the Board in connection with the Trust or the property of the Trust or upon or against the property of the Trust or any part thereof and for any of the purposes herein;
- (h) To deposit funds of the Trust in banks, trust companies and other depositories, whether or not such deposits will earn interest, the same to be subject to withdrawal on such terms and in such manner and by such person or persons (including any one or more Trustees, officers, agents or representatives) as the Board may determine;
- (i) To possess and exercise all the rights, powers and privileges appertaining to the ownership of all or any mortgages or securities, issued or created by, or interest in, any person, forming part of the assets of the Trust, to the same extent that an individual might and, without limiting the generality of the foregoing, to vote or give any consent, request or notice, or waive any notice, either in person or by proxy or power of attorney, with or without power of substitution, to one or more persons, which proxies and powers of attorney may be for meetings or action generally or for any particular meeting or action and may include the exercise of discretionary power;
- (j) To elect, appoint, engage or employ officers for the Trust (including a Chairman, a President, one or more Vice-Presidents and a Secretary and other officers as the Board may determine), who may be removed or discharged at the discretion of the Board, such officers to have such powers and duties, and to serve such terms as may be prescribed by the Board; to engage or employ any persons as agents, representatives, employees or independent contractors (including, without limitation, real estate advisors, investment advisors, registrars, underwriters, accountants, lawyers, real estate agents, property managers, appraisers, brokers, architects, engineers, construction managers, general contractors or otherwise) in one or more capacities, and to pay compensation from the Trust for services in as many capacities as such persons may be so engaged or employed; and, except as prohibited by law, to delegate any of the powers and duties of the Board to any one or more Trustees, agents, representatives, officers, employees, independent contractors or other persons;
- (k) To collect, sue for and receive sums of money coming due to the Trust, and to engage in, intervene in, prosecute, join, defend, compromise, abandon or adjust, by arbitration or otherwise, any actions, suits, proceedings, disputes, claims, demands or other litigation relating to the Trust, the assets of the Trust or the Trust's affairs, to enter into agreements therefore whether or not any suit is commenced or claim accrued or asserted and, in advance of any controversy, to enter into agreements regarding the arbitration or settlement thereof,

- (l) To renew, modify, release, compromise, extend, consolidate or cancel, in whole or in part, any obligation to or of the Trust;
- (m) To purchase and pay for, out of the assets of the Trust, insurance contracts and policies insuring the assets of the Trust against any and all risks and insuring the Trust and/or any or all of the Trustees, the Unitholders or officers of the Trust against any and all claims and liabilities of any nature asserted by any person arising by reason of any action alleged to have been taken or omitted by the Trust or by the Trustees, the Unitholders or the officers or otherwise;
- (n) To cause title to any of the assets of the Trust to be drawn up in the name of the Trustees, and/or, to the extent permitted by applicable law, in the name of the Trust or one or more of the Trustees or any other person, on such terms, in such manner with such powers in such person as the Board may determine and with or without disclosure that the Trust or Trustees are interested therein provided, however, that should title to any of the assets of the Trust be held by and/or in the name of any person or persons other than the Trust or Trustees as aforesaid, the Board shall require such person or persons to execute a declaration of trust acknowledging that title to such assets is held in trust for the benefit of the Trust;
- (o) To determine conclusively the allocation to capital, income or other appropriate accounts of all receipts, expenses, disbursements and property of the Trust;
- (p) To prepare, sign and file or cause to be prepared, signed and filed any prospectus, information circular, offering memorandum or similar document, and any amendment thereto, relating to or resulting from an offering of the Units or other securities issued or held by the Trust and to pay the cost thereof and related thereto and any fees related thereto out of the property of the Trust whether or not such offering is or was of direct benefit to the Trust or those persons (if any) who were Unitholders immediately prior to such offering;
- (q) To make or cause to be made application for the listing on any stock exchange of any Units or other securities of the Trust, and to do all things which in the opinion of the Board may be necessary or desirable to effect or maintain such listing or listings;
- (r) To determine conclusively the value of any or all of the property of the Trust from time to time and, in determining such value, to consider such information and advice as the Board, in their sole judgement, may deem material and reliable;
- (s) To do all such acts and things and to exercise such powers which are delegated to the Board by any person who co-owns Real Property with the Trust;
- (t) To do all such other acts and things as are incidental to the foregoing and to exercise all powers which are necessary or useful to carry on the affairs of the Trust, to promote any of the purposes for which the Trust is formed and to carry out the provisions of the Declaration of Trust.

6. Independence, Orientation and Evaluation

The Board shall have the responsibility to:

- (a) implement appropriate structures and procedures to permit the Board to function independently of management;
- (b) implement a system which enables an individual trustee to engage an outside advisor at the expense of the Trust in appropriate circumstances;
- (c) provide an orientation and education program for newly appointed members of the Board;

- (d) implement a process for assessing the effectiveness of the Board as a whole, the committees of the Board and the contribution of individual trustees;
- (e) examine the size of the Board and the impact of the number of trustees upon the effectiveness of the Board; and
- (f) review the adequacy and form of the compensation provided to the trustees to ensure it adequately reflects the responsibilities and risks involved in being an effective trustee.

7. Strategy Determination

The Board shall:

- (a) adopt and annually review a strategic planning process and approve the strategic plan of the Trust, which takes into account, among other things, the opportunities and risks of the business; and
- (b) annually review operating and financial performance results relative to established strategy, budgets and objectives.

8. Managing Risk

The Board has the responsibility to understand the principal risks of the business in which the Trust is engaged, to achieve a proper balance between risks incurred and the potential return to unitholders, and to confirm that there are systems in place which effectively monitor and manage those risks with a view to the long-term viability of the Trust.

9. Appointment, Training and Monitoring of Senior Management

The Board shall:

- (a) appoint the Chief Executive officer (“CEO”) and senior officers, develop position descriptions for such persons, approve (upon recommendations from the Compensation Committee) their compensation, and monitor the CEO’s performance against a set of mutually agreed corporate objectives directed at maximizing unitholder value;
- (b) ensure that a process is established that adequately provides for succession planning including the appointment, training and monitoring of senior management; and
- (c) establish limits of authority delegated to management.

10. Reporting and Communication

The Board has the responsibility to:

- (a) verify that the Trust has in place policies and programs to enable the Trust to communicate effectively with its unitholders, other stakeholders and the public generally;
- (b) verify the integrity of the Trust’s internal controls and management information systems;
- (c) verify that the financial performance of the Trust is adequately reported to unitholders, other security holders and regulators on a timely and regular basis;
- (d) verify that the financial results are reported fairly and in accordance with generally accepted accounting standards;

- (e) verify the timely reporting of any other developments that have a significant and material impact on the value of the Trust; and
- (f) report annually to unitholders on its stewardship of the affairs of the Trust for the preceding year.

11. Monitoring and Acting

The Board has the responsibility to:

- (a) review and approve the Trust's financial statements and oversee the Trust's compliance with applicable audit, accounting and reporting requirements;
- (b) verify that the Trust operates at all times within applicable laws and regulations to the highest ethical and moral standards;
- (c) approve and monitor compliance with significant policies and procedures by which the Trust is operated;
- (d) monitor the Trust's progress towards its goals and objectives and to revise and alter its direction through management in response to changing circumstances;
- (e) take such action as it determines appropriate when performance falls short of its goals and objectives or when other special circumstances warrant; and
- (f) verify that the Trust has implemented adequate internal control and information systems which ensure the effective discharge of its responsibilities.

12. Committees

- (a) There shall be three committees of the Board; the investment committee, the audit committee and the compensation and corporate governance committee. The Board may establish any other committee as it may deem appropriate from time to time.
- (b) The Board shall establish a mandate for each of the committees of the Board required by section 12(a) above.

13. Other Activities

- (a) The Board shall prepare and distribute the schedule of Board meetings for each upcoming year.
- (b) The Board may perform any other activities consistent with this mandate, the Declaration of the Trust and all amendments thereto and any other governing laws as the Board determines necessary or appropriate.