CALLOWAY
REAL ESTATE INVESTMENT TRUST

INITIAL ANNUAL INFORMATION FORM

FOR THE YEAR ENDED DECEMBER 31, 2002

Dated: May 9, 2003

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GLOSSARY

The following terms used in this annual information form have the meanings set out below. Unless the context otherwise requires, any reference in this annual information form to any agreement, instrument, indenture, declaration or other document shall mean such agreement, instrument, indenture or other document, as amended, supplemented and restated at any time and from time to time prior to the date hereof or in the future.

"**ABCA**" means the *Business Corporations Act* (Alberta), including the regulations promulgated thereunder;

"**Adjusted Unitholders' Equity**" means, at any time, the aggregates of the amount of Unitholders' equity and the amount of accumulated depreciation and amortization recorded in the books and records of Calloway in respect of its properties, calculated in accordance with generally accepted accounting principles;

"**Affiliate**" when used to indicate a relationship with a person or company, has the same meaning as set forth in Ontario Securities Commission Rule 45-501;

"**Associate**" when used to indicate a relationship with a person or a company, has the same meaning as in the *Securities Act* (Ontario);

"**Business Day**" means a day which is not a Saturday, Sunday or legal holiday in the Province of Alberta;

"**Calloway**" or the "**Trust**" means Calloway Real Estate Investment Trust, an unincorporated closed-end trust established under the Declaration of Trust and governed by the laws of the Province of Alberta and, where the context requires, includes its subsidiaries, including Holdings;

"**CPI**" means Calloway Properties Inc.;

"**Declaration of Trust**" means the declaration of trust dated December 4, 2001, as amended and restated as of October 24, 2002;

"**Development Agreement**" means the agreement dated November 4, 2002 between Calloway and Hopewell with respect to the development and construction of properties;

"**Distributable Income**" means, for any period, the income of the Trust and its consolidated subsidiaries determined in accordance with Canadian generally accepted accounting principles, adjusted as follows:

(a) depreciation and amortization (exclusive of amortization of tenant inducements and leasing costs) shall be added back; and

(b) any gains or losses on the disposition of any asset shall be excluded;

and to reflect any other adjustments determined by the Trustees in their discretion. Distributable Income may be estimated whenever the actual amount has not been fully determined, which estimates shall be adjusted as of the first Distribution Date by which the amount of such Distributable Income has been fully determined;

"**Distribution Date**" means, with respect to a distribution by the Trust:

(a) a Business Day determined by the Trustees for any calendar month other than December, on or about the 15th day of the following month; and

(b) for the month of December, December 31;

"**Distribution Record Date**" means, until otherwise determined by the Trustees, the last Business Day of each month of each year, except for the month of December where the Distribution Record Date shall be December 31;

"**Employment Agreements**" means the employment agreements dated November 1, 2002 between Calloway and each of J. Michael Storey, as President and Chief Executive Officer, Mark A. Suchan, as Chief Financial Officer, and Keith McRae, as Director of Operations;

"**Fair Market Value**" means, in respect of a development property subject to the Development Agreement, the most probable price which the development property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, not affected where: (i) both parties are typically motivated; (ii) both parties are well informed or well advised, and acting in what they consider their best interests; (iii) a reasonable time is allowed for exposure of the development property in the open market; (iv) payment is made in terms of cash in Canadian dollars or in terms of financial arrangements comparable thereto; and (v) the price represents the normal consideration for the development property sold, unaffected by special or creative financing or sales concessions granted by anyone associated with the sale;

"**Finco**" means Calloway Financial Inc., a wholly owned subsidiary of Calloway;

"**GAAP**" means generally accepted accounting principles in Canada including, among other things, Recommended Accounting Practice for Real Estate Investment and Development Companies issued by the Canadian Institute of Public and Private Real Estate Companies. Except as otherwise specified, all accounting terms used in this prospectus shall be construed in accordance with GAAP;

"**Gross Book Value**" means, at any time, the book value of the assets of Calloway and its consolidated subsidiaries as shown on its then most recent consolidated balance sheet plus the amount of accumulated building depreciation shown thereon;

"**Holdings**" means Calloway Real Estate Investment Trust Inc., a direct wholly-owned subsidiary of Calloway;

"**Hopewell**" means Hopewell Development Corporation;

"**Hopewell Loans**" means the advances by Calloway to Hopewell on November 4, 2002 of mezzanine financing in the aggregate principal amount of $1.6 million, bearing interest at a rate of 12% per annum, and secured by the Hopewell Properties;

"**Hopewell Option**" means the option of Calloway to purchase the Hopewell Properties pursuant to the Development Agreement;

"**Hopewell Properties**" means the properties described under "Hopewell Properties and Hopewell Loans" for which Calloway has provided the Hopewell Loans pursuant to the terms of the Development Agreement;

"**HRESI**" means Hopewell Real Estate Services Inc., a wholly owned subsidiary of Hopewell;

"**Independent Trustee**" means a Trustee who is "unrelated" (as defined in the Toronto Stock Exchange guidelines on corporate governance) to Calloway or any subsidiary thereof;

"**Management Companies**" means companies in which any of the Management Individuals have an interest;

"**Management Individuals**" means J. Michael Storey, as President and Chief Executive Officer, Mark A. Suchan, as Chief Financial Officer, and Keith McRae, as Director of Operations;

"**Non-Resident**" means a person who is not a resident of Canada within the meaning of the Tax Act;

"**Outside Trustee**" means a Trustee that is not a member of management of Calloway or any of its subsidiaries;

"**Paradigm**" means Paradigm Properties Inc.;

"**Person**" means any individual, partnership, association, body corporate, trustee, executor, administrator, legal representative, government, regulatory authority or other entity;

"**Plans**" means trusts governed by registered retirement savings plans, registered retirement income funds, deferred profit sharing plans and registered education savings plans under the Tax Act;

"**Property Management Agreements**" means agreements between Calloway and HRESI dated November 4, 2002 whereby HRESI is responsible for the provision to Calloway of property management services for certain of the properties within the Property Portfolio;

"**Property Portfolio**" means, collectively, the retail, office and industrial rental properties owned by Calloway as at the date of this annual information form but specifically does not include the Hopewell Properties;

"**Subsidiary**" includes, with respect to any person, company, partnership, limited partnership, trust or other entity, any company, partnership, limited partnership, trust or other entity controlled, directly or indirectly, by such person, company or entity;

"**Tax Act**" means the *Income Tax Act* (Canada) and the regulations thereunder, as amended;

"**Transfer Agent**" means Computershare Trust Company of Canada at its principal offices in Calgary, Alberta, and Toronto, Ontario;

"**Trustees**" means the trustees from time to time of Calloway;

"**TSX**" means the Toronto Stock Exchange;

"**TSX Venture**" means The TSX Venture Exchange;

"**Unit**" means a trust unit of Calloway, each such unit representing an equal undivided beneficial interest therein;

"**Unit Option Plan**" means the incentive trust unit option plan adopted by the Trustees; and

"**Unitholders**" means the holders from time to time of Units.

FORWARD LOOKING STATEMENTS

Certain statements in this annual information form are "forward looking statements" that reflect management's expectations regarding Calloway's future growth, results of operations, performance and business prospects and opportunities. Such forward looking statements reflect management's current beliefs and are based on information currently available to management. Forward looking statements involve significant risks and uncertainties. A number of factors could cause actual results to differ materially from the results discussed in the forward looking statements including risks associated with real property ownership, availability of cash flow, restrictions on redemption, general uninsured losses, future property acquisitions, environmental matters, tax related matters, debt financing, Unitholder liability, potential conflicts of interest, potential dilution, and reliance on key personnel. Although the forward looking statements contained in this annual information form are based upon what management believes to be reasonable assumptions, Calloway cannot assure investors that actual results will be consistent with these forward looking statements. These forward looking statements are made as at the date of this annual information form, and Calloway assumes no obligation to update or revise them to reflect new events or circumstances.

CALLOWAY REAL ESTATE INVESTMENT TRUST

Overview

Calloway Real Estate Investment Trust ("Calloway" or the "Trust") is an unincorporated closed-end real estate investment trust established by the Declaration of Trust and governed by the laws of the Province of Alberta. Calloway was created to invest in income-producing rental properties located in Canada through the acquisition of a diversified portfolio of mid-market retail, office and industrial rental properties. Although Calloway is a "mutual fund trust" as defined in the Tax Act, Calloway is not a "mutual fund" as defined in applicable securities legislation. The principal and head office of Calloway is located at 310, 855 – 8th Avenue S.W., Calgary, Alberta T2P 3P1.

During the fall of 2001, the board of directors of Calloway Properties Inc. ("CPI") decided to proceed with the reorganization of CPI into an income trust. On January 21, 2002, the shareholders of CPI approved of the arrangement agreement between CPI and Calloway and the Court of Queens Bench of Alberta issued its final order approving the arrangement agreement on January 22, 2002. The reorganization was completed with an effective date of February 13, 2002. Upon completion of the arrangement between CPI and Calloway, the former shareholders of CPI became holders of Units of Calloway and Calloway became the owner of CPI's commercial rental properties. Calloway continued to carry on the business previously carried on by CPI (other than its construction and land development business).

Calloway's authorized capital consists of an unlimited number of Units. Following completion of the arrangement as described in the preceding paragraph, there were 6,072,703 Units issued and outstanding. On November 4, 2002, those Units were consolidated on a 11.294 for one basis so that there were 540,785 Units outstanding immediately prior to the issuance by Calloway of 5,080,000 Units for gross proceeds of $50,800,000. The new Units were qualified for distribution by a prospectus dated October 24, 2002. On December 30, 2002, the underwriters of that prospectus offering partially exercised their over-allotment option and a further 330,750 Units were issued for gross proceeds of $3,307,500. As at May 9, 2003, there were 5,951,535 Units issued and outstanding.

Prior to the closing of the prospectus offering of Units described in the preceding paragraph, Calloway owned four retail properties in Calgary, Alberta totaling 86,905 square feet.

On November 4, 2002, concurrently with the closing of the prospectus offering, Calloway:

(i) acquired five properties (Holland Cross, Century Park Place, British Colonial Building, Airtech Centre, and Canadian Commercial Centre) in four major urban areas in Canada (Ottawa, Calgary, Toronto and Vancouver) from an arm's length party for an aggregate purchase price, including transaction costs, of approximately $71.187 million (subject to usual closing adjustments), payable as to approximately $33.910 million in cash, an additional $8.177 million in cash from proceeds of new mortgages (net of finance fee of $0.073 million), and the balance by the assumption of approximately $29.100 million principal amount of mortgages;

(ii) acquired the 110 Lowson Crescent property in Winnipeg from an arm's length party and the Lloyd Mall property in Lloydminster, Alberta from an arm's length party for an aggregate purchase price, including transaction costs, of approximately $23.772 million (subject to usual closing adjustments), payable as to approximately $10.461 million in cash, an additional $13.311 million in cash from proceeds of new mortgages; and

(iii) provided the Hopewell Loans pursuant to the Development Agreement which provided Calloway with an option to purchase the Hopewell Properties upon completion and lease-up at a negotiated price, or, failing agreement, at a price equal to 95% of the appraised Fair Market Value of the properties.

Effective November 15, 2002, Calloway acquired the 1558 Willson Place property in Winnipeg from an arm's length party for an aggregate purchase price, including transaction costs, of approximately $4.7 million, payable as to approximately $2.115 million in cash and an additional $2.585 million from proceeds of a new mortgage on this property.

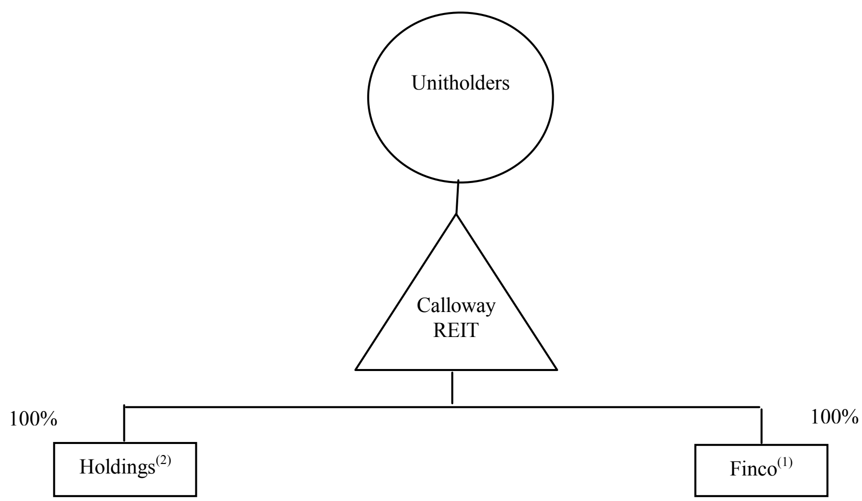
On March 31, 2003, Calloway acquired the Gesco Warehouse and the Ecco Building, each located in Calgary , from an arm's length party for an aggregate purchase price, including transaction costs, of approximately $4.62 million, payable as to approximately $2.382 million in cash, and the balance by the assumption of approximately $2.238 million principal amount of mortgages.

On April 30, 2003, Calloway acquired the 1300 Church Avenue property in Winnipeg from an arm's length party for an aggregate purchase price, including transaction costs, of approximately $1.150 million, payable as to approximately $0.403 million in cash and an additional $0.747 million from proceeds of new mortgages.

Calloway now has 15 properties consisting of approximately 1,141,075 square feet located in 6 urban centres in Canada. See "Assets of Calloway".

Structure of Calloway

The following diagram illustrates the organizational structure of Calloway:



Notes:

(1) Finco provides the Hopewell Loans.

(2) Holdings holds legal title to the Property Portfolio.

Canadian Real Estate Property Market

Data on the Canadian Real Estate Property Market that follows is derived from publicly available information provided by Statistics Canada and from the following reports: Provincial Economic Outlook (February 27, 2003) – TD Bank Financial Group Economics Department; and 2003 Survey of Real Estate Markets – Royal LePage Commercial Inc.

Economic Overview of the Trust's Target Markets

Management believes that the markets in which Calloway is pursuing its strategy are characterized by a diversity of economic activities and significant infrastructure development and are positioned for growth. Calloway owns retail, office and industrial assets in the Provinces of Alberta, British Columbia, Manitoba and Ontario.

Calloway owns five retail properties, one office property and three industrial properties in Alberta located in the cities and surrounding areas of Calgary and Edmonton. Alberta's economy remains buoyant and is expected to be a leader among the Canadian provinces in 2003 with GDP forecast to grow at 4.4%. While the energy sector remains the key driver of the Alberta economy, the spin-off benefits are also significant. Alberta's excellent fiscal position and attractive tax structure provide further incentives to businesses and individuals to locate in the province.

Calloway owns one industrial property in British Columbia located near the Vancouver airport. In British Columbia, while the economy has struggled over the last several years, management believes that the current political initiatives of the provincial government are positive steps towards creating an attractive business environment. British Columbia's GDP is expected to grow by 2.8% in 2003.

Calloway owns three assets in the Province of Manitoba consisting of two light industrial properties and one industrial/office property all of which are located in the city of Winnipeg. Manitoba's economy performed well in 2002 with GDP growth estimated at 3.0% and is forecast to expand by a further 2.6% in 2003. For 2003 Manitoba's unemployment rate is forecast to be among the lowest in the country at 4.9%.

Calloway owns two assets in the Province of Ontario consisting of one retail property and one office property located in the cities of Toronto and Ottawa, respectively. Ontario's economy performed well in 2002 despite the softness in the U.S. economy. Ontario's GDP is forecast to grow at only 2.8% in 2003, reflecting the continued slow growth in the U.S. economy and the reduced competitiveness resulting from a stronger Canadian dollar.

Real Estate Industry Overview

While the office leasing market is expected to remain soft throughout 2003, the fundamentals of commercial real estate remain solid. Limited new supply, historically low interest rates and comparably low vacancy rates in the retail and industrial asset classes combine to offer an attractive investment landscape.

The national office space vacancy is forecast to rise only slightly to 10.8% in 2003. In the industrial market, the 2003 projection is for a stable vacancy rate of 4.8% including modest new development. The retail property market in 2002 was a growth year in terms of development and redevelopment. Forecasts for gains in GDP, low interest rates and strengthening labour market suggests retail markets will fair well again in 2003.

Mid-Market Real Estate Investment Strategy

Calloway intends to pursue a mid-market real estate investment strategy and build a portfolio of mid-market revenue producing properties by acquiring assets in stable economic trade areas across Canada, primarily in Western Canada and Ontario. Management believes that the mid-market commercial real estate market presents an attractive investment opportunity. In management's experience, the mid-market property segment is characterized by a relatively high supply of existing investment product, historically stable yields, inherently accretive returns and opportunities for organic income growth, diversification opportunities and readily available financing through securitization conduits or conventional mortgages.

In addition, management's experience has shown that mid-market buildings are often owned as single assets or as a part of smaller portfolios that tend to be highly levered and therefore more vulnerable to interest rate risk. Calloway intends to employ proven management and operating systems and a conservative debt profile to generate higher yields on properties in this market segment.

Objectives and Strategy of Calloway

The objectives of Calloway are: (i) to provide Unitholders with stable and growing cash distributions, payable monthly and, to the maximum extent possible, tax deferred, through the acquisition of a diversified portfolio of well-located, mid-market retail, office and industrial income producing properties located in Canada; (ii) to expand the asset base of Calloway and increase its Distributable Income through on-going active management of Calloway's assets and the acquisition of additional retail, office and industrial rental properties or interests therein; and (iii) to enhance the value of Calloway's assets and maximize long-term Unit value through efficient management and proactive leasing.

Calloway intends to pursue a mid-market real estate investment strategy and invest in mid-market retail, office and industrial rental properties with strong tenant covenants, stable yields, low vacancy levels and growth potential and build a commercial real estate portfolio which is diversified both geographically and across asset classes. 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. Through the acquisition of the Property Portfolio and through Calloway's continuing relationship with Hopewell, Calloway believes it has a solid foundation to implement this strategy.

Calloway's management has, in the aggregate, over 35 years of experience in the commercial real estate market, including real estate acquisitions, dispositions, financing and administration, property management, construction and renovation, and marketing. Management's goal will be to maximize cash flow and Unit value, while minimizing Unitholder risk. Management will undertake regular reviews of the Property Portfolio and, based on experience and market knowledge, will assess ongoing opportunities for the Property Portfolio. Where appropriate capital improvement projects, renovations and remarketing initiatives will be implemented.

Management is committed to maximizing income from Calloway's properties through sophisticated and prudent financial management. Management intends to optimize the leveraged returns from the Property Portfolio, while remaining within the overall debt limits set by the Declaration of Trust. Whenever possible, Calloway intends to utilize fixed rate debt financing with terms that are appropriate for the nature of the leases and the properties being financed. Management intends to stagger debt maturities to reduce refinancing risk and to provide a source of additional capital when refinanced, and make use of operating lines or acquisition facilities to generate interim capital.

Calloway plans to achieve its objectives by employing the following internal and external growth strategies:

Growth Through Asset Management

Calloway believes that opportunities exist to increase cash flow of the Property Portfolio through value-added asset management and leasing activity. Calloway intends to develop a leasing strategy for each property that reflects the nature of the property, its position within the marketplace, as well as prevailing and forecast economic conditions. To assist in implementing this strategy, Calloway intends to utilize and coordinate with the brokerage leasing community and retain appropriate agents on a best-in-class basis for each of the assets. Management expects that this strategy will maximize expansion and renewal opportunities and will involve aggressive, proactive leasing programs.

Calloway recognizes that renewal of existing tenant leases, as opposed to tenant replacement, often provides the best operating results as renewals minimize transaction costs associated with marketing, leasing and tenant improvements and avoids costs of renovation and interruptions in rental income resulting from periods of vacancy. Where existing tenants choose not to renew their lease, Calloway's proactive leasing function is designed to quickly identify replacement tenants at the best available market terms and lowest possible transaction costs.

The property management function is provided by HRESI, with respect to most of the multi-tenant properties in Alberta and Ontario, by Paradigm with respect to the Holland Cross property, and internally by Calloway with respect to Lloyd Mall, the Ecco and Gesco warehouses in Calgary and the three Manitoba properties in Western Canada. Where the property management is external, the property manger will provide property management services, advice, proposals, recommendations, reports and other information to the Trust. Calloway intends to assume the property management function for the entire Property Portfolio either directly or through a wholly-owned subsidiary when it is cost effective to do so. See "Operation of the Property Portfolio".

Growth Through Acquisitions

Calloway intends to expand its asset base and increase Distributable Income by pursuing an external growth strategy. Calloway intends to actively seek accretive acquisitions in its existing and adjacent markets and in new Canadian markets that present opportunities for favourable returns.

Calloway believes it has certain competitive advantages that enhance the Trust's ability to identify and capitalize on acquisition opportunities in the mid-market niche. These advantages include: (i) management's extensive understanding of mid-market commercial real estate; (ii) Calloway's strategic relationship with Hopewell under the Development Agreement; and (iii) Calloway's access to capital as a public entity.

Throughout the acquisition process, Calloway intends to identify potential property acquisitions using an investment criteria that focuses primarily on return on equity, security of cash flow, potential for capital appreciation and the potential to increase value by more efficient management of the assets being acquired, including accessing capital for expansion and development of those assets, which access might not otherwise be available to competitors and other property owners.

Calloway intends to focus on investing in additional mid-market retail, office and industrial property interests in Canada to produce a geographically diversified portfolio with strong cash flows which, when coupled with experienced management, will provide future growth opportunities for Unitholders. Management believes that this growth is possible, particularly over the short term, because current conditions enable buyers of commercial real estate to benefit from attractive going-in yields on an unleveraged basis, significant potential for capital appreciation and the availability of both short and long-term financing at favourable interest rates.

Calloway believes it will be able to implement an effective investment strategy by acquiring additional properties from several sources, including the following:

(i) mid-market commercial properties made available generally in the property market;

(ii) the disposition of commercial properties by institutional investors necessitated by the rebalancing of their investment portfolios in light of the devaluation of many non-real estate equity investments;

(iii) commercial properties made available under the terms of the Development Agreement with Hopewell; and

(iv) institutional and other owners of commercial real estate.

ACCESS TO DEVELOPMENT PROJECTS

Management of Calloway believes that an important part of Calloway's growth will be achieved through the acquisition of newly developed, renovated or expanded mid-market commercial rental properties in Canada. Accordingly, Calloway has entered into the Development Agreement with Hopewell. The Development Agreement provides that if Calloway provides mezzanine financing on market terms for a development project or makes an offer to provide mezzanine financing on market terms, Calloway will have an option to purchase such development property following completion at a price negotiated between the parties, or failing agreement, at a price equal to 95% of the appraised Fair Market Value of the property.

The Development Agreement will also assist Calloway in avoiding the hurdles associated with property development, including locating and buying attractive development sites, securing construction financing, obtaining development approvals, marketing and leasing a building in advance of and during construction and earning no return during the construction period.

Relationship with Hopewell

The Hopewell Group of Companies (the "Hopewell Group") are Calgary-based companies with an interest in all facets of the real estate industry. The Hopewell Group's core operations are in a number of real estate areas, including, industrial, retail and commercial real estate development, property management services, logistical and warehouse services, residential land development, single and multi-family home construction and merchant banking investments.

Hopewell Development Corporation ("Hopewell") is the industrial and commercial development division of the Hopewell Group of Companies. Hopewell provides professional in house property management services for its directly owned assets and third party clients through HRESI. HRESI has offices in Calgary and the Greater Toronto Area with approximately 3,400,000 square feet of property under management in Alberta and Ontario. Hopewell Residential Communities Inc. (an affiliate of Hopewell) is one of the largest residential land developers in Calgary, Alberta. The Hopewell Group's logistics and warehouse operations are currently operated under the Hopewell Distribution Services Inc./Hopewell Logistics Inc. corporate entities in the Vancouver, Calgary, and the Greater Toronto Area marketplaces. The Hopewell Group's Sabal Homes division is a builder of single family and multi-family residential units in the Calgary marketplace.

The President of Hopewell is Kevin B. Pshebniski. Mr. Pshebniski is also a Trustee of Calloway. As President of Hopewell, Mr. Pshebniski leads the Hopewell Group's dedicated team of approximately 25 industrial/commercial real estate employees. Through its experienced staff, Hopewell has the capacity to undertake all aspects of the retail, industrial and suburban project development process including in-house expertise in:

(a) site analysis and acquisition;

(b) site planning and design;

(c) development co-ordination and management;

(d) leasing and supervision of third party leasing professionals;

(e) general contracting and construction management;

(f) project financing; and

(g) property management.

Hopewell has extensive development land holdings in Calgary and in the Greater Toronto Area with a number of significant development projects in its pipeline. Since 1995, Hopewell has developed more than 6,000,000 square feet of commercial projects.

Hopewell is engaged in the development and construction business and is pursuing additional development and construction opportunities with a focus on Western Canada and Ontario. Hopewell is currently developing the Hopewell Properties. On the closing of Calloway's public offering of Units in the fall of 2002, Calloway advanced the Hopewell Loans and acquired an option to purchase the Hopewell Properties upon their completion. See "Hopewell Properties and Hopewell Loans".

Terms of Development Agreement

Pursuant to the Development Agreement Calloway has been granted the right to offer to make mezzanine loans for up to 100% of the projected equity component of certain mid-market development projects undertaken by Hopewell. Hopewell will provide Calloway with the financial and other information necessary to enable it to make an informed decision on whether to provide mezzanine financing. Each loan that Calloway advances will bear interest on market terms based on prudent underwriting criteria but shall not be less than 10% per annum and will mature 24 months from substantial completion of the development property. Hopewell can prepay the loan at any time without penalty provided that the Hopewell Loans may not be prepaid prior to December 31, 2003. If Calloway has advanced a mezzanine loan to Hopewell, whether or not subsequently prepaid by Hopewell, or has made an offer to advance a mezzanine loan on market terms in relation to a particular development property, Calloway will have an option to purchase the property. Each mezzanine loan will be repayable prior to maturity in the event that Calloway purchases the development property pursuant to its option to purchase or Hopewell sells the development property to a third party should Calloway not exercise its option to purchase or pursuant to a prior ranking third party right or option to purchase described below. Any mezzanine loan funded by Calloway will be assignable to Calloway's lenders and will be secured by a second mortgage registered against the applicable development property ranking subsequent in priority only to any construction financing, which construction financing shall specifically permit Calloway's option to purchase described below. Mezzanine loans will provide for full recourse to Hopewell. Construction financing secured by Hopewell for any development property that Calloway has financed will not be cross-collateralized to other Hopewell debt, unless such debt or security is subordinated to Calloway.

Calloway's option to purchase a development property is exercisable during the 90-day period (the "Option Period") commencing on the earlier of the date that such development property is 90% occupied and the date which is eighteen months following substantial completion. In these circumstances, the purchase price payable under such option will be a price negotiated between the parties or, failing an agreement, at a price equal to 95% of the appraised Fair Market Value of the development property as of the first day of the Option Period. Fair Market Value will be determined by taking the mid-point of appraisals commissioned by each of Calloway and Hopewell if these are within 5% of each other and will be determined by an independent third party appraisal if the appraisals commissioned by each of Calloway and Hopewell differ by more than 5%.

If Calloway does not offer to advance a mezzanine loan on market terms (or at all) with respect to a particular development project, Calloway will have an option to purchase the property at a purchase price equal to the price negotiated between the parties or failing agreement, at a price equal to 100% of the appraised Fair Market Value of the development property, which option to purchase shall rank subsequent to the right or option of a third party lender who has provided mezzanine financing to Hopewell on the development property. The Development Agreement applies to certain mid-market development projects undertaken by Hopewell and is for an initial term of five years (subject to Hopewell's right to terminate if the Property Management Agreement is terminated), with automatic renewal for one-year terms thereafter unless terminated on six month's written notice to the other party.

The proceeds of a mezzanine loan may be used by Hopewell to pay for any reasonable costs incurred in connection with the acquisition, pre-development, construction, development, pre-leasing or operation of a development property, including, without limitation, reimbursement to Hopewell for funds invested in the development property to the date of the mezzanine loan. At Calloway's option, the proceeds of any mezzanine loan will be held in an escrow account and advanced as costs are incurred. Until the sale to Calloway or a third party of a development property that Calloway has agreed to finance, Hopewell will bear all costs incurred in connection with the development property.

So long as Hopewell has first provided Calloway with the opportunity to make an offer to finance, Hopewell will be entitled to secure mezzanine financing from a third party lender in the event that Calloway has declined to make an offer to finance, or, if Calloway has made an offer to finance, but not on market terms. If Calloway has not made an offer to finance on market terms (or at all), Hopewell may grant a third party lender a right or option to purchase the development property in priority to the option to purchase provided to Calloway pursuant to the terms of the Development Agreement.

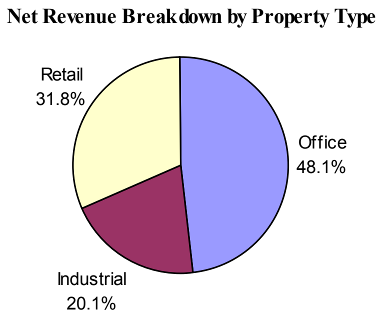
Subject to the rights of a third party lender described above, should Calloway not exercise its option to purchase a development property, Hopewell will have the right to deal with such property in its discretion or sell it to a third party purchaser. If the Development Agreement is terminated or terminated in part with respect to options to purchase development properties or the right to offer mezzanine loans, Calloway will continue to have the options to purchase described in this section relating to development properties originally subject to an option to purchase, for a period of 36 months from the date of such termination.

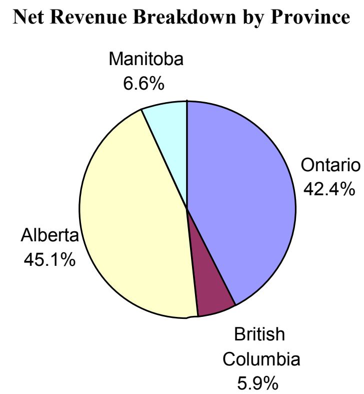
The debt secured by a development property may be assumed by Calloway upon its purchase only to the extent that it will not cause Calloway to exceed its debt covenants or breach its investment restrictions. See "Investment Guidelines and Operating Policies".

ASSETS OF CALLOWAY

The Property Portfolio consist of properties located in Alberta, British Columbia, Manitoba and Ontario. The Property

Portfolio is divided into three segments of the real estate market: (i) retail properties; (ii) office properties; and (iii) industrial properties. Approximately 31.8% of rental revenue is derived from retail properties containing an aggregate of 309,652 square feet; approximately 48.1% of rental revenue is derived from office properties containing an aggregate of 348,085 square feet; and approximately 20.1% of rental revenue is derived from industrial properties containing an aggregate of 483,338 square feet. The Property Portfolio includes one property located in British Columbia, nine properties located in Alberta, three properties located in Manitoba and two properties located in Ontario.





The properties are typical of middle to upper-end rental properties located in British Columbia, Alberta, Manitoba and Ontario. Each of the properties has been professionally managed and well maintained. The properties have historically enjoyed the benefits of strong locations, ongoing planned maintenance and repair programs and professional management and leasing practices, resulting in low vacancy, stable income and controlled expenses.

Description of the Properties in the Property Portfolio

A description of each of the properties in the Properties Portfolio is set out below:

Holland Cross, Ottawa, Ontario

This property is a prominent office and retail property located adjacent to Tunney's Pasture in Ottawa, four kilometres west of the Ottawa city centre. Tunney's Pasture is a 114 acre government office park consisting of 20 buildings totaling 2.88 million square feet of space. The property currently consists of 272,410 square feet of net rentable office and retail space. The complex also includes a two level underground parking garage with 776 stalls and was originally constructed in 1988. Further potential growth of this asset exists through the potential completion of an 80,000 square foot third office tower. This property is 95.2% leased.

Major Tenants	Net Rentable Area (square feet)	Commencement Date of Lease	Date of Expiry of Lease	% of Net Rentable Area
Government of Canada	106,063	1999-2001 (staggered)	2004-2006 (staggered)	39.1%
Great West Life	24,317	Aug. 1996	Aug. 2006	9.0%

Century Park Place, Calgary, Alberta

This property is an 11-storey office tower located in downtown Calgary. The property consists of 75,675 square feet of net rentable space and is 93.32% leased. The largest tenant is an Alberta government agency that has leased its space since 1985, occupies 75.7% of the space on a long-term lease and has recently completed a lease renewal for a further five year term.

Major Tenants	Net Rentable Area (square feet)	Commencement Date of Lease	Date of Expiry of Lease	% of Net Rentable Area
Government of Alberta.......................	57,316	Jan. 1998	Dec. 2007	75.7%

British Colonial Building, Toronto, Ontario

This property is an office retail property prominently located in downtown Toronto at the intersection of Wellington and Yonge Streets. The property is a heritage building, originally constructed in 1875 and most recently renovated in 1997. The property is 100% leased and consists of 17,356 square feet of net rentable space.

Major Tenants	Net Rentable Area (square feet)	Commencement Date of Lease	Date of Expiry of Lease	% of Net Rentable Area
Navigator	9,282	April 2000	Mar. 2005	53.7%
Irish Embassy Pubs Inc.	3,691	Jan. 2001	Oct. 2009	21.4%
Canadian Institute of Public Real Estate Companies....	3,044	Nov. 1999	Dec. 2004	17.6%

Airtech Centre, Vancouver, British Columbia

This property is an office/warehouse building located near Vancouver International Airport. Calloway will acquire a crown lease for this property which expires on December 31, 2011 and contains a 10 year renewal option. The property is leased to several prominent tenants and consists of 103,513 square feet of rentable space with an additional 2.2 acres of development land. There is potential for a build to suit on this site. This property is 95.22% leased.

Major Tenants	Net Rentable Area (square feet)	Commencement Date of Lease	Date of Expiry of Lease	% of Net Rentable Area
MTU Maintenance (Daimler Chrysler)	50,193	May 2001	April 2007	48.5%
William R. Rutherford	10,823	Jan. 1998	Dec. 2007	10.5%

Canadian Commercial Centre, Calgary, Alberta

This asset consists of a 126,792 square foot, three building, showroom/industrial property located in south Calgary just off of MacLeod Trail. The property has historically operated at near full occupancy and is experiencing upward pressure on rental rates. It is presently 86.8% leased.

Major Tenants	Net Rentable Area (square feet)	Commencement Date of Lease	Date of Expiry of Lease	% of Net Rentable Area
The Winroc Corp.................................	26,028	Nov. 2000	Nov. 2005	20.5%
Palco Telecom Inc.	25,034	Feb. 2002	Jan. 2009	19.7%
Grafton West...	21,550	May 2002	April 2007	17.0%

110 Lowson Crescent, Winnipeg, Manitoba

This property is a single tenant sale/leaseback from Daycon Mechanical Systems Ltd. Daycon provides complete design, supply and installation services for material handling systems, dust control systems, and grain cleaning systems. Daycon's scope can range from general contracting, including turn-key grain elevator construction, to installation of specific equipment and systems, including cleaners, legs, conveyors, scales, load-outs, dust control and bins. Daycon also provides turnkey mechanical retrofits for the grain industry. The property was constructed in 1998 and consists 53,100 square feet of rentable space with 45,000 square feet of warehouse space and 8,100 square feet of office space.

Major Tenant	Ceiling Height	Net Rentable Area	Commencement Date of Lease	Date of Expiry of Lease	% of Net Rentable Area
	(square feet)	(square feet)			
Daycon Mechanical Systems Ltd.	24 to 30	53,100	Sept. 2002	Aug. 2017	100%

Lloyd Mall, Lloydminster, Alberta

This retail property is an enclosed mall located in Lloydminster, Alberta anchored by Sears, Zellers and Canada Safeway. The property has had a long history of high occupancy and strong performance by its tenants. The Lloydminster market has traditionally been the destination retail shopping market for an expansive trade area with a number of other prominent retailers operating in Lloydminster including Wal-Mart, Real Canadian Superstore, Staples and IGA. The asset consists of over 205,000 square feet of rentable space and is 99.76% leased. Retail sales in the centre excluding the major tenants were $475 per square foot to December 31, 2001 and $502 per square foot to December 31, 2002.

Major Tenant	Net Rentable Area	Commencement Date of Lease	Date of Expiry of Lease	% of Net Rentable Area
	(square feet)	(square feet)		
Zellers	67,390	Sept. 1990	Aug. 2010	32.8%
Sears	41,319	Oct. 2000	Oct. 2005	20.1%
Canada Safeway	31,245	May 2000	April 2005	15.2%

Dover Village Square, Calgary, Alberta

This 43,654 square foot retail property is located in the southeast quadrant of Calgary at the corner of 26th Avenue and 36th Street SE. It is a single story, L-shaped centre with a free standing gas bar facility and 155 parking stalls. The property was constructed in 1976 and was originally anchored by a 20,346 square foot Super Value (1977 to 1997). Shortly after Calloway acquired the property in June of 1998 this space was re-leased to the Thrift Store. The centre is 97.21% leased. Calloway has entered into a conditional agreement to sell this property.

Major Tenant	Net Rentable Area	Commencement Date of Lease	Date of Expiry of Lease	% of Net Rentable Area
	(square feet)			
Thrift Store	20,346	Nov. 2001	Oct. 2006	46.6%
Bonasera Pizza	4,608	June 1999	May 2004	10.6%
VHQ Entertainment	4,526	April 2001	March 2006	10.4%
Turbo/Shell	Land Lease	June 1998	May 2003	—

Collingwood Plaza, Calgary, Alberta

This retail property is located in the northwest Calgary community of Collingwood at 920 Northmount Drive NW. Collingwood Plaza is a single story strip centre built in 1960 with a net rentable area of 7,210 square feet. The property enjoys exposure to Northmount Drive and is situated across from a school. The centre is predominantly leased to local tenants including Calgary North Decorating (Benjamin Moore Paints). This property is currently 56.95% leased and Calloway is in the process of refurbishing this asset.

Major Tenant	Net Rentable Area	Commencement Date of Lease	Date of Expiry of Lease	% of Net Rentable Area
	(square feet)			
Calgary North Decorating (Benjamin Moore Paints)	2,377	April 1998	March 2003	33.0%
Bronze Beach Tanning	744	May 2000	April 2005	10.3%

Crowchild Centre, Calgary, Alberta

This 23,140 square foot retail centre is located on Crowchild Trail in southwest Calgary. This thoroughfare enjoys one of the city's highest traffic counts of 73,000 vehicles per day. The property consists of a single story "L" shaped building with 119 parking stalls and a good tenant mix including, among others, Kentucky Fried Chicken, Mac's Convenience Store and Re/Max House of Real Estate. This property is 97.34% leased.

Major Tenant	Net Rentable Area (square feet)	Commencement Date of Lease	Date of Expiry of Lease	% of Net Rentable Area
Re/Max House of Real Estate	8,175	Jan. 2000	Dec. 2004	35.3%
Entertainment Publications Inc.	2,985	Mar. 1999	Feb. 2004	12.9%

Richter Plaza, Calgary, Alberta

This is a two story, mixed use project with a total of 12,901 square feet located in Marda Loop, an inner city neighbourhood in Calgary, in the midst of growth and a positive demographic shift. The property was built in 1981 and is well positioned on 33rd Avenue SW, the major retail thoroughfare for the area. This property is 86.95% leased.

Major Tenant	Net Rentable Area (square feet)	Commencement Date of Lease	Date of Expiry of Lease	% of Net Rentable Area
Georgian Homes	1,920	Aug. 1999	July 2004	14.9%

1558 Willson Place, Winnipeg, Manitoba

This property is a two tenant office property located in the Fort Garry Business Park in Winnipeg, Manitoba. The property consists of 59,439 square feet of rentable space and is 100% leased. Both tenants have 10 year leases in the project. National Leasing provides financial solutions to businesses in Canada and the U.S. It provides equipment financing in every business sector including agriculture, health care, construction, manufacturing, computer technology and office interiors. The Winnipeg location is National Leasing's head office and it has 13 branch offices across Canada. Symbol Technologies develops, makes, markets and services innovative industry specific, scanner integrated mobile and wireless information management systems. Symbol Technologies reported annual revenue of US$1.45 billion in 2001.

Major Tenant	Net Rentable Area (square feet)	Commencement Date of Lease	Date of Expiry of Lease	% of Net Rentable Area
National Leasing	43,059	Jan. 2000	Jan. 2010	72.4%
Symbol Technologies	16,380	July 2000	June 2010	27.6%

Gesco Warehouse, Calgary, Alberta

The Gesco Warehouse is located in southeast Calgary and consists of 63,894 square feet. The tenant has been in this location since the property was constructed in 1966. The tenant is a floor coverings wholesaler and distributor with sales of approximately $150 million per annum. The tenants current lease runs to February 2007.

Major Tenant	Net Rentable Area (square feet)	Commencement Date of Lease	Date of Expiry of Lease	% of Net Rentable Area
Gesco Industries Inc.	63,894	March 1997	February 2007	100%

Ecco Building, Calgary, Alberta

The Ecco Building is located in southeast Calgary and consists of 36,000 square feet. The tenant has occupied the premises since 1991and the property was constructed in 1979. The tenant is a regional manufacturer and distributor of sheet metal products in Western Canada with 11 branches and sales of approximately $70 million per annum. The tenants current lease extends to May 2007.

Major Tenant	Net Rentable Area (square feet)	Commencement Date of Lease	Date of Expiry of Lease	% of Net Rentable Area
Ecco Heating Products Ltd.	36,000	June 1991	May 2007	100%

1300 Church Avenue, Winnipeg, Manitoba

This property consists of a single tenant warehouse manufacturing facility located in Winnipeg, Manitoba and is 100% leased and occupied by Nyguard International Ltd. The tenant uses the space for clothing/fashion production and warehousing (light industrial use). The asset was constructed in 1959 and consists of approximately 40,600 square feet of rentable space. The tenant's current lease runs to July 2012.

Major Tenant	Net Rentable Area (square feet)	Commencement Date of Lease	Date of Expiry of Lease	% of Net Rentable Area
Nyguard International Ltd.	40,600	August 1991	July 2012	100%

Mortgages

The following table summarizes the mortgages that are in place on the Property Portfolio:

Property Description	Mortgage Amount as at May 2, 2003	Interest Rate	Year of Renewal
Holland Cross, *Ottawa, Ontario*	$24,164,145	6.72%	2007
British Colonial Building, *Toronto, Ontario*	$1,950,000	5.50%(1)	2003
Century Park Place, *Calgary, Alberta*	$4,438,237	7.72%	2010
Airtech Centre, *Vancouver, British Columbia*	$3,000,000	5.50%(1)	2003
Canadian Commercial Centre, *Calgary, Alberta*	$3,300,000	5.50%(1)	2003
110 Lowson Crescent, *Winnipeg, Manitoba*	$1,530,000	5.50%(2)	2003
Lloyd Mall, *Lloydminster, Alberta*	$12,000,000	5.50%(1)(2)	2003
Dover Village Square, *Calgary, Alberta*	$1,938,713	6.877%	2007
Collingwood Plaza, *Calgary, Alberta*	$398,501	8.85%(1)	2003
Crowchild Centre, *Calgary, Alberta*	$1,708,209	6.34%	2007
Richter Plaza, *Calgary, Alberta*	$732,613	6.781%	2007
1558 Willson Place, *Winnipeg, Manitoba*	$3,920,000	5.50%	2003
Ecco Building, *Calgary ,Alberta*	$956,173	6.85%	2003
Gesco Warehouse, *Calgary, Alberta*	$1,264,756	5.75%	2003
1300 Church Avenue, *Winnipeg, Manitoba*	-	-	-
TOTAL	**$61,301,347**	**6.27%**	

Notes:

(1) Variable rate debt: Calloway intends to arrange long term fixed rate debt on $8.97 million of its revolving credit facility by May 31, 2003.

Following the conversion of $8.97 million of the amount drawn down under the revolving credit facility into long term fixed rate debt, Calloway will be leveraged primarily with fixed rate debt. The indebtedness of Calloway as at May 2, 2003 was approximately 53.5% of the Gross Book Value.

OVERVIEW OF PROPERTY PORTFOLIO

General

The following table summarizes the Property Portfolio as a whole as at May 9, 2003.

	Industrial	Retail	Office	Total
Number of Properties	7	6	2	15
Total Leaseable Area (square feet)	483,338	309,652	348,085	1,141,075
Occupancy	95.5%	97.7%	94.8%	95.9
Average Rent in Place	$6.12	$11.86	$17.15	$11.02

Office Properties

The following table sets forth certain summary information as at May 9, 2003 with respect to the office properties in the Property Portfolio:

Location	Year Built[(1)]	Size (Sq. ft.)	Occupancy	Average Annual Net Rent/Sq. ft.	Major Tenants
Holland Cross Ottawa, Ontario	1988	272,410	95.2%	$14.38	Government of Canada (39.1%) Great West Life (9.0%)
Century Park Place Calgary, Alberta	1987	75,675	93.32%	$15.53	Government of Alberta (75.7%)
Total Office		348,085	94.79%	$17.15	

Note:
(1) Refers to year in which the facility was built or retrofit.

Industrial Properties

The following table sets forth certain summary information as at May 9, 2003 with respect to the industrial properties in the Property Portfolio:

Location	Year Built[(1)]	Size (Sq. ft.)	Occupancy	Average Annual Net Rent/Sq. ft.	Major Tenants
Canadian Commercial Centre Calgary, Alberta	1978	126,792	86.8%	$5.58	Winroc Corporation (20.5%) Palco Telecom Inc. (19.7%) Grafton West (17.0%)
Airtech Centre[(2)] Richmond, British Columbia	1983 1991 2002	103,513	95.2%	$8.39	MTU (Daimler Chrysler) (48.5%) William R. Rutherford (10.5%)
110 Lowson Crescent Winnipeg, Manitoba	1998	53,100	100%	$5.00	Daycon (100%)
Ecco Building Calgary, Alberta	1979	36,000	100%	$5.95	Ecco Manufacturing (100%)
Gesco Warehouse Calgary, Alberta	1966	63,894	100%	$3.95	Gesco Industries (100%)
1300 Church Avenue. Winnipeg, Manitoba	1959	40,600	100%	$3.25	Nyguard International (100%)
1558 Willson Place Winnipeg, Manitoba	1966 1999	59,439	100%	$8.75	National Leasing (72.4%) Symbol Technologies (27.6%)
Total Industrial		483,338	95.5%	$6.12	

Notes:

(1) Refers to year in which the facility was built or retrofit.

(2) Calloway acquired a Crown lease for this property which expires on December 31, 2011 and contains a 10 year renewal option.

Retail Properties

The following table sets forth certain summary information as at May 9, 2003 with respect to the retail properties in the Property Portfolio:

Location	Year Built[(1)]	Size (Sq. ft.)	Occupancy	Average Annual Net Rent/Sq. ft.	Major Tenants
Lloyd Mall Lloydminster, Alberta	1973 1990	205,391	99.8%	$12.23	Zellers (32.8%) Sears (20.2%) Safeway (15.2%)
British Colonial Building Toronto, Ontario	1875 1903 1980 1997	17,356	100%	$19.11	Navigator (53.5%) Irish Embassy Pub (21.7%) Canadian Institute of Public Real Estate Companies (17.6%)
Crowchild Centre Calgary, Alberta	1962	23,140	97.3%	$13.12	Re/Max (37.7%) Entertainment Publications Inc. (12.9%)
Richter Plaza Calgary, Alberta	1981	12,901	87.0%	$11.21	Georgian Homes (14.9%)
Collingwood Plaza Calgary, Alberta	1960	7,210	57.0%	$14.41	Benjamin Moore Paint (33.0%)
Dover Village Square Calgary, Alberta	1976	43,654	97.2%	$9.64	Thrift Store (46.6%) Bonasera Pizza (10.6%) VHQ Entertainment (10.4%) Turbo/Shell (land lease)
Total Retail		309,652	97.7%	$11.86	
TOTAL		1,141,075	95.9%	$11.02	

Note:

(1) Refers to year in which the facility was built or retrofit.

Tenant Mix

The following table illustrates the top ten tenants for the Property Portfolio as at May 9, 2003 in terms of their percentage contribution to gross rental revenues of the Property Portfolio:

Tenant	Gross Annual Revenues	Percentage of Gross Rental Revenues
1. Government of Canada	$2,697,195	14.74%
2. Government of Alberta	$1,518,874	8.30%
4. E.B. Eddy Forest Products Ltd.	$614,109	3.36%
4. National Leasing	$600,281	3.28%
5. Great West Life	$489,980	2.68%
6. MTU Maintenance (Daimler Chrysler)	$481,853	2.63%
7. Silicon Access Technology	$472,923	2.58%
8. City of Ottawa	$414,472	2.26%
9. Zellers	$405,688	2.22%
10. Shoppers Drug Mart	$373,718	2.04%
Total		**44.09%**

Occupancy Rates

Overall, the Property Portfolio has experienced high occupancy rates. The occupancy rate for the Property Portfolio was 95.9% as at May 9, 2003.

The following table summarizes the lease maturities for the Property Portfolio as at May 9, 2003:

Year	**Net Rentable Area** (Sq. Ft.)	**Expiry as % of Net Rentable Area**
2003	48,355	4.24%
2004	116,673	10.22%
2005	196,480	17.22%
2006	150,660	13.20%
2007	286,909	25.14%
2008	18,885	1.66%
2009	68,093	5.97%
Thereafter	208,103	18.24%
Current Vacancy	46,917	4.11%
Total	**1,141,075**	**100%**

Financing

The table that follows summarizes the principal mortgage debt repayments on the Property Portfolio (assuming debt is not renewed on maturity) as at May 2, 2003. Calloway has entered into a revolving operating and acquisition facility with a Canadian chartered bank in the amount of up to $27.50 million for general corporate purposes, including the acquisition of assets by Calloway and its subsidiaries. At May 2, 2003, $25.7 million of this facility has been drawn down and used in part to finance the acquisition of the Property Portfolio. The facility will be repayable one year from draw down on a revolving basis. Calloway intends to arrange long term fixed rate financing for $8.97 million of floating rate debt drawn under the credit facility by May 31, 2003. It is anticipated that this term debt will be for a five year term at an interest rate of 185 basis points over the bid yield of a five-year Government of Canada Bond.

Term Facilities	**Payments of Principal**	**Debt Maturing During Year**	**Total**	**% of Total**	**Weighted Average Interest Rate**
2003[(1)]	$612,766	$2,587,640	3,200,406	5.22%	6.66%
2004	$1,023,955	$0	$1,023,955	1.67%	6.84%
2005	$1,095,262	$0	$1,095,262	1.79%	6.84%
2006	$1,171,547	$0	$1,171,547	1.91%	6.84%
2007[(2)]	$311,683	$25,032,726	$25,344,409	43.34%	6.72%
2008	$180,320	$0	$180,320	0.29%	7.72%
Thereafter		$3,585,448	$3,585,448	5.85%	7.72%
Revolving Facility					
2003[(3)]		$25,700,000	$25,700,000	41.920%	5.50%
TOTAL	**$4,395,533**	**$56,905,814**	**$61,301,347**	**100.00%**	**6.27%**

Long Term Debt (excluding revolving facility) as a percentage of Gross Book Value at May 2, 2003	31.07%
Debt (including revolving facility) as a percentage of Gross Book Value at May 2, 2003	53.50%
Weighted average interest rate	6.27%
Weighted average interest rate (excluding revolving facility)	6.83%
Weighted average years to maturity (excluding revolving facility)	3.40 years

Notes:

(1) Amount due for balance of 2003.

(2) In 2007, the mortgage on Holland Cross ($21,509,936) expires.

(3) Includes $8.97 million of revolving facility which Calloway intends to convert to fixed rate debt by May 31, 2003.

HOPEWELL PROPERTIES AND HOPEWELL LOANS

Pursuant to the Development Agreement with Hopewell, Calloway has agreed to provide Hopewell mezzanine financing on two development properties in Calgary. Calloway will have an option to purchase the Hopewell Properties at a price negotiated between the parties or, failing agreement, at a price equal to 95% of the appraised Fair Market Value of the properties upon their completion. A description of each property is outlined below, together with a summary of each of the Hopewell Properties and the Hopewell Loans.

Hopewell Business Retail Park NE, Calgary, Alberta

This 11,758 square foot retail property is located at 39th Avenue and Barlow Trail in northeast Calgary. The project will consist of five tenants including A&W and the Cactus Club Café. The property is currently 79.6% leased under long-term agreements. This property is expected to be completed in September, 2003.

Tenant	**Net Rentable Area** (square feet)	**Commencement Date of Lease**	**Date of Expiry of Lease**	**% of Net Rentable Area**
Cactus Club Café	6,500	June 2003(1)	May 2013(1)	55.3%
A&W	1,658	March 2001	March 2011	14.1%
Subway	1,200	September 2003(2)	August 2013(2)	10.2%

Notes:

(1) Cactus Club Café has entered into an offer to lease for premises in this property. The lease will be for an initial term of 10 years and is expected to commence in June 2003.

(2) Subway has entered into an offer to lease for premises in this property. The lease will be for an initial term of 10 years and is expected to commence in September 2003.

Hopewell Distribution Retail Park SE, Calgary, Alberta

This 15,305 square foot retail property is located at 52nd Street and Smed Lane in southeast Calgary. This retail development will consist of approximately seven tenants including Subway and Wendy's restaurants. The project is 56.8% leased under long-term agreements. This property is expected to be completed in September, 2003.

Tenant	**Net Rentable Area** (square feet)	**Commencement Date of Lease**	**Date of Expiry of Lease**	**% of Net Rentable Area**
Wendy's	4,000	April 2003(1)	May 2013(1)	26.1%
Subway	1,400	September 2003(2)	August 2013(2)	9.1%
Mac's Convenience Store…………..	3,300	September 2003(3)	August 2013(3)	21.6%

Notes:

(1) Wendy's has entered into an offer to lease for premises in this property. The lease will be for an initial term of 10 years and is expected to commence in April 2003.

(2) Subway has entered into an offer to lease for premises in this property. The lease will be for an initial term of 10 years and is expected to commence in September 2003.

(3) Mac's Convenience Stores has entered into an offer to lease for premises in this property. The lease will be for an initial term of 10 years and is expected to commence in September 2003.

Summary of Hopewell Properties

Location	Description	Year Built	Net Rentable Area (sq. ft.)	Occupancy[(1)]	Average Annual Base Rent per Square Foot[(2)]	Major Tenants
Hopewell Business Retail Park NE...... Calgary, Alberta	Retail	2003	11,758	79.6%	$28.08	Cactus Club Café (55.3%) A&W (14.1%) Subway (10.2%)
Hopewell Distribution Retail Park SE.. Calgary, Alberta	Retail	2003	15,305	56.8%	$22.99	Wendy's (26.1%) Subway (9.1%) Mac's (21.6)

Notes:

(1) Based on pre-leasing of buildings.

(2) Base rent excluding recoverables. Recoverables may include some or all of the following: amounts recovered on account of utilities (electricity and/or heat and/or water and/or other municipal services), operating and maintenance costs of the premises and/or the common areas, taxes, insurance premiums, a management fee, and/or signage.

The following table sets forth certain summary information as at May 9, 2003 for the Hopewell Properties and the Hopewell Loans related to those properties:

Location	Mezzanine Debt	Mezzanine Interest Rate	Construction Financing Debt	Term	Expected Completion Date	Size (sq. ft.)	Percentage Pre-leased	Major Tenants
Hopewell Business Park Retail NE Calgary, Alberta	$1,000,000	12%	$1,816,100	2 years	Sept. 2003	11,758	79.6%	Cactus Club Café (55.3%) A&W (14.1%) Subway (10.2%)
Hopewell Distribution Park Retail SE Calgary, Alberta	$600,000	12%	$1,935,200	2 years	Sept. 2003	15,305	35.2%	Wendy's (26.1%) Subway (9.1%) Mac's (22.6)

DECLARATION OF TRUST AND DESCRIPTION OF UNITS

General

Calloway Real Estate Investment Trust ("Calloway") is a closed-ended mutual fund trust governed by the laws of the Province of Alberta and created pursuant to the Declaration of Trust. Calloway is administered by a board of trustees (the "Trustees"). The principal and head office of Calloway is located at 310, 855 – 8th Avenue S.W., Calgary, Alberta T2P 3P1.

Calloway is a limited purpose trust and is established to focus its acquisition activities on acquiring, holding and managing income producing real property in Canada, including retail, office and industrial properties. Calloway may sell, rent, lease, hire, exchange, release, partition, assign, mortgage, pledge, hypothecate, grant security interest in, encumber, negotiate, convey, transfer or otherwise deal with any or all of the property of Calloway by deeds, trust deeds, assignments, bills of sale, transfers, leases, mortgages, financing statements, security agreements and other instruments for any of such purposes. Calloway will not make any investment, take any action on or omit to take any action that would result in Units not being units of a "mutual fund trust" within the meaning of the Tax Act, that would result in Units being disqualified for investment by Plans, that would result in Calloway being liable under the Tax Act to pay a tax imposed as a result of holdings by Calloway of foreign property as defined in the Tax Act, that would result in Units being foreign property for the purposes of the Tax Act, that would result in Calloway paying a tax under the registered investment provisions of the Tax Act imposed or exceeding certain investment limits, or that would cause Calloway to lose its status as a registered investment.

Trust Units

Calloway's authorized capital consists of an unlimited number of Units. As of May 9, 2003, there were 5,951,535 Units issued and outstanding.

An unlimited number of Units may be created and issued pursuant to the Declaration of Trust. The Declaration of Trust provides that Units or rights to acquire Units may be issued at times, to the persons, for the consideration and on the terms and conditions that the Trustees determine. Each Unit represents an equal fractional undivided beneficial interest in any distributions from, and in any net assets of, Calloway in the event of termination or winding-up of Calloway. 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 Calloway 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.

The Units do not represent a traditional investment and should not be viewed by investors as "shares" in Calloway. As holders of Units in Calloway, the Unitholders do not have the statutory rights normally associated with ownership of shares of a corporation including, for example, the right to bring "oppression" or "derivative" actions. The price per Unit is a function of anticipated distributable income from Calloway and the combined ability of the Trustees to affect long-term growth in the value of Calloway. The market price of the Units will be sensitive to a variety of market conditions including, but not limited to, interest rates, rental rates in the markets in which Calloway holds property, and the ability of Calloway to acquire additional assets. Changes in market conditions may adversely affect the trading price of the Units.

The Units are not "deposits" within the meaning of the *Canada Deposit Insurance Corporation Act* (Canada) and are not insured under the provisions of that act or any other legislation. Furthermore, Calloway is not a trust company and, accordingly, is not registered under any trust and loan company legislation as it does not carry on or intend to carry on the business of a trust company.

Trust Unitholder Limited Liability

The Declaration of Trust provides that no Unitholder will be subject to any liability in connection with Calloway or its obligations and affairs and, in the event that a court determines Unitholders are subject to any such liabilities, the liabilities will be enforceable only against, and will be satisfied only out of, the Unitholder's share of Calloway's assets. Pursuant to the Declaration of Trust, Calloway will reimburse each Unitholder from any cost, damages, liabilities, expenses, charges and losses suffered by a Unitholder resulting from or arising out of any payment of a Calloway obligation by a Unitholder.

The Declaration of Trust provides that written instruments signed by or on behalf of Calloway shall, if practicable, contain a provision to the effect that such obligation will not be binding upon Unitholders personally. Notwithstanding the terms of the Declaration of Trust, Unitholders may not be protected from liabilities of Calloway to the same extent as a shareholder is protected from the liabilities of a corporation. Personal liability may also arise in respect of claims against Calloway (to the extent that claims are not satisfied by Calloway) that do not arise under contracts, including claims in tort, claims for taxes and possibly certain other statutory liabilities.

The business of Calloway will be conducted, upon the advice of counsel, in such a way and in such jurisdictions as to avoid as far as possible any material risk of liability to the Unitholders for claims against Calloway including by obtaining appropriate insurance, where available, for the operations of Calloway and having written agreements signed by or on behalf of Calloway include a provision that such obligations are not binding upon Unitholders personally.

Limitations on Non-Resident Trust Unitholders

Certain provisions of the *Tax Act* require that Calloway not be established nor maintained primarily for the benefit of Non-Residents. Accordingly, in order to comply with such provisions, the Declaration of Trust contains restrictions on the ownership of Units by Unitholders who are Non-Residents. The Transfer Agent may require declarations as to the jurisdictions in which beneficial owners of Units are resident. If the Transfer Agent becomes aware, as a result of requiring such declarations as to beneficial ownership, that the beneficial owners of 49% of the Units then outstanding are, or may be, Non-Residents or that such a situation is imminent, the Transfer Agent may issue a public announcement thereof and shall not accept a subscription for Units from or issue or register a transfer of Units to a person unless the person provides a declaration that the person is not a Non-Resident. If, notwithstanding the foregoing, the Transfer Agent determines that a majority of the Units are held by Non-Residents, the Transfer Agent may send a notice to Non-Resident holders of Units, chosen in inverse order to the order of acquisition or registration or in such manner as the Transfer Agent may consider equitable and practicable, requiring them to sell their Units or a portion thereof within a specified period of not less than 60 days. If the Unitholders receiving such notice have not sold the specified number of Units or provided the Transfer Agent with satisfactory evidence that they are not Non-Residents within such period, the Transfer Agent may on behalf of such Unitholders sell such Units and, in the interim, shall suspend the voting and distribution rights attached to such Units. Upon such sale the affected holders shall cease to be holders of Units and their rights shall be limited to receiving the net proceeds of sale upon surrender of the certificates representing such Units.

Meetings of Trust Unitholders

The Declaration of Trust provides that meetings of 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 (except as described under "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. Meetings of Unitholders will be called and held annually for, among other things, the election of the Trustees and the appointment of auditors of Calloway. The foregoing matters must be passed by at least a majority of the votes cast at a meeting of Unitholders called for such purpose.

A meeting of Unitholders may be convened at any time and for any purpose by the Trustees and must be convened if requisitioned by the holders of not less than 10% of the Units then outstanding by a written requisition. A requisition must, among other things, state in reasonable detail the business proposed to be transacted at the meeting.

Unitholders may attend and vote at all meetings of Unitholders either in person or by proxy and a proxyholder need not be an 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 Units shall constitute a quorum for the transaction of business at all such meetings.

The Declaration of Trust contains provisions as to the notice required and other procedures with respect to the calling and holding of meetings of Unitholders.

Information and Reports

Calloway will furnish to Unitholders such financial statements (including quarterly and annual financial statements) and other reports as are from time to time required by applicable law, including prescribed forms needed for the completion of Unitholders' tax returns under the *Tax Act* and equivalent provincial legislation.

Prior to each meeting of Unitholders, the Trustees will provide the Unitholders (along with notice of such meeting) a proxy form and an information circular containing information similar to that required to be provided to shareholders of a Canadian public corporation governed by the *Canada Business Corporations Act*.

Trustees

The Declaration of Trust establishes a board of trustees comprised of not more than twelve nor less than seven members. Trustees shall be re-appointed or replaced every year as may be determined by a majority of the votes cast at an annual meeting of Unitholders. The Declaration of Trust provides that, subject to the terms and conditions thereof, the Trustees may, in respect of the trust assets, exercise any and all rights, powers and privileges that could be exercised by a legal and beneficial owner thereof and shall supervise the investments and conduct the affairs of Calloway.

The number of Trustees may be changed by the Unitholders. A vacancy occurring among the Trustees may be filled by resolution of a majority of the remaining Trustees, or by the Unitholders at a meeting of the Unitholders. Trustees will be elected annually by resolution passed by a majority of the votes cast at a meeting by Unitholders. Trustees elected at an annual meeting will be elected for a term expiring at the subsequent annual meeting and will be eligible for re-election. A

Trustee elected or appointed to fill a vacancy shall hold office for the remaining term of the Trustee he or she is succeeding.

The Declaration of Trust provides with respect to Trustees that a Trustee may be removed with or without cause by a majority of the votes cast at a meeting of Unitholders or with cause by a majority of the remaining Trustees.

The Declaration of Trust provides that the Trustees shall act honestly and in good faith with a view to the best interest of Calloway and in connection therewith shall exercise the degree of care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

Except as expressly prohibited by law, the Trustees may grant or delegate certain of the Trustees' authority to effect the actual administration of the duties of the Trustees under the Declaration of Trust. The Trustees may grant broad discretion to a third party to administer and manage the day-to-day operations of Calloway, and to make executive decisions which conform to the general policies and general principles set forth in the Declaration of Trust or otherwise established by the Trustees.

Amendments to the Declaration of Trust

The Declaration of Trust may be amended or altered from time to time by meetings of the Unitholders called for such purpose. Certain fundamental amendments require the approval of at least two-thirds of the votes cast by Unitholders.

The Trustees may, without the approval of or any notice to Unitholders, make amendments to the Declaration of Trust:

(a) for the purpose of ensuring continuing compliance with applicable laws, regulations, requirements or policies of any governmental authority having jurisdiction over the Trustees or over the Trust, including respecting its status as a "unit trust" a "mutual fund trust" and a "registered investment" under the Tax Act or the distribution of its Units;

(b) which, in the opinion of the Trustees, provide additional protection for or benefit to the Unitholders;

(c) to remove any conflicts or inconsistencies in the Declaration of Trust or to make minor corrections which are, in the opinion of the Trustees, necessary or desirable and not prejudicial to the Unitholders;

(d) which, in the opinion of the Trustees, are necessary or desirable as a result of changes in taxation laws from time to time, including, without limiting the generality of the foregoing, amendments which may affect the Trust, the Unitholders or Annuitants (as defined in the Declaration of Trust) under a plan of which a Unitholder acts as trustee or carrier or which may permit the Trust to qualify for any status under the Tax Act which would benefit the Trust or the Unitholders;

(e) for any purpose (except one in respect of which a Unitholder vote is specifically otherwise required), if the Trustees are of the opinion that the amendment is not prejudicial to Unitholders and is necessary or desirable; and

(f) which, in the opinion of the Trustees, are necessary or desirable to enable the Trust to issue Units for which the purchase price is payable on an installment basis.

Trust Unit Option Plan

The Trustees have adopted a trust unit option plan (the "Unit Option Plan") to provide long-term incentives to (i) the Trustees and employees and advisors of Calloway, or any subsidiary of Calloway, and (ii) personal holding companies or family trusts of any persons referred to in (i), all as selected by the Trustees (collectively referred to as "Eligible Persons").

Pursuant to the Unit Option Plan, the Trustees may grant options to purchase Units ("Trust Options") to Eligible Persons in respect of authorized and unissued Units, provided that initially, the maximum number of Units issuable upon exercise of such Trust Options may not exceed 562,000 Units (being approximately 10% of the number of issued and outstanding Units). The number of Units issuable under the Unit Option Plan may be increased on an annual basis subject to any required regulatory and Unitholder approvals. The number of Trust Options and the exercise price of the Units issuable upon exercise thereof is set by the Trustees at the time of the grant, provided that the exercise price shall not be less than the closing market price of the Units on the day immediately preceding the date of the grant of the Trust Option. Trust Options granted under the Unit Option Plan may be exercised during a period not exceeding five years, subject to earlier termination upon an optionee ceasing to be an Eligible Person or upon an optionee retiring, becoming permanently disabled or dying. The Trust Options will be non-transferable and non-assignable.

As at the date of this annual information form, Calloway had no options outstanding under the Unit Option Plan.

Term of the Trust and Sale of Substantially All Assets

Calloway has been established for a term ending 21 years after the date of death of the last surviving issue of Her Majesty, Queen Elizabeth, alive on December 4, 2001. Pursuant to the Declaration of Trust, termination of Calloway or the sale or transfer of the assets of Calloway as an entirety or substantially as an entirety, except as part of an internal reorganization of the assets of Calloway as approved by the Trustees, requires approval by at least 66⅔% of the votes cast at a meeting of the Unitholders.

DISTRIBUTION POLICY

The following outlines the distribution policy of Calloway as contained in the Declaration of Trust. The distribution policy may be amended only with the approval of a majority of the votes cast at a meeting of Unitholders.

General

The Trust currently intends to make monthly cash distributions to Unitholders on each Distribution Date equal, on an annual basis, to approximately 90% of Distributable Income although, pursuant to the Declaration of Trust, Calloway is only required to pay or declare payable each taxation year the greater of (i) 75% of its Distributable Income; or (ii) an amount of net income and net realized capital gains of the Trust as is necessary to ensure that the Trust will not be subject to tax on its net income and net capital gains under Part I of the Tax Act. If the Trustees anticipate a cash shortfall and determine that it would be in the best interests of the Trust, they may reduce for any period the percentage of Distributable Income to be distributed to Unitholders. The Trust shall also distribute to Unitholders, and the Unitholders will have a right to receive, on December 31 of each year (i) the net realized capital gains of the Trust and the net recapture income of the Trust for the year then ended and (ii) any excess of the income of the Trust for purposes of the Tax Act for the year then ended over distributions otherwise made for that year. Distributions of Distributable Income may be adjusted for amounts paid in prior periods if the actual Distributable Income for the prior periods is greater than or less than the Trustees' estimates for the prior periods. Distributions shall be made in cash or Units pursuant to any distribution reinvestment plan adopted by the Trustees pursuant to the Declaration of Trust. Any distribution shall be made proportionately to persons who are Unitholders as at the close of business on the record date for such distribution, which shall be the last Business Day of the calendar month preceding the month in which the Distribution Date falls, or if such date is not a Business Day then the next following Business Day, or such other date, if any, as is fixed in accordance with the Declaration of Trust. It is expressly declared in the Declaration of Trust that a Unitholder shall have the legal right to enforce payment as of the Distribution Date of any amount which is required to be distributed to a Unitholder pursuant to the Declaration of Trust. The Trustees, if they so determine when income has been accrued but not collected may, on a temporary basis, transfer sufficient moneys from the capital to the income account of the Trust to permit distributions under the Declaration of Trust to be effected.

Tax Deferral on Distributions

Calloway estimates that approximately 100% of the distributions to be made by Calloway to Unitholders for fiscal 2002 will be tax deferred and approximately 73% will be tax deferred in 2003 by reason of Calloway's ability to claim capital cost allowance on properties owned directly by Calloway and certain other deductions. The adjusted cost base of Units held by a Unitholder generally will be reduced by the non-taxable portion of distributions made to the Unitholder other than the non-taxable portion of certain capital gains. A Unitholder will generally realize a capital gain to the extent that the adjusted cost base of the Unitholder's Units would otherwise be a negative amount, notwithstanding that the Unitholder has not sold any Units.

INVESTMENT GUIDELINES AND OPERATING POLICIES

Investment Guidelines

The Declaration of Trust provides for certain restrictions on investments, which may be made by Calloway. The assets of Calloway may be invested only in accordance with the following restrictions:

(a) the Trust will focus its acquisition activities on existing income-producing properties that are capital property of the Trust, including office, retail, industrial and mixed use properties, that are substantially leased;

(b) notwithstanding anything in the Declaration of Trust to the contrary, the Trust shall not make any investment or take any action or omit to take any action that would result in Units not being units of a "mutual fund trust" and of a "unit trust" within the meaning of the Tax Act, that would result in Units being disqualified for investment by registered retirement savings plans, registered retirement income funds, deferred profit sharing plans or registered education savings plans, that would result in the Trust being liable under the Tax Act to pay a tax imposed as a result of holdings by the Trust of foreign property as defined in the Tax Act, that would result in Units being foreign property for the purposes of the Tax Act or that would result in the Trust paying a tax under the registered investment provisions of the Income Tax Act imposed for exceeding certain investment limits;

(c) the Trust may invest in a joint venture arrangement only if:

(i) the arrangement is one pursuant to which the Trust holds an interest in real property jointly or in common with others ("joint venturers") either directly or through the ownership of an interest in a corporation or other entity (a "joint venture entity") as co-owners and not as partners and such real property is capital property of the Trust and if owned through the ownership of an interest in a joint venture entity, the said real property is capital property of the joint venture entity;

(ii) the Trust's interest in the joint venture arrangement is not subject to any restriction on transfer other than a right of first offer or a right of first refusal, if any, in favour of the joint venturers;

(iii) the Trust has a right of first offer or a right of first refusal to buy the interests of the other joint venturers;

(iv) the joint venture arrangement provides an appropriate buy-sell mechanism to enable a joint venturer to purchase the other joint venturers' interests or to sell its interest;

(v) the joint venture arrangement provides that the liability of the Trust to third parties is several based on its proportionate ownership interest of the joint venture and not joint and several, provided however, that subject to any remedies that each joint venturer may have against the other joint venturers, a joint venturer may be required to give up its interest in any particular property owned by the joint venture entity as a result of another joint venturer's failure to honour its proportionate share of the obligations relating to such property; and

(vi) the joint venture arrangement permits, but does not require, the Trust or its designee to participate fully in the management thereof;

(d) except for temporary investments held in cash, deposits with a Canadian chartered bank or trust company registered under the laws of a province of Canada, short-term government debt securities, or in money market instruments of, or guaranteed by, a Schedule 1 Canadian bank maturing prior to one year from the date of issue, the Trust may not hold securities other than securities of a joint venture entity or an entity or corporation wholly owned by the Trust formed and operated for the purpose of holding a particular real property or real properties or for any other purpose relating to the activities of the Trust, and provided further that, notwithstanding anything contained in the Declaration of Trust to the contrary, the Trust may acquire securities of other real estate investment trusts;

(e) except as otherwise prohibited in the Declaration of Trust, the Trust may invest in interests (including ownership and leasehold interests) in income-producing real property in Canada and the United States that is capital property of the Trust;

(f) except for the Holland Cross and Lloyd Mall properties, the Trust shall not acquire any single investment in real property if the cost to the Trust of such acquisition (including encumbrances assumed) will exceed 20% of the Gross Book Value calculated following such purchase;

(g) the Trust shall not invest in rights to or interests in mineral or other natural resources, including oil or gas, except as incidental to an investment in real property that is capital property of the Trust;

(h) the Trust shall not invest in operating businesses unless such investment is incidental to a transaction: (i) where the revenue will be derived, directly or indirectly, principally from real property; or (ii) which principally involves the ownership, maintenance, improvement, leasing or management, directly or indirectly, of real property (in each case as determined by the Trustees);

(i) the Trust shall not acquire interests in general partnerships or limited partnerships provided that the Trust may invest in a limited partnership if:

(i) the limited partnership is formed and operated solely for the purpose of acquiring, owning, maintaining, improving, leasing or managing a particular real property or real properties or interest therein;

(ii) the Trust's interest in the limited partnership is not subject to any restriction on transfer other than a right of first offer or right of first refusal, if any, in favour of any other partner or any affiliate thereof;

(iii) the Trust has a right of first offer or right of first refusal to buy the interests of the other partners; and

(iv) the Trust has received a legal opinion to the effect that the investment (a) would not result in the Trust or any registered retirement savings plan, registered retirement income fund, deferred profit sharing plan, or registered education savings plan being liable under the Income Tax Act to pay tax imposed as a result of holdings by the Trust of foreign property as defined in the Tax Act, (b) would not disqualify the Trust as a "mutual fund trust" within the meaning of the Tax Act, and (c) would not result in the Trust losing any status under the Tax Act that is otherwise beneficial to the Trust and its Unitholders;

provided that, notwithstanding the foregoing, the Trust may from time to time enter into any limited partnership arrangement which does not comply with clauses (ii) and/or (iii) of this subparagraph (i) if the Trustees determine that the investment is desirable for the Trust and otherwise complies with the Investment Guidelines and Operating Policies in the Declaration of Trust;

(j) the Trust shall not invest in raw land for development except for properties adjacent to existing properties of the Trust for the purpose of (i) the renovation or expansion of existing facilities that are capital property of the Trust, or (ii) the development of new facilities which will be capital property of the Trust;

(k) the Trust may invest in mortgages or mortgage bonds (including, with the consent of a majority of the Trustees, a participating or convertible mortgage) where:

(i) the Real Property which is security therefor is income-producing Real Property which otherwise meets the general investment guidelines of the Trust adopted by the Trustees from time to time in accordance with this Declaration of Trust and the restrictions set out therein;

(ii) the amount of the mortgage loan is not in excess of 75% of the market value of the property securing the mortgage and the mortgage has at least 1.2X debt service coverage;

(iii) the mortgage is a first-ranking mortgage registered on title to the Real Property which is security therefor; and

(iv) the aggregate value of the investments of the Trust in these mortgages, after giving effect to the proposed investment, will not exceed 20% of the Adjusted Unitholders' Equity;

(l) the Trust may invest in mortgages if the sole intention is to use the acquisition of the mortgages as a method of acquiring control of income-producing real property which would otherwise meet the investment guidelines of the Trust and provided the aggregate value of the investments of the Trust in these mortgages, after giving effect to the proposed investment, will not exceed 20% of the Adjusted Unitholders' Equity; and

(m) subject to paragraph (b) above, the Trust may invest an amount (which, in the case of an amount invested to acquire real property, is the purchase price less the amount of any indebtedness assumed or incurred by the Trust and secured by a mortgage on such property) of up to 15% of the Adjusted Unitholders' Equity of the Trust in investments or transactions which do not comply with paragraphs (d), (e), (j), and (k) above or paragraph (c) under the heading "Investment Guidelines and Operating Policies – Operating Policies".

For the purpose of the foregoing guidelines, the assets, liabilities and transactions of a corporation or other entity wholly or partially owned by the Trust will be deemed to be those of the Trust on a proportionate consolidation basis. In addition, any references in the foregoing to investment in real property will be deemed to include an investment in a joint venture arrangement. Nothing in the guidelines prohibits the Trust from holding or assigning some or all of the receivables due pursuant to any installment receipt agreement.

Operating Policies

The Declaration of Trust provides that the operations and affairs of Calloway will be conducted in accordance with the following policies:

(a) the Trust shall not purchase, sell, market or trade in currency or interest rate futures contracts otherwise than for hedging purposes where, for the purposes hereof, the term "hedging" shall have the meaning ascribed thereto by National Instrument 81-102 adopted by the Canadian Securities Administrators, as amended from time to time;

(b) (i) any written instrument creating an obligation which is or includes the granting by the Trust of a mortgage, and (ii) to the extent the Trustees determine to be practicable and consistent with their duty to act in the best interests of the Unitholders, any written instrument which is, in the judgment of the Trustees, a material obligation, shall contain a provision or be subject to an acknowledgement to the effect that the obligation being created is not personally binding upon, and that resort shall not be had to, nor shall recourse or satisfaction be sought from, the private property of any of the Trustees, Unitholders, Annuitants under a plan of which a Unitholder acts as a trustee or carrier, or officers, employees or agents of the Trust, but that only property of the Trust or a specific portion thereof shall be bound; the Trust, however, is not required, but shall use all reasonable efforts, to comply with this requirement in respect of obligations assumed by the Trust upon the acquisition of real property;

(c) the Trust shall not lease or sublease to any person any real property, premises or space where that person and its Affiliates would, after the contemplated lease or sublease, be leasing or subleasing real property, premises or space having a fair market value net of encumbrances in excess of 20% of the Adjusted Unitholders' Equity of the Trust;

(d) the limitation contained in paragraph (c) above shall not apply to the renewal of a lease or sublease and shall not apply where the lessee or sublessee is, or where the lease or sublease is guaranteed by:

(i) the Government of Canada, the Government of the United States, any province of Canada, any state of the United States or any municipality in Canada or the United States, or any agency thereof;

(ii) any corporation, the bonds, debentures or other evidences of indebtedness of, or guaranteed by which, has received a rating from Standard & Poors of no less than AA (or equivalent from any other recognized credit rating agency) in each case, at the time the lease or sublease is entered into, or at the time other satisfactory leasing arrangements as determined by the Trustees, in their discretion, are entered into; or

(iii) a Canadian chartered bank registered under the laws of a province of Canada;

(e) except for renovation or expansion of existing facilities and the development of new facilities on property adjacent to existing properties of the Trust as permitted under paragraph (j) above, the Trust shall not engage in construction or development of property except as necessary to maintain its properties in good repair or to enhance the income producing ability of properties in which the Trust has an interest;

(f) title to each real property shall be drawn up in the name of the Trustees or, to the extent permitted by applicable law, the Trust or a corporation or other entity wholly owned by the Trust or jointly by the Trust with joint venturers;

(g) the Trust shall not incur or assume any indebtedness under a mortgage unless, at the date of the proposed assumption or incurring of the indebtedness, the aggregate of (i) the amount of all indebtedness secured on such real property or group of real properties and (ii) the amount of additional indebtedness proposed to be assumed or incurred does not exceed 75% of the market value of such real property or group of real properties (other than the renewal, extension or modification of any existing mortgage, including, on substantially similar terms or on terms more favourable to the Trust, in each such case, as determined by a majority of the Trustees);

(h) the Trust will not incur or assume any indebtedness if, after the incurring or assuming of the indebtedness, the total indebtedness of the Trust would be more than 60% of the Gross Book Value (65% if convertible debentures are outstanding). This limit includes a maximum of 55% with respect to long-term indebtedness. For the purposes of this subsection, convertible debentures constitute indebtedness but do not constitute long-term indebtedness and the term "indebtedness" means (without duplication) on a consolidated basis:

(i) any obligation of the Trust for borrowed money;

(ii) any obligation of the Trust incurred in connection with the acquisition of property, assets or business;

(iii) any obligation of the Trust issued or assumed as the deferred purchase price of property;

(iv) any capital lease obligation of the Trust; and

(v) any obligation of the type referred to in the foregoing subparagraphs of another person, the payment of which the Trust has guaranteed or for which the Trust is responsible for or liable;

provided that (a) for the purposes of subparagraphs (i) through (iv), an obligation (other than convertible debentures) will constitute indebtedness only to the extent that it would appear as a liability on the consolidated balance sheet of the Trust in accordance with generally accepted accounting principles; (b) obligations referred to in subparagraphs (i) and (iii) exclude trade accounts payable, distributions payable to Unitholders and accrued liabilities arising the ordinary course of business; and (c) convertible debentures will constitute indebtedness to the extent of the principal amount thereof outstanding;

(i) generally, debt aggregating no more than 15% of Gross Book Value (other than unsecured trade payables, accrued expenses and distributions payable) shall be at floating interest rates or have a maturity of less than one year, not including term debt falling due in the next twelve months or variable rate debt for which the Trust has entered into interest rate swap agreements to fix the interest rate for a one year period or greater;

(j) the Trust shall not directly or indirectly guarantee any indebtedness or liabilities of any kind of a third party except indebtedness assumed or incurred under a mortgage by a corporation or other entity wholly-owned by the Trust or jointly by the Trust with joint venturers and operated solely for the purpose of holding a particular property or properties where such mortgage, if granted by the Trust directly, would not cause the Trust to otherwise contravene the restrictions set out in the Investment Guidelines and Operating Policies of the Declaration of Trust, and, where such mortgage is granted by a joint venture entity, subject to a joint venturer being required to give up its interest in a property owned by the joint venture entity as a result of another joint venturer's failure to honour its proportionate share of the obligations relating to such property, the liability of the Trust is limited strictly to the proportion of the mortgage loan equal to the Trust's proportionate ownership interest in the joint venture entity;

(k) the Trust shall obtain an independent appraisal of each property that it acquires;

(l) the Trust will not issue additional Units unless the Trustees consider that, based upon the market price of the Units prevailing at such time, the issuance of such Units would not be expected to result in a yield to Unitholders over the ensuing 24 month period which is less than the current yield to Unitholders;

(m) the Trust shall obtain and maintain at all times insurance coverage in respect of potential liabilities of the Trust and the accidental loss of value of the assets of the Trust from risks, in amounts, with such insurers, and on such terms as the Trustees consider appropriate, taking into account all relevant factors including the practices of owners of comparable properties; and

(n) the Trust shall have conducted a Phase I environmental audit of each real property to be acquired by it and, if the Phase I environmental audit report recommends a Phase II environmental audit be conducted, the Trust shall have conducted a Phase II environmental audit, in each case by an independent and experienced environmental consultant; such audit as a condition to any acquisition, shall be satisfactory to the Trustees. All new leases granted by the Trust shall contain appropriate covenants from the lessee respecting environmental matters as determined by the Trustees from time to time.

For the purposes of the foregoing policies, the assets, liabilities and transactions of a corporation or other entity wholly or partially owned by the Trust will be deemed to be those of the Trust on a proportionate consolidation basis. In addition, any references in the foregoing to investment in real property will be deemed to include an investment in a joint venture.

All of the foregoing prohibitions, limitations or requirements pursuant to the foregoing policies shall be determined as at the date of investment or other action by the Trust.

BORROWING

The Trust will not incur or assume any indebtedness if, after the incurring or assuming of the indebtedness, the total indebtedness of the Trust would be more than 60% of Gross Book Value (65% if convertible debentures are outstanding). This limit includes a maximum of 55% with respect to long-term indebtedness. For the purposes of this restriction, convertible debentures constitute indebtedness but do not constitute long-term indebtedness and the term "indebtedness" means (without duplication) on a consolidated basis:

(a) any obligation of the Trust for borrowed money;

(b) any obligation of the Trust incurred in connection with the acquisition of property, assets or business;

(c) any obligation of the Trust issued or assumed as the deferred purchase price of property;

(d) any capital lease obligation of the Trust; and

(e) any obligation of another person, the payment of which the Trust has guaranteed or for which the Trust is responsible for or liable;

provided that: (i) an obligation (other than convertible debentures) will constitute indebtedness only to the extent that it would appear as a liability on the consolidated balance sheet of the Trust in accordance with generally accepted accounting principles; (ii) obligations exclude trade accounts payable, distributions payable to Unitholders and accrued liabilities arising in the ordinary course of business; and (iii) convertible debentures will constitute indebtedness to the extent of the principal amount thereof outstanding.

SELECTED FINANCIAL INFORMATION

The following table sets forth selected annual financial information of Calloway.

	Nine Months Ended December 31	Twelve Months Ended March 31		
	2002	2002	2001	2000
	(audited)	(audited)	(audited)	(audited)
Revenues	3,753,235	1,233,390	1,285,672	765,510
Operating income	1,089,302	221,366	227,114	164,913
Operating income per unit/share[(1)(2)]	0.684	0.470	0.486	0.353
Other revenues	171,447	255,892	6,636	5,000
Net income	1,260,749	402,887	213,006	130,875
Net income per unit/share[(1)(2)]	0.792	0.855	0.456	0.280
Distributable income	1,287,758	222,538	278,929	189,676
Distributable income per unit/share[(2)]	0.809	0.473	0.597	0.406
Total assets	108,716,435	6,339,238	7,796,434	6,762,485
Total mortgages and debt payable	56,238,616	4,326,436	5,910,905	5,600,124

Notes:

(1) Operating income per unit/share and net income per unit/share was calculated using the weighted average number of units/shares outstanding.

(2) Weighted average number of units/shares was retroactively calculated providing for the 2 shares for 1 unit conversion on February 9, 2002 and the 11.229 for 1 Unit consolidation on November 4, 2002.

The following table sets forth selected quarterly financial information of Calloway.

	Three Months Ended							
	December 31, 2002	September 30, 2002	June 30, 2002	March 31, 2002	December 31, 2001	September 30, 2001	June 30, 2001	March 31, 2001
	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Revenues	3,168,230	311,675	273,330	398,157	268,394	254,400	312,439	339,581
Operating income	983,691	59,839	45,773	92,895	44,086	37,063	47,321	68,474
Operating income per unit/share[(1)(2)]	0.263	0.117	0.094	0.193	0.094	0.079	0.101	0.146
Other revenues	37,582	-	133,865	5,200	10,007	(1,867)	242,552	(4,731)
Net income	1,021,273	59,839	179,638	100,676	40,269	22,630	239,311	63,727
Net income per unit/share[(1)(2)]	0.273	0.117	0.370	0.209	0.086	0.048	0.512	0.136
Distributable income	1,159,057	75,550	53,151	114,916	54,510	40,802	12,310	80,855

Distributable income per unit/share(2)	0.309	0.142	0.109	0.237	0.117	0.087	0.026	0.173
Total assets..................	108,716,435	8,309,814	6,423,976	6,339,238	6,157,574	6,105,411	6,705,644	7,796,434
Total mortgages and debt payable.............	56,238,616	4,890,041	4,390,746	4,326,436	4,147,749	4,183,590	4,718,707	5,910,905

Notes:

(1) Operating income per unit/share and net income per unit/share was calculated using the weighted average number of units/shares outstanding.

(2) Weighted average number of units/shares was retroactively calculated providing for the 2 shares for 1 unit conversion on February 9, 2002 and the 11.229 for 1 Unit consolidation on November 4, 2002.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's discussion and analysis of the operating results for the year ended December 31, 2002 is set forth under the heading "Management's Discussion and Analysis" on pages 8 to 13 of Calloway's 2002 Annual Report, which pages are incorporated herein by reference. A copy of that Annual Report may be obtained at www.sedar.com or by contacting Calloway as set out under the section of this Annual Information Form entitled "*Additional Information*".

MARKET FOR SECURITIES

The units of Calloway are listed and posted for trading on The Toronto Stock Exchange under the trading symbol "CWT.UN".

RISK FACTORS

There are risks inherent in an investment in the Units and in the activities of Calloway, including the following which investors should carefully consider before investing in Units.

Potential Volatility of Unit Prices

The price for the Units could be subject to wide fluctuations in response to quarter-to-quarter variations in operating results, the gain or loss of significant properties, changes in income estimates by analysts and market conditions in the industry, as well as general economic conditions or other risk factors set out herein. In addition, stock markets have experienced volatility that has affected the market prices for many companies' stock and that often has been unrelated to the operating performance of such companies. These market fluctuations may adversely affect the market price of the Units.

A publicly traded real estate investment trust will not necessarily trade at values determined solely by reference to the underlying value of its real estate assets. Accordingly, the Units may trade at a premium or a discount to the underlying value of Calloway's real estate assets.

One of the factors that may influence the market price of the Units is the annual yield on the Units. Accordingly, an increase in market interest rates may lead purchasers of Units to expect a higher annual yield, which could adversely affect the market price of the Units. In addition, the market price for the Units may be affected by changes in general market conditions, fluctuations in the markets for equity securities and numerous other factors beyond the control of Calloway.

Real Property Ownership

All real property investments are subject to elements of risk. Such investments are affected by general economic conditions, local real estate markets, supply and demand for leased premises, competition from other available premises and various other factors. The nature of real property ownership involves competing against other landlord's that may have greater expertise than Calloway.

The value of real property and any improvements thereto may also depend on the credit and financial stability of the tenants and upon the vacancy rates of the Property Portfolio. Calloway's Distributable Income would be adversely affected if a significant number of tenants were to become unable to meet their obligations under their leases or if a significant amount of available space in the properties in which Calloway has an interest were not able to be leased on economically favourable lease terms. In addition, the Distributable Income of Calloway would be adversely affected by increased vacancies in the Property Portfolio. Upon the expiry of any lease, there can be no assurance that the lease will be renewed or the tenant replaced. The terms of any subsequent lease may be less favourable to Calloway than the existing lease. In the event of default by a tenant, delays or limitations in enforcing rights as lessor may be experienced and substantial costs in protecting Calloway's investment may be incurred. Furthermore, at any time, a tenant of any of Calloway's properties may seek the protection of bankruptcy, insolvency or similar laws that could result in the rejection and termination of such tenant's lease and thereby cause a reduction in the cash flow available to Calloway. The ability to rent unleased space in the properties in which Calloway has an interest will be affected by many factors. Costs may be incurred in making improvements or repairs to property. The failure to rent unleased space on a timely basis or at all would likely have an adverse effect on Calloway's financial condition.

Certain significant expenditures, including property taxes, maintenance costs, mortgage payments, insurance costs and related charges must be made throughout the period of ownership of real property regardless of whether the property is producing any income. If Calloway is unable to meet mortgage payments on any property, losses could be sustained as a result of the mortgagee's exercise of its rights of foreclosure or sale.

Real property investments tend to be relatively illiquid with the degree of liquidity generally fluctuating in relation to demand for and the perceived desirability of such investments. If Calloway were to be required to liquidate its real property investments, the proceeds to Calloway might be significantly less than the aggregate carrying value of its Property Portfolio.

Calloway will be subject to the risks associated with debt financing on the Property Portfolio and it may not be able to refinance that the Property Portfolio on the terms that are as favourable as the terms of existing indebtedness. In order to minimize this risk, Calloway attempts to appropriately structure the timing of the renewal of significant tenant leases on the properties in relation to the time at which mortgage indebtedness on such properties becomes due for refinancing.

Availability of Cash Flow

Distributable Income may exceed actual cash available from time to time because of items such as principal repayments, tenant allowances, leasing commissions and capital expenditures and redemption of Units, if any. Calloway may be required to use part of its debt capacity or to reduce distributions in order to accommodate such items. Calloway anticipates temporarily funding such items, if necessary, through an operating line of credit in expectation of refinancing long-term debt on its maturity.

General Uninsured Losses

Calloway carries comprehensive general liability, fire, flood, extended coverage and rental loss insurance with policy specifications, limits and deductibles customarily carried for similar properties. There are, however, certain types of risks, generally of a catastrophic nature, such as wars or environmental contamination, which are either uninsurable or not insurable on an economically viable basis. Calloway has insurance for earthquake risks, subject to certain policy limits, deductibles and self-insurance arrangements, and will continue to carry such insurance if it is economical to do so. Should an uninsured or underinsured loss occur, Calloway could lose its investment in, and anticipated profits and cash flows from, one or more of its properties, but Calloway would continue to be obliged to repay any recourse mortgage indebtedness on such properties.

Future Property Acquisitions

Calloway's success depends in large part on identifying suitable acquisition and development opportunities, pursuing such opportunities, consummating acquisitions and acquiring developments, and effectively operating the properties it acquires. If Calloway is unable to manage its growth effectively, its business, operating results and financial condition could be adversely affected. See "Calloway Real Estate Investment Trust".

Environmental Matters

As an owner of real property, Calloway will be subject to various federal, provincial, territorial and municipal laws relating to environmental matters. Such laws provide that Calloway could be liable for the costs of removal of certain hazardous substances and remediation of certain hazardous locations. The failure to remove or remediate such substances or locations, if any, could adversely affect Calloway's ability to sell such real estate or to borrow using such real estate as collateral and could potentially also result in claims against Calloway. Calloway is not aware of any material non-compliance with environmental laws at any of the properties comprising the Property Portfolio. Calloway is also not aware of any pending or threatened investigations or actions by environmental regulatory authorities in connection with any of the properties comprising the Property Portfolio or any pending or threatened claims relating to environmental conditions at its properties. Calloway has policies and procedures to review and monitor environmental exposure. It is Calloway's operating policy to obtain a Phase I environmental assessment conducted by an independent and experienced environmental consultants prior to acquiring a property.

Calloway will make the necessary capital and operating expenditures to ensure compliance with environmental laws and regulations. Although there can be no assurances, Calloway does not believe that costs relating to environmental matters will have a material adverse effect on Calloway's business, financial condition or results of operations. However, environmental laws and regulations can change and Calloway may become subject to more stringent environmental laws and regulations in the future. Compliance with more stringent environmental laws and regulations could have an adverse effect on Calloway's business, financial condition or results of operation.

Land Leases

To the extent the properties in which Calloway has or will have an interest are located on leased land, the land leases may be subject to periodic rate resets which may fluctuate and may result in significant rental rate adjustments. The land lease for the Airtech Centre property expires on December 31, 2011 with a 10 year renewal option and has an adjustment provision to amend the land rent on a five year basis.

Tax Related Risk Factors

There can be no assurance that Canadian federal income tax laws respecting the treatment of mutual fund trusts will not be changed in a manner which adversely affects the holders of Units. If Calloway ceases to qualify as a "mutual fund trust" or "registered investment" under the Tax Act, the income tax considerations for Unitholders would be materially and adversely different in certain respects, including that Units may cease to be qualified investments for Plans and may become foreign property for Plans and other tax-exempt entities. The Tax Act imposes penalties for the acquisition or holding of non-qualified investments.

The Declaration of Trust of Calloway provides that a sufficient amount of Calloway's net income and net realized capital gains will be distributed each year to Unitholders or otherwise in order to eliminate Calloway's liability for tax under Part I of the Tax Act. Where such amount of net income and net realized capital gains of Calloway in a taxation year exceeds the cash available for distribution in the year, such excess net income and net realized capital gains will be distributed to Unitholders in the form of additional Units. Unitholders will generally be required to include an amount equal to the fair market value of those Units in their taxable income, in circumstances where they do not directly receive a cash distribution.

The extent to which distributions will be tax deferred in the future will depend in part on the extent to which Calloway is able to deduct capital cost allowance relating to properties directly held by Calloway.

Debt Financing

As at May 2, 2003, Calloway has outstanding indebtedness of approximately $61.3 million. A portion of the cash flow generated by the Property Portfolio will be devoted to servicing such debt, and there can be no assurance that Calloway will continue to generate sufficient cash flow from operations to meet required interest and principal payments. Calloway is subject to the risk that any of its existing indebtedness may not be able to be refinanced upon maturity or that the terms of such financing may not be as favourable as the terms of its existing indebtedness. In addition, approximately 22.43% of Calloway's indebtedness (as a percentage of Gross Book Value) is variable rate debt. To the extent that interest rates rise, Calloway's operating results and financial condition could be adversely affected. On an ongoing basis Calloway will enter in agreements to fix the interest rate on variable rate debt as management deems prudent.

Unitholder Liability

Recourse for any liability of Calloway is intended to be limited to the assets of Calloway. The Declaration of Trust provides that no Unitholder or annuitant under a plan of which a Unitholder acts as trustee or carrier (an "annuitant") will be held to have any personal liability as such, and that no resort shall be had to the private property of any Unitholder or annuitant for satisfaction of any obligation or claim arising out of or in connection with any contract or obligation of Calloway or of the Trustees.

Because of uncertainties in the law relating to investment trusts, there is a risk (which is considered to be remote in the circumstances) that a Unitholder or annuitant could be held personally liable for obligations of Calloway (to the extent that claims are not satisfied by Calloway) in respect of contracts which Calloway enters into and for certain liabilities arising other than out of contract including claims in tort, claims for taxes and possibly certain other statutory liabilities. The Trustees intend to cause Calloway's operations to be conducted in such a way as to minimize any such risk, including by obtaining appropriate insurance and, where feasible, attempting to have every material written contract or commitment of Calloway contain an express disavowal of liability against the Unitholders (which in the opinion of counsel to Calloway will be effective).

However, in conducting its affairs, Calloway will be acquiring real property investments, including its interest in the Property Portfolio, subject to existing contractual obligations, including obligations under mortgages and leases. The Trustees will use all reasonable efforts to have any such obligations under mortgages on the Property Portfolio and material contracts, other than leases, modified so as not to have such obligations binding upon any of the Unitholders or annuitants personally. However, Calloway may not be able to obtain such modification in all cases. To the extent that claims are not satisfied by Calloway, there is a risk that a Unitholder or annuitant will be held personally liable for obligations of Calloway where the liability is not disavowed as described above.

Potential Conflicts of Interest

Calloway may be subject to various conflicts of interest because of the fact that the Trustees and executive management, and their associates, are engaged in a wide range of real estate and other business activities. Calloway may become involved in transactions which conflict with the interests of the foregoing. The Non-Competition Agreements will address certain of these conflicts of interest.

The Trustees, executive management and their associates or affiliates may from time to time deal with persons, firms, institutions or corporations with which Calloway may be dealing, or which may be seeking investments similar to those desired by Calloway. The interests of these persons could conflict with those of Calloway. In addition, from time to time, these persons may be competing with Calloway for available investment opportunities. Kevin Pshebniski has disclosed in writing that, as a President of Hopewell, he will be interested in any contract or transaction, or proposed contract or transaction, with Hopewell and its affiliates. David Calnan, an officer and Trustee of Calloway, is a partner of Shea Nerland Calnan, a law firm that provides legal services to Calloway.

The Declaration of Trust contains "conflicts of interest" provisions requiring Trustees to disclose material interests in material contracts and transactions and refrain from voting.

Capital Requirements

Calloway accesses the capital markets from time-to-time. If Calloway were to be unable to raise additional funds through the issuance of debt, equity or equity-related securities, certain of its acquisition or development activities may be curtailed. Furthermore, Calloway may not be able to raise additional funds on favourable terms.

Dilution

Calloway is authorized to issue an unlimited number of Units. Any issuance of Units may have a dilutive effect on existing Unitholders.

Reliance on Key Personnel

Management of Calloway depends on the services of certain key personnel. Investors who are not prepared to rely on this management should not invest in Units. The loss of the services of key personnel could have an adverse effect on Calloway. Calloway does not have key man insurance on any of its key employees.

Trustees and Chief Financial Officer

The Trustees, with the exception of Michael Storey, will not devote their full time and attention to the affairs of Calloway. Mark Suchan, the Chief Financial Officer of Calloway will devote approximately 60% of his time to the affairs of Calloway.

MANAGEMENT OF CALLOWAY

General

An experienced and capable executive management team comprised of three individuals manages and provides strategic direction to Calloway, subject to the supervision of the board of Trustees. Members of the executive management team have an extensive understanding of the commercial real estate industry in Calloway’s target markets. The executive management of Calloway seeks to achieve and maintain geographic asset diversity, staggered lease maturities, staggered debt maturities, reasonable asset leverage, strong tenant covenants, high occupancy rates with contractual rental rate increases and appropriate capital improvement and redevelopment programs. All of Calloway's investments are subject to specific investment guidelines and the operations of Calloway are subject to specific operating policies. See "Investment Guidelines and Operating Policies".

The Trustees

The Declaration of Trust provides that the assets and operations of Calloway are subject to the control and authority of a minimum of seven Trustees and a maximum of 12 Trustees. Presently, there are seven Trustees. A vacancy occurring among the Trustees may be filled by resolution of a majority of the remaining Trustees, or by the Unitholders at a meeting of Unitholders. Trustees are elected annually by resolution passed by a majority of the votes cast at a meeting of Unitholders. Trustees elected at an annual meeting are elected for a term expiring at the subsequent annual meeting but are eligible for re-election. A Trustee elected or appointed to fill a vacancy shall hold office for the remaining term of the Trustee he or she is succeeding.

The Declaration of Trust provides with respect to Trustees that a Trustee may be removed with or without cause by a majority of the votes cast at a meeting of Unitholders or with cause by a majority of the remaining Trustees.

The standard of care and duties of the Trustees provided in the Declaration of Trust are similar to those imposed on a director of a corporation governed by the *Canada Business Corporations Act.* Accordingly, each Trustee is required to exercise the powers and discharge the duties of his or her office honestly, in good faith and in the best interests of Calloway and the Unitholders and, in connection therewith, to exercise that degree of care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

Conflict of Interest Restrictions and Provisions

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. Kevin Pshebniski has disclosed in writing that he will be interested in any contract or transaction or proposed contract or transaction with Hopewell and its affiliates. Shea Nerland Calnan, a law firm of which David Calnan is a partner, provides legal services to Calloway. See "Risk Factors: Potential Conflicts of Interest".

Trustees of Calloway

The following table sets forth the name, municipality of residence, 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:

Name and Municipality Of Residence	**Current Office In Calloway**	**Principal Occupation**
J. Michael Storey[(2)] .... Calgary, Alberta	President, Chief Executive Officer and Trustee	President, Chief Executive Officer and a Trustee of Calloway Real Estate Investment Trust since December 4, 2001. President, Chief Executive Officer and a Director of Calloway Properties Inc. from May 1, 1997 to January 22, 2002. Vice-President, Corporate Development at Princeton Developments Limited from November 2001 to April 2002. Commercial Leasing and Investment Sales with J.J. Barnicke Calgary Ltd. from April 1997 to October 1999. General Manager with Stewart Green Properties from 1991 to April 1997. Finance, Leasing and Property Management with Oxford Properties from 1985 to 1991. Prior thereto, employed with the Bank of Nova Scotia's corporate real estate group. President of Exeter Financial Corp., a private mortgage finance company, from 1995 to present**.** Masters of Business Administration Degree from the University of British Columbia in 1984. Mechanical Engineering Degree from the University of Washington in 1981.
David M. Calnan[(1) (2) (3)(4)(5)]..... Calgary, Alberta	Secretary and Trustee	Partner of Shea Nerland Calnan, Barristers and Solicitors, from 1990 to present. Secretary and a Trustee of Calloway Real Estate Investment Trust since December 4, 2001. Secretary, Chief Financial Officer and a Director of Calloway Properties Inc. from May 1, 1997 to January 22, 2002. Currently a director of each of Badger Daylighting Inc., a utility services company listed on The Toronto Stock Exchange (May 1993 to present), Ripper Oil and Gas Inc., an oil and gas company listed on the TSX Venture Exchange (October 2000 to present), Rocky Old Man Energy Inc., an oil and gas company listed on the TSX Venture Exchange (June 2001 to present), and RenoWorks Software Inc., a software company listed on the TSX Venture Exchange (June 2000 to present). Previously a director of each of Grace Resources Inc., an oil and gas company listed on the Canadian Venture Exchange prior to its acquisition by Cebanx Investments Inc. in January 2001 (May 1996 to January 2001), Volterra Resources Inc., an oil and gas company listed on The Toronto Stock Exchange prior to its acquisition by Edge Energy Inc. (October 1994 to June 1999), VHQ Entertainment Inc., a home entertainment superstore chain listed on the Toronto Stock Exchange (September 1997 to October 1999), Merch Performance Inc., a manufacturer of motorcycle parts listed on the TSX Venture Exchange

(September 1997 to February 1998) and Synsorb Biotech Inc., a biotechnology company listed on The Toronto Stock Exchange (March 1994 to September 1997).

Jamie M. McVicar(3)(4)(5) .... Trustee
Canmore, Alberta

Chief Financial Officer at Devonian Properties Ltd. from October 2000 to present. President of Newell Post Developments Ltd. from June 1998 to June 2000. Legal counsel for Oxford Development Group from 1988 to June 1998. Trustee of Calloway Real Estate Investment Trust since December 4, 2001. Director of Calloway Properties Inc. from May 1, 1997 to January 22, 2002.

Kevin B. Pshebniski(2)(5) .... Trustee
Calgary, Alberta

Vice President with Hopewell Group of Companies from January 1996 to September 1997. Chief Operating Officer of Hopewell Development Corporation from September 1997 to September 1998. President of Hopewell Development Corporation from September 1998 to present. Vice President of Exeter Financial Corp., a private mortgage finance company, from 1995 to present. Director of ST Systems Corp., a technology company which was listed on the TSX Venture Exchange, since 1996. Trustee of Calloway Real Estate Investment Trust since December 4, 2001. Director of Calloway Properties Inc. from May 1, 1997 to January 22, 2002.

Ken Delf(2)(4)(5) .... Trustee
Calgary, Alberta

President of several private commercial real estate development and investment companies based in Calgary, Alberta including Project 58 Inc. since 1990, Vista Square Inc. since 1995, Stonepines, Inc. since 1998 and 221-239 Tenth Avenue Inc. since 2001. Also, President of Delf Holdings Inc., a commercial real estate development and investment company based in Arizona. Masters of Business Administration Degree from the Richard Ivey School of Business at the University of Western Ontario in 1969. Bachelor of Arts Degree from the University of Calgary in 1967. Trustee of Calloway Real Estate Investment Trust since September 24, 2002.

Ken Mullen(1)(3)(4)(5) .... Trustee
Calgary, Alberta

President, Chief Executive Officer and Director of Savanna Energy Services Corp., a private oil and gas services company, since May 2001. Director of Raimount Energy Inc., and oil and gas company listed on the TSX Venture Exchange, since July 2000. Director of WNS Emergent Inc., a technology company listed on the TSX Venture Exchange, since October 2002. Director of Kerogen Petroleum Ltd., a private oil and gas company, since October 2002. Director of Total Energy Services Inc., an oil and gas services company listed on the Toronto Stock Exchange, from December 2000 to March, 2003. Director of Badger Daylighting Inc., an oil and gas services company listed on the Toronto Stock Exchange, from April 1999 to December 2002. President, Chief Executive Officer and Director of Plains Energy Services Ltd., a public oil and gas services company listed on the Toronto Stock Exchange, from 1997 to 2000. Prior thereto, Vice President – Finance, Chief Financial Officer and Corporate Secretary of Plains Energy Services Ltd. From 1996 to 1997. Trustee of Calloway Real Estate Investment Trust since September 24, 2002.

John MacNeil(1)(2)(4)(5) .... Trustee
Toronto, Ontario

President of First Pro Shopping Centres group of companies commencing September 2002. President and Chief Executive Officer of Intracorp Developments Ltd., a private residential real estate developer with its head office in Toronto, Ontario, from 1999 to September 2002. From 1997 to 1999, Chief Financial Officer of Intracorp Developments Ltd. Trustee of Calloway Real Estate Investment Trust since September 24, 2002.

Notes:

(1) Member of the Audit Committee.

(2) Member of the Investment Committee.
(3) Member of Corporate Governance and Compensation Committee.
(4) Independent Trustee.
(5) Outside Trustee.

As of May 9, 2003, the Trustees and officers of Calloway, as a group, beneficially owned or controlled, directly and indirectly, 235,260 Units of Calloway, which represented approximately 4% of the issued and outstanding Units of Calloway.

None of the Trustees of Calloway has been the subject of any order, judgment, or decree of any governmental agency or administrator or of any court of competent jurisdiction, revoking or suspending for cause any license, permit or other authority of such person or of any corporation of which he or she is a director and/or executive officer, to engage in the securities business or in the sale of a particular security or temporarily or permanently restraining or enjoining any such person or any corporation of which he or she is an officer or director from engaging in or continuing any conduct, practice, or employment in connection with the purchase or sale of securities, or convicting such person of any felony or misdemeanor involving a security or any aspect of the securities business or of theft or of any felony.

With the exception of a company of which Kevin Pshebniski was a director, none of the Trustees of Calloway, or any corporation of which such person is an officer or director, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted to any proceedings, arrangement or compromise with creditors or has a receiver, receiver manager, or trustee appointed to hold its assets. Sable Technologies, Inc., a California based company of which Kevin Pshebniski was a director, filed bankruptcy protection documentation in California on August 12, 2001. Kevin Pshebniski was a director of Sable Technologies, Inc. at the time.

Corporate Governance

Mandate of the Board of Trustees

The board of Trustees of Calloway assumes responsibility for: (i) participating in the development of a corporate 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 of Calloway; (v) reviewing and approving the business and investment objectives to be met by management of Calloway; (vi) assessing the performance of management of Calloway 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 mandate. One of the key functions of the board of Trustees is to determine what properties Calloway should finance or acquire pursuant to the Development Agreement.

Relationship between the Board of Trustees and Management

A majority of the members of the board of Trustees of Calloway are independent of management of the Trust. Presently, there are seven Trustees.

The board of Trustees of Calloway has in place appropriate structures and procedures to ensure that it can function independently of management. Currently there is only one Trustee who is a member of management of the Trust. The chairman of the board of Trustees of Calloway will be an independent Trustee. Further, the chairman's role and responsibilities will be clearly defined to include managing the affairs of the board of Trustees of Calloway and, together with the Corporate Governance and Compensation Committee, monitoring its effectiveness.

The limits of management's responsibilities are clearly defined by the board of Trustees of Calloway. This is accomplished both by specifically identifying the role and responsibilities of the Chief Executive Officer of Calloway and specifying that all material decisions relating to the business and operations of Calloway are to be made by the board of Trustees or a committee thereof.

Committees

Pursuant to the Declaration of Trust, the board of Trustees of Calloway are required to establish three committees: an Audit Committee, a Corporate Governance and Compensation Committee and an Investment Committee.

Audit Committee

The Audit Committee is to consist of not less than three Trustees. The Audit Committee shall be composed entirely of Outside Trustees. The Audit Committee shall:

(a) review the Trust's procedures for internal control with the auditors and the Trust's Chief Financial Officer;

(b) review the engagement of the 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 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 auditors. Questions arising at any meeting of the Audit Committee shall be decided by a majority of the votes cast. Decisions may be taken by written consent signed by all of the members of the Audit Committee. The auditors of the Trust or a member of the Audit Committee may call a meeting of the Audit Committee on not less than 48 hours' notice.

The Audit Committee consists of Ken Mullen, John MacNeil and David M. Calnan.

Corporate Governance and Compensation Committee

The Corporate Governance and Compensation Committee is to consist of not less than three Trustees, all of whom shall be Independent Trustees. The duties of the Corporate Governance and Compensation Committee are 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: (i) assessing the effectiveness of the board of Trustees and each of its committees; (ii) considering questions of management succession; (iii) participating in the recruitment and selection of candidates as Trustees of Calloway; (iv) considering and approving proposals by the Trustees of Calloway to engage outside advisers on behalf of the board of Trustees as a whole or on behalf of the Independent Trustees of Calloway; (v) administering Calloway's long-term incentive plans including the Unit Option Plan; (vi) assessing the performance of the Chief Executive Officer; (vii) reviewing and approving the compensation of executive management and consultants of Calloway and its subsidiaries; and (viii) reviewing and making recommendations to the board concerning the level and nature of the compensation payable to the Trustees.

Questions arising in any meeting of the Corporate Governance and Compensation Committee shall be decided by a majority of the votes cast. Decisions may be taken by written consent signed by all of the members of the Corporate Governance and Compensation Committee. Any member of the Corporate Governance and Compensation Committee may call a meeting of the Corporate Governance and Compensation Committee upon not less than 48 hours' notice. 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.

The Corporate Governance and Compensation Committee consists of Ken Mullen, Jamie McVicar and David Calnan.

Investment Committee

The Investment Committee is to consist of not less than three Trustees, a majority of whom shall be Outside Trustees 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 are to:

(a) review all proposals regarding properties;

(b) approve or reject proposed acquisitions and dispositions by the Trust or any of its subsidiaries or affiliates;

(c) authorize proposed transactions on behalf of the Trust or any of its subsidiaries or affiliates; and

(d) approve 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.

Questions arising at any meeting of the Investment Committee shall be decided by a majority of the votes cast. Decisions may be taken by written consent signed by all of the members of the Investment Committee. Any member of the Investment Committee may call a meeting of the Investment Committee upon not less than 48 hours notice. 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.

The Investment Committee consists of J. Michael Storey, Kevin Pshebniski, John MacNeil, David M. Calnan and Ken Delf.

Executive Officers

The following table sets forth the name, municipality of residence, office held and the experience and principal occupation for at least the last five years of each of the executive officers of Calloway:

Name and Municipality Of Residence	**Age**	**Position with the Trust**	**Principal Occupation**
J. Michael Storey .... Calgary, Alberta	45	President, Chief Executive Officer and a Trustee	President, Chief Executive Officer and a Trustee of Calloway Real Estate Investment Trust since December 4, 2001. President, Chief Executive Officer and a Director of Calloway Properties Inc. from May 1, 1997 to January 22, 2002. Vice-President, Corporate Development at Princeton Developments Limited from November 2001 to April 2002. Commercial Leasing and Investment Sales with J.J. Barnicke Calgary Ltd. from April 1997 to October 1999. General Manager with Stewart Green Properties from 1991 to April 1997. Finance, Leasing and Property Management with Oxford Properties from 1985 to 1991. Prior thereto, employed with the Bank of Nova Scotia's corporate real estate group. President of Exeter Financial Corp., a private mortgage finance company, from 1995 to present. Masters of Business Administration Degree from the University of British Columbia in 1984. Mechanical Engineering Degree from the University of Washington in 1981. All of the forgoing positions related directly to the real estate business. With the exception of Calloway Properties Inc., none of the past positions involved an affiliate of Calloway. All of the forgoing

			continue to carry on business with the exception of Stewart Green Properties.
Mark A. Suchan.................... Calgary, Alberta	44	Chief Financial Officer	Chief Financial Officer of Calloway Real Estate Investment Trust since July 2, 2002. Vice President Finance or Controller with Hopewell Development Corporation from May 1996 to present. Business consultant from August 1995 to April 1996. Prior thereto, employed with Price Waterhouse's financial advisory services group from July 1988 to August 1995. Chartered Accountant designation in 1984. Bachelor of Commerce from the University of Saskatchewan in 1980. Hopewell is in the real estate business. Hopewell is no longer an affiliate of Calloway but was an affiliate of Calloway immediately prior to the Closing. Hopewell and a successor to Price Waterhouse continue to carry on business.
Keith McRae......................... Calgary, Alberta	31	Director of Operations	Director of Operations of Calloway Real Estate Investment Trust since February 1, 2002. Prior thereto, employed with J.J. Barnicke Calgary Ltd., in investment sales from June of 2000. Prior thereto, employed with Torode Realty of Edmonton, Alberta in investment sales. Masters of Business Administration Degree from the Richard Ivey School of Business at the University of Western Ontario in 1999. Bachelor of Commerce Degree from the University of Alberta in 1993. Each position was in the real estate business. Neither prior employer was affiliated with Calloway and both continue to carry on business.
David M. Calnan .... Calgary, Alberta	47	Secretary and a Trustee	Partner of Shea Nerland Calnan, Barristers and Solicitors, from 1990 to present. Secretary and a Trustee of Calloway Real Estate Investment Trust since December 4, 2001. Secretary, Chief Financial Officer and a Director of Calloway Properties Inc. from May 1, 1997 to January 22, 2002. Bachelor of Arts from Queen's University in 1977 and Bachelor of Law from University of Toronto in 1981.

None of the executive officers of Calloway has been the subject of any order, judgment, or decree of any governmental agency or administrator or of any court of competent jurisdiction, revoking or suspending for cause any license, permit or other authority of such person or of any corporation of which he or she is a director and/or executive officer, to engage in the securities business or in the sale of a particular security or temporarily or permanently restraining or enjoining any such person or any corporation of which he or she is an officer or director from engaging in or continuing any conduct, practice, or employment in connection with the purchase or sale of securities, or convicting such person of any felony or misdemeanor involving a security or any aspect of the securities business or of theft or of any felony.

None of the executive officers of Calloway, or any corporation of which such person is an officer or director, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted to any proceedings, arrangement or compromise with creditors or has a receiver, receiver manager, or trustee appointed to hold its assets.

NON-COMPETITION

General

The Employment Agreement of each of the Management Individuals contains non-competition clauses which restrict certain activities by them.

Scope of Restrictions

Pursuant to the non-competition clauses in the Employment Agreements, the Management Individuals agree not to engage in any business activity which is in competition with, or which has the potential of coming into competition with Calloway. In particular, the Employment Agreements prohibit the purchase or development of rental commercial property in Canada by the Management Individuals or by companies in which they have an interest ("Management Companies"). The Employment Agreements also prohibit any Management Individual from engaging in any activity which may result in a tenant of Calloway vacating premises in favour of a competing interest in which the Management Individual has an interest or any Management Company has an interest.

Term of Restrictions

Each of the Management Individuals will cease to be bound by the non-competition restrictions in his respective Employment Agreement when he or she ceases to provide management services to Calloway pursuant to his respective Employment Agreement.

Exclusions from Restrictions

The non-competition restrictions in the Employment Agreements will not apply to investments of up to 5% of the issued and outstanding share capital of any publicly traded company.

OPERATION OF THE PROPERTY PORTFOLIO

Leasing Function

Calloway has developed a leasing strategy for each property reflecting the nature of the property, its position within the local marketplace, prevailing and forecast economic conditions and the state of the local real estate market and status of existing tenancies. To implement this strategy, Calloway intends to utilize and coordinate with the brokerage leasing community and retain appropriate agents on a best-in-class basis for each of the assets. Management expects that this strategy will maximize expansion and renewal opportunities and will involve aggressive, proactive leasing programs.

Property Management Function

The property management function for the Property Portfolio is provided by HRESI, Paradigm and internally by Calloway.

HRESI provides property management services for the multi-tenant assets in Alberta and Ontario. The property management team at HRESI currently manages 3 million square feet of commercial real estate in these provinces and have over 75 years of experience in managing retail, industrial and office properties. HRESI is responsible for the provision to Calloway of property management services for the following properties within the Property Portfolio pursuant to the Property Management Agreements:

- Airtech Centre, Vancouver, British Columbia;
- Century Park Place, Calgary, Alberta;
- Canadian Commercial Centre, Calgary, Alberta;
- British Colonial Building, Toronto, Ontario;
- Dover Village Square, Calgary, Alberta;
- Collingwood Plaza, Calgary, Alberta;
- Crowchild Centre, Calgary, Alberta; and

- Richter Plaza, Calgary, Alberta.

In connection with the provision of its services to Calloway, HRESI is entitled to a fee for each fiscal year during the first three years of the Property Management Agreements in an amount equal to the lesser of (i) 3.0% of the aggregate of gross rentals payable and received from the HRESI managed properties during such year; and (ii) the actual annual recovery from the tenants under their leases for management and administrative fees, charges, expenses and penalties. For lease renewals, HRESI is entitled to a leasing fee equal to one half of the industry standard leasing fees. If Calloway exercises the Hopewell Option and acquires the Hopewell Properties, these properties will also be managed by HRESI pursuant to the terms of the Property Management Agreements.

The Property Management Agreements have an initial term of three years and will automatically be renewed for successive one year renewal terms, unless otherwise terminated in accordance with the Property Management Agreements. After the initial term, the Property Management Agreements may be terminated by either party on 90 days notice.

Paradigm provides the property management function at Holland Cross in Ottawa. Paradigm has managed this asset since 1993 and have overseen in excess of $10 million in building improvements and completed over 70 lease transactions comprising some 350,000 square feet within Holland Cross. Paradigm's head offices are currently located at Holland Cross and while this is the largest asset in its portfolio, they manage seven other properties within the Ottawa area.

Paradigm is entitled to an annual fee of 3% of gross rentals from Holland Cross for management services under the current management agreement. In addition, Paradigm is entitled to leasing fees for new tenants and lease extensions of existing tenants equal to 2% of gross annual rent for the new term. Paradigm is also entitled to leasing fees for tenants who exercise a renewal option equal to 1% of gross annual rent for the first five years of the new term and 0.5% thereafter. The property management agreement for this property is automatically renewable for successive one year terms. The agreement may be terminated by Calloway on 60 days notice and by Paradigm on 120 days notice.

Calloway has determined that it is cost effective to internally manage Lloyd Mall located in Lloydminster, Alberta, the Ecco Building and the Gesco Warehouse in Calgary, Alberta and the three light industrial properties in Winnipeg, Manitoba. Calloway's management team has, in the aggregate, over 35 years of combined experience in lease negotiation, building improvements and property supervision.

Calloway intends to internalize the property management function for all of its properties either directly or through a wholly-owned subsidiary when it is cost effective to do so.

Environmental Policy

Calloway will ensure that the Property Portfolio is managed in compliance with all applicable environmental laws and regulations and will adopt and implement rules, standards and procedures to deal with all applicable environmental issues for each asset in the Property Portfolio. Calloway's operating policy requires it to obtain a Phase 1 environmental assessment conducted by an independent and experienced environmental consultant prior to acquiring a property.

ADDITIONAL INFORMATION

Additional information, including trustees' and officers' remuneration and indebtedness, principal holders of Calloway's securities, options to purchase securities and interests of insiders in material transactions, where applicable, is contained in Calloway's Information Circular for its most recent meeting of Unitholders which involved the election of Trustees. Additional financial information is provided in Calloway's consolidated financial statements for its most recently completed financial year.

Calloway will provide to any person or company, upon request to the Chief Financial Officer of Calloway:

1. When the securities of Calloway are in the course of a distribution pursuant to a short form prospectus or when a preliminary short form prospectus has been filed in respect of a distribution of Calloway's securities:

(a) one copy of the annual information form of Calloway together with one copy of any document, or the pertinent pages of any document, incorporated by reference in the annual information form;

(b) one copy of Calloway's comparative consolidated financial statements for the most recently completed financial year, together with the report of the auditors thereon, and one copy of any of Calloway's interim financial statements subsequent to such audited financial statements;

(c) one copy of Calloway's information circular in respect of the most recent annual meeting of Unitholders of Calloway that involved the election of Trustees; and

(d) one copy of any other documents that are incorporated by reference into the preliminary short form prospectus or short form prospectus.

2. At any other time, one copy of each of the documents referred to in 1(a), (b) or (c) provided that Calloway may require the payment of a reasonable charge if the inquiry is made by a person who is not a Unitholder of Calloway.

Any request for any documents referred to above should be made to the Chief Financial Officer of Calloway, 310, 855 – 8th Avenue S.W., Calgary, Alberta T2P 3P1 and facsimile 403-266-6522.