

**PROSPECTUS SUPPLEMENT**  
**To a Short Form Base Shelf Prospectus Dated September 14, 2005**

*This prospectus supplement together with the short form base shelf prospectus to which it relates dated September 14, 2005, as amended or supplemented, and each document deemed to be incorporated by reference in the short form base shelf prospectus constitutes a public offering of these securities only in those jurisdictions where they may be lawfully offered for sale and therein only by persons permitted to sell such securities.*

No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise. The securities offered hereby have not been, and will not be, registered under the United States Securities Act of 1933, as amended, ("U.S. Securities Act") or any state securities laws and, unless registered under the U.S. Securities Act or pursuant to an applicable exemption from registration under the U.S. Securities Act, may not be offered, sold, reoffered, resold or delivered, directly or indirectly, in the United States or to U.S. Persons (as defined in Regulation S under the U.S. Securities Act). This prospectus does not constitute an offer to sell or solicitation of an offer to buy any of the securities offered hereby within the United States. See "Plan of Distribution."

New Issue

November 21, 2006



**\$225,024,000**

**7,680,000 Units**

This offering (the "**Offering**") consists of 7,680,000 units ("**Units**") in Calloway Real Estate Investment Trust ("**Calloway**" or the "**Trust**") at a price of \$29.30 per Unit (the "**Offering Price**") pursuant to an underwriting agreement dated November 21, 2006 (the "**Underwriting Agreement**") between Calloway and CIBC World Markets Inc., RBC Dominion Securities Inc., BMO Nesbitt Burns Inc., Scotia Capital Inc., National Bank Financial Inc., TD Securities Inc., Desjardins Securities Inc., Merrill Lynch Canada Inc., Canaccord Capital Corporation, Dundee Securities Corporation and HSBC Securities (Canada) Inc. (collectively, the "**Underwriters**"). The Offering Price was determined by negotiation between Calloway and the Underwriters. The Units are listed on the Toronto Stock Exchange (the "**TSX**") under the trading symbol "CWT.UN". Calloway has obtained conditional approval to list the additional Units to be distributed under this prospectus supplement, together with the short form base shelf prospectus of Calloway dated September 14, 2005 (the "Short Form Prospectus"), on the TSX. Listing is subject to Calloway fulfilling the requirements of the TSX as set out in their conditional approval. The closing price of the Units on the TSX on November 16, 2006, the last trading day prior to the announcement of the Offering, was \$29.83. Calloway is an unincorporated "open-end" trust constituted in accordance with the laws of the Province of Alberta, pursuant to a declaration of trust that was most recently amended and restated as of May 16, 2006 (the "**Declaration of Trust**"). Calloway was created to invest in income-producing rental properties located in Canada.

**Price: \$29.30 per Unit**

	<u>Price to Public</u>	<u>Underwriters' Fee</u>	<u>Net Proceeds to the Trust<sup>(1)</sup></u>
Per Unit .....	\$29.30	\$1.172	\$28,128
Total <sup>(2)(3)(4)</sup> .....	\$225,024,000	\$9,000,960	\$216,023,040

**Notes:**

- (1) Before deducting expenses of the Offering, estimated to be \$375,000 that, together with the Underwriters' fee, will be paid from the proceeds of the Offering.
- (2) Calloway has granted the Underwriters an option (the "**Underwriters' Option**"), exercisable until 48 hours prior to the closing of the Offering, to purchase up to 1,200,000 additional Units on the same terms set forth above. This prospectus supplement, together with the Short Form Prospectus, also qualifies the granting of the Underwriters' Option and the distribution of any Units issuable on the exercise of such option. See "Plan of Distribution".
- (3) Calloway has also granted the Underwriters an option (the "**Over-Allotment Option**"), exercisable for a period of 30 days from the date of closing of the Offering, to purchase up to 1,332,000 additional Units on the same terms set forth above, to cover over-allotments, if any, and for market stabilization purposes. This prospectus supplement, together with the Short Form Prospectus, also qualifies the granting of the Over-Allotment Option and the distribution of any Units issuable on the exercise of such option. See "Plan of Distribution".
- (4) If the Underwriters exercise both the Underwriters' Option and the Over-Allotment Option in full, the total price to the public relating to the Offering, the Underwriters' fee and the net proceeds to Calloway before deducting the expenses of the Offering will be \$299,211,600, \$11,968,464 and \$287,243,136, respectively.

A return on an investment in Units of Calloway is not comparable to the return on an investment in a fixed-income security. The recovery of an investment in Units is at risk, and any anticipated return on an investment in Units is based on many performance assumptions. Although Calloway intends to make distributions of a significant percentage of its available cash to its Unitholders, these cash distributions are not assured and may be reduced or suspended. The ability of Calloway to make cash distributions and the actual amount distributed will be dependant upon, among other things, the financial performance of the properties in its property portfolio, its debt covenants and obligations, its working capital requirements and its future capital requirements. In addition, the market value of the Units may decline for a variety of reasons including if Calloway is unable to meet its cash distribution targets in the future, and that decline may be significant.

It is important for a person making an investment in Units of Calloway to consider the particular risk factors that may affect both Calloway and the real estate industry in which Calloway operates and which may therefore affect the stability of the cash distributions on the Units of Calloway. See the section entitled “Risk Factors” which describes Calloway’s assessment of those risk factors as well as the potential consequences to a Unitholder if a risk should occur. Calloway has obtained a DBRS stability rating of STA-3 (high). This rating category reflects good stability and sustainability of distributions per unit.

The after-tax return from an investment in Units to Unitholders that is subject to Canadian income tax can be made up of both a “return on” and a “return of” capital. That composition may change over time, thus affecting a Unitholder’s after-tax return. Returns on capital are generally taxed as ordinary income, capital gains or as dividends in the hands of a Unitholder. Returns of capital are generally tax-deferred (and reduce the Unitholder’s cost base in the unit for tax purposes). See “Canadian Federal Income Tax Considerations”.

**The Trust is not a trust company and is not registered under applicable legislation governing trust companies as it does not carry on or intend to carry on the business of a trust company. The Trust qualifies as a mutual fund trust for the purposes of the *Income Tax Act* (Canada) (the “Tax Act”) and offers and sells its Units to the public. Units are not “deposits” within the meaning of the *Canada Deposit Insurance Corporation Act* (Canada) and are not insured under the provisions of the Act or any other legislation. The Units offered hereby will be eligible for investment under certain statutes as set out under “Eligibility for Investment”.**

**In connection with this Offering, the Underwriters may over-allot or effect transactions that stabilize or maintain the market price of the Units at levels other than those which otherwise might prevail on the open market. Further, the Underwriters may offer the Units to the public at a price lower than the Offering Price of \$29.30 per Unit. See “Plan of Distribution”.**

**In connection with this Offering, the Trust may be considered a “connected issuer” of CIBC World Markets Inc., RBC Dominion Securities Inc., Scotia Capital Inc., TD Securities Inc., Merrill Lynch Canada Inc. and HSBC Securities (Canada) Inc. under applicable laws.** Merrill Lynch Canada Inc. and the Canadian chartered bank affiliates of each of CIBC World Markets Inc., RBC Dominion Securities Inc., Scotia Capital Inc., TD Securities Inc. and HSBC Securities (Canada) Inc. (the “**Lenders**”) are lenders to the Trust. Calloway is in compliance with all material terms and conditions of its credit facilities and mortgage loans with the Lenders. See “Relationship Between Calloway and Certain of the Underwriters”.

The Underwriters, as principal, conditionally offer the Units, subject to prior sale, if, as and when issued, sold and delivered by the Trust and accepted by the Underwriters in accordance with the conditions contained in the Underwriting Agreement referred to under “Plan of Distribution” and subject to the approval of certain legal matters on behalf of the Trust by Shea Nerland Calnan LLP and on behalf of the Underwriters by McCarthy Tétrault LLP. Subscriptions will be received subject to rejection or allotment in whole or in part and the Underwriters reserve the right to close the subscription books at any time without notice. It is expected that definitive certificates evidencing the Units will be available for delivery at closing which is expected to occur on or about November 30, 2006, or such later date as the Trust and the Underwriters may agree, but in any event no later than December 7, 2006.

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### **FORWARD LOOKING STATEMENTS**

Certain statements in this prospectus supplement and in the documents incorporated by reference herein are “forward looking statements” that reflect management’s expectations regarding Calloway’s future growth, results of operations, performance and business prospects and opportunities. All statements other than statements of historical fact contained in this prospectus supplement and in the documents incorporated by reference herein are forward looking statements including, without limitation, statements regarding the timing and amount of distributions and the future financial position, business strategy, proposed acquisitions, plans and objectives of the Trust or its subsidiaries. Such forward looking statements contained directly in this prospectus supplement 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, debt financing, general uninsured losses, developments, future property acquisitions, competition for real property investments, environmental matters, land leases, potential conflicts of interest, capital requirements, reliance on key personnel, volatility of unit prices, cash distributions not being guaranteed, returns of capital, availability of cash flow, tax related matters, structural subordination of the Units, restrictions on redemptions of Units, distribution of securities on redemption of Units or termination of the Trust, Unitholder liability, the nature of the Units, potential dilution, the control of a significant number of the voting securities of the Trust by a significant Unitholder, credit ratings and stability ratings. Although the forward looking statements contained in this prospectus supplement and in the documents incorporated by reference are based upon what management believed to be reasonable assumptions at the time such statements were made, Calloway cannot assure investors that actual results will be consistent with these forward looking statements. The forward looking statements contained in this prospectus supplement and in the documents incorporated by reference herein are expressly qualified in their entirety by this cautionary statement. The forward looking statements contained in this prospectus supplement are made as at the date of this prospectus supplement, and the forward looking statements contained in the documents incorporated by reference herein are made as of the date of such documents, and Calloway assumes no obligation to update or revise such forward-looking statements to reflect new events or circumstances unless otherwise required by applicable securities legislation.

### **DOCUMENTS INCORPORATED BY REFERENCE**

This prospectus supplement is deemed to be incorporated by reference into the accompanying Short Form Prospectus as of the date hereof solely for the purpose of the Offering.

In addition, the following documents, filed by Calloway with the securities commission or similar authority in each of the provinces of Canada, are specifically incorporated by reference into this prospectus supplement:

- (a) Calloway's management information circular dated March 10, 2006 regarding Calloway's annual and special meeting of unitholders held on May 16, 2006;
- (b) Calloway's annual information form dated March 10, 2006;
- (c) Calloway's audited consolidated comparative financial statements and the notes thereto for the fiscal year ended December 31, 2005 together with the auditors' report thereon, all of which can be found on pages 39 to 79 of Calloway's annual report for the fiscal year ended December 31, 2005, and including management's discussion and analysis relating thereto which can be found on pages 13 to 36 of Calloway's annual report for the fiscal year ended December 31, 2005;
- (d) Calloway's audited consolidated comparative financial statements and the notes thereto for the fiscal year ended December 31, 2004, together with the auditors report thereon;
- (e) Calloway's unaudited consolidated comparative financial statements and the notes thereto for the three and nine month periods ended September 30, 2006 and 2005 and management's discussion and analysis relating thereto;
- (f) Calloway's material change report dated March 31, 2006 regarding an offering of trust units;
- (g) Calloway's material change report dated October 12, 2006 regarding an offering of unsecured debentures;
- (h) Calloway's material change report dated October 26, 2006 regarding conditional agreements to acquire or lease interests in 16 properties; and
- (i) the following portions of the management information circular of Calloway dated June 9, 2005:
  - (i) the unaudited pro forma consolidated balance sheet of Calloway as at March 31, 2005 and the unaudited pro forma consolidated statements of income for the three months ended March 31, 2005 and for the year ended December 31, 2004, together with the notes thereto and the compilation report thereon, all of which can be found in Schedule B to that information circular;
  - (ii) the schedules of combined net operations relating to certain properties acquired by Calloway (the "**Centres V Phase I'**) for the years ended December 31, 2004 and 2003, together with the notes thereto and the auditors' report thereon, and the unaudited interim comparative schedules of combined net operations for such acquisitions for the three month periods ended March 31, 2005 and 2004, all of which can be found in Schedule B to that information circular;
  - (iii) the schedules of combined net operations relating to certain properties acquired by Calloway (the "**Centres V Phase II'**) for the years ended December 31, 2004 and 2003, together with the notes thereto and the auditors' report thereon, and the unaudited interim comparative schedules of combined net operations for such acquisitions for the three month periods ended March 31, 2005 and 2004, all of which can be found in Schedule B to that information circular; and
  - (iv) the schedules of combined net operations relating to certain properties acquired by Calloway (the "**Centres V Phase III'**) for the years ended December 31, 2004 and 2003, together with the notes thereto and the auditors' report thereon, and the unaudited interim comparative schedules of combined net operations for such acquisitions for the three month periods ended March 31, 2005 and 2004, all of which can be found in Schedule B to that information circular.

It is hereby noted that the following documents are incorporated, or deemed to be incorporated, by reference into Calloway's annual information form dated March 10, 2006 which document is specifically incorporated by reference into this prospectus supplement:

- (a) the business acquisition report of Calloway dated February 11, 2005 including the audited schedules of combined net operations for certain prior acquisitions (the "**Phase I Centres**") of Calloway for the years ended December 31, 2003 and 2002, together with the notes thereto and the auditors' report thereon, and the unaudited interim comparative schedules of combined net operations for such acquisitions for the nine month periods ended September 30, 2004 and 2003, all of which can be found at pages 19 to 24 of that business acquisition report; and
- (b) the business acquisition report of Calloway dated May 10, 2005 including the audited schedules of combined net operations for certain prior acquisitions (the "**Phase II Centres**") of Calloway for the years ended December 31, 2004 and 2003, together with the notes thereto and the auditors' report thereon, all of which can be found at pages 6 to 10 of that business acquisition report.

**Any documents of the type referred to in the preceding paragraph and any material change reports (excluding confidential material change reports) filed by Calloway with a securities regulatory authority in Canada after the date of this prospectus supplement and prior to the completion or withdrawal of the distribution of the Units are deemed to be incorporated by reference in this prospectus supplement.**

Any statement contained in the Short Form Prospectus, in this prospectus supplement or in a document incorporated or deemed to be incorporated by reference herein or in the Short Form Prospectus for the purposes of the Offering will be deemed to be modified or superseded, for purposes of this prospectus supplement, to the extent that a statement contained herein or in the Short Form Prospectus or in any other subsequently filed document that also is or is deemed to be incorporated by reference herein or in the Short Form Prospectus modifies or supersedes such prior statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or included any other information set out in the document that it modifies or supersedes. Any statement so modified or superseded will not be deemed, except as so modified or superseded, to constitute a part of this prospectus supplement. The making of a modifying or superseding statement will not be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made.

**Information has been incorporated by reference in this prospectus supplement from documents filed with securities commissions or similar authorities in Canada.** Copies of the documents incorporated herein by reference may be obtained on request without charge from the Chief Financial Officer of Calloway Real Estate Investment Trust at Suite 200, 700 Applewood Crescent, Vaughan, Ontario L4K 5X3 (Telephone (905) 326-6400 Extension 7631). For the purposes of the Province of Quebec, this prospectus supplement contains information to be completed by consulting the permanent information record. A copy of the permanent information record may be obtained from the Chief Financial Officer of the issuer at the above-mentioned address and telephone number.

## **RECENT DEVELOPMENTS**

Calloway has entered into a conditional letter agreement with SmartCentres group of companies ("SmartCentres") whereby the parties set out terms under which Calloway will agree to acquire or lease interests in 16 properties from SmartCentres and various third party vendors. The letter agreement also contemplates that Calloway will internalize the management of the majority of its existing portfolio of shopping centres. The aggregate consideration contemplated in the letter agreement is approximately \$442 million with additional amounts payable as the recently constructed properties and raw land are built out.

The 16 properties contemplated by the letter agreement comprise 9 operating shopping centres, containing over 1.6 million square feet of leased area and 0.6 million square feet of expansion potential, and 7 development properties with 1.8 million square feet of potential leaseable area.

Calloway anticipates that the initial purchase price will be comprised of approximately \$382 million for the operating properties, \$44 million for the undeveloped land and \$14 million to internalize the property management on 112 Calloway properties. It is anticipated that the transaction will be financed in part by the assumption of debt in the amount of approximately \$235 million and the issuance to the vendors of units of Calloway's subsidiary limited partnership in the amount of approximately \$60 million, priced pursuant to a formula reflecting the current market price of Calloway's Units and convertible into Calloway Units on a one-for-one basis. The balance of the purchase price will be paid in cash from the surplus proceeds of Calloway's recently completed 5.37%, 10-year unsecured debt offering.

The 16 properties include over 2.4 million square feet in future development, which will be completed by SmartCentres under development agreements. Calloway estimates that it will invest an additional \$555 million in these properties as new buildings are completed and leased. SmartCentres will have the option to provide up to \$140 million in financing for these developments, by subscribing for Calloway Units or exchangeable limited partnership units at a price per unit, based on a 25-cent premium to the price of the units issued to SmartCentres as part of the purchase price. Under certain circumstances payments for the additional developments may be deferred and the price per unit adjusted. Interests in five properties, for initial consideration of \$222 million, will be by way of prepaid 80-year leases, with an option to acquire the free-hold interest at the end of the term for approximately \$250 million, adjusted for the impact of build outs completed subsequent to the acquisitions.

Calloway is currently negotiating the terms of the binding purchase and sale agreements in respect of the foregoing acquisition with SmartCentres and the various third party vendors. Calloway expects that these agreements will be executed and that these acquisitions will close in December 2006. There can be no guarantee that such acquisitions will close or that they will close on the foregoing terms.

Mr. Mitchell Goldhar, President and CEO of SmartCentres and a part owner, through SmartCentres, of interests in the 16 properties, owns approximately 9 million Units of Calloway and a further 10.85 million securities of a subsidiary limited partnership that are convertible into Calloway Units on a one-for-one basis. As such, Mr. Goldhar currently owns a 24.5% equity interest in Calloway. However, Mr. Goldhar maintains a 25% voting interest in Calloway. Following completion of the transaction, and assuming completion of this Offering, it is anticipated that Mr. Goldhar will own a 22.0% equity interest in Calloway but maintain a 25% voting interest in Calloway. SmartCentres has three representatives on the Calloway Board of Trustees. As a result of Mr. Goldhar's financial interest in this transaction, the SmartCentres representatives have and will continue to abstain from voting on this transaction at both the Board and Investment Committee levels.

## **ELIGIBILITY FOR INVESTMENT**

Subject to compliance with the prudent investor standards and the general provisions and restrictions of the following statutes (and the regulations thereunder) and, in certain cases, subject to the satisfaction of additional requirements relating to investment or lending policies, standards, procedures or goals and, in certain cases, subject to the filing of such policies, standards, procedures or goals, the purchase of the Units offered hereunder would not, if the date hereof was the date of the closing of the Offering, be precluded as investments under the following statutes:

*Insurance Companies Act (Canada)*  
*Trust and Loan Companies Act (Canada)*  
*Cooperative Credit Associations Act (Canada)*  
*Pension Benefits Standards Act, 1985 (Canada)*  
*Loan and Trust Corporations Act (Alberta)*  
*Insurance Act (Alberta)*  
*Employment Pension Plans Act (Alberta)*  
*Alberta Heritage Savings Trust Fund Act (Alberta)*  
*Pension Benefits Act (Nova Scotia)*  
*Trustee Act (Nova Scotia)*  
*Pension Benefits Act (Ontario)*  
*The Trustee Act (Ontario)*  
*Loan and Trust Corporations Act (Ontario)*  
*The Pension Benefits Act, 1992 (Saskatchewan)*

*Pension Benefits Standards Act (British Columbia)*  
*Financial Institutions Act (British Columbia)*  
*The Pension Benefits Act (Manitoba)*  
*The Insurance Act (Manitoba)*  
*The Trustee Act (Manitoba)*  
*An Act respecting insurance (Québec)* (for an insurer, as defined therein, incorporated under the laws of the Province of Québec, other than a guarantee fund)  
*An Act respecting trust companies and savings companies (Québec)* (for a trust company, as defined therein, which invests its own funds and funds received as deposits and a savings company (as defined therein) investing its funds)  
*Supplemental Pension Plans Act (Québec)*

In the opinion of Shea Nerland Calnan LLP, counsel for Calloway, and McCarthy Tétrault LLP, counsel to the Underwriters, provided that Calloway qualifies as a mutual fund trust under the Tax Act, the Units would, if issued on the date hereof, be qualified investments for trusts governed by registered retirement savings plans, registered retirement income funds, registered education savings plans and deferred profit sharing plans.

## STABILITY RATING

Dominion Bond Rating Service Limited (“**DBRS**”) provides stability ratings for real estate investment trusts (“**REITs**”) and income trusts. A stability rating generally provides an indication of both the stability and sustainability of REITs’ and income trusts’ distributions to unitholders. DBRS’s rating categories range from highest stability and sustainability of distributions per unit (STA-1) to poor stability and sustainability of distributions per unit (STA-7). DBRS has provided Calloway with stability rating of STA-3 (high). This rating category reflects good stability and sustainability of distributions per unit.

There can be no assurance that any rating will remain in effect for any given period of time or that any rating will not be withdrawn or revised by a rating agency at any time.

## PLAN OF DISTRIBUTION

Pursuant to the Underwriting Agreement, Calloway has agreed to sell and the Underwriters have severally agreed to purchase on November 30, 2006, or on such later date as may be agreed upon, but in any event not later than December 7, 2006, an aggregate of 7,680,000 Units at a purchase price of \$29.30 per Unit, for an aggregate gross consideration of \$225,024,000, payable in cash to Calloway by the Underwriters against delivery of the Units on the closing of the Offering. The Underwriters will receive an aggregate fee of \$9,000,960 (or 4% of the gross proceeds of the Offering). See “Use of Proceeds”. Calloway has granted the Underwriters an option (the “**Underwriters’ Option**”), exercisable until 48 hours prior to the closing of the Offering, to purchase up to 1,200,000 additional Units on the same terms set forth above. This prospectus supplement, together with the Short Form Prospectus, also qualifies the granting of the Underwriters’ Option and the distribution of any Units issuable on the exercise of such option. Calloway has also granted the Underwriters an option (the “**Over-Allotment Option**”), exercisable for a period of 30 days from the date of closing of the Offering, to purchase up to 1,332,000 additional Units on the same terms set forth above, to cover over-allotments, if any, and for market stabilization purposes. This prospectus supplement, together with the Short Form Prospectus, also qualifies the granting of the Over-Allotment Option and the distribution of any Units issuable on the exercise of such option. If the Underwriters exercise both the Underwriters’ Option and the Over-Allotment Option in full, the total price to the public relating to the Offering, the Underwriters’ fee and the net proceeds to Calloway before deducting the expenses of the Offering will be \$299,211,600, \$11,968,464 and \$287,243,136, respectively.

The offered Units shall be identical in terms to all other Units.

The obligations of the Underwriters under the Underwriting Agreement are several and may be terminated at their discretion on the basis of their assessment of the state of the financial markets and may also be terminated upon the occurrence of certain stated events. If one or more of the Underwriters fails to purchase their allotment of the Units, the remaining Underwriter or Underwriters may, but are not obligated to, purchase the Units not purchased by the Underwriter or Underwriters who failed to purchase. The Underwriters are, however, obligated to take up and pay for all of the Units if any of the Units are purchased under the Underwriting Agreement. Calloway has agreed to indemnify the Underwriters and their respective shareholders, directors, officers, employees and agents against certain liabilities, including civil liabilities under Canadian provincial securities legislation, or to contribute to any payments the Underwriters may be required to make in respect thereof.

This Offering is being made in each of the Provinces of Canada. The Units offered hereunder have not been and will not be registered under the United States *Securities Act of 1933*, as amended (the “**U.S. Securities Act**”) or any state securities laws, and accordingly may not be offered or sold within the United States except in transactions exempt from the registration requirements of the U.S. Securities Act and applicable state securities laws. In connection with the Offering, a portion of the Units may be sold in the United States to “qualified institutional buyers” (as defined in Rule 144A under the U.S. Securities Act) pursuant to Rule 144A under the U.S. Securities Act. Institutional “accredited investors” (as defined in Regulation D under the U.S. Securities Act) designated by the Underwriters may also purchase

Units directly from the Trust in transactions exempt from registration under Rule 506 of Regulation D. Any offers or sales of Units in the United States will be made by U.S. affiliates of the Underwriters.

In addition, until 40 days after the commencement of this Offering, any offer or sale of Units offered hereby within the United States by any dealer (whether or not participating in this Offering) may violate the registration requirements of the U.S. Securities Act, if such offer or sale is made otherwise than in accordance with Rule 144A or another exemption under the U.S. Securities Act.

Pursuant to policy statements of the Ontario Securities Commission and the Autorité des marchés financiers, the Underwriters may not, throughout the period of distribution, bid for or purchase Units. The foregoing restriction is subject to exceptions, on the condition that the bid or purchase is not engaged in for the purpose of creating actual or apparent active trading in, or raising the price of, Units. These exceptions include a bid or purchase permitted under the bylaws and rules of the TSX relating to market stabilization and passive market-making activities and a bid or purchase made for and on behalf of a customer where the order was not solicited during the period of distribution. Under the first-mentioned exception, in connection with the Offering, the Underwriters may over-allot or effect transactions which stabilize or maintain the market price of the Units at levels other than those which might otherwise prevail in the open market. Those transactions, if commenced, may be discontinued at any time.

The Underwriters propose to offer the Units to the public at the Offering Price of \$29.30 per Unit. After the Underwriters have made a reasonable effort to sell all of Units at that price, the Offering Price to the public may be decreased and may be further changed from time to time to an amount not greater than \$29.30, and the compensation realized by the Underwriters will be decreased by the amount that the aggregate price paid by the purchasers for the Units is less than the price paid by the Underwriters to Calloway.

The TSX has conditionally approved the listing of the Units to be distributed under this prospectus supplement. Listing will be subject to the Fund fulfilling all of the requirements of the TSX on or before February 16, 2007.

Calloway has agreed with the Underwriters not to issue or sell Units, other equity securities or other securities convertible or exchangeable into equity securities (or agree to do so or publicly announce any intention to do so) for a period of 90 days following the date of closing of the Offering, without the prior consent of the Underwriters, other than in connection with specific types of transactions.

## **CONSOLIDATED CAPITALIZATION**

As at September 30, 2006, the end of the most recently completed interim period of Calloway for which financial statements of Calloway have been filed in accordance with applicable Canadian securities legislation, Calloway had 67,112,864 trust units (“**Units**”) and 14,002,541 Exchangeable Securities (as defined below) outstanding for a total of 81,115,405 Units and Exchangeable Securities in aggregate. “**Exchangeable Securities**” means any securities of any trust, limited partnership or corporation other than Calloway that are convertible or exchangeable directly for Units of Calloway without the payment of additional consideration therefore. Since September 30, 2006, there have been no material changes in the capitalization of Calloway other than the issuance of:

- (a) 62,623 Units issued pursuant to the distribution reinvestment plan of Calloway; and
- (b) 26,291 Units issued upon the exercise of the conversion option of the outstanding convertible debentures of Calloway.

As such, as at November 21, 2006, Calloway had 67,201,778 Units and 14,002,541 Exchangeable Securities outstanding for a total of 81,204,319 Units and Exchangeable Securities in aggregate. As at November 21, 2006 and assuming completion of this Offering (but not the exercise, if any, of any portion of either the Underwriters’ Option or the Over-Allotment Option), Calloway will have 74,881,778 Units and 14,002,541 Exchangeable Securities outstanding for a total of 88,884,319 Units and Exchangeable Securities in aggregate.

As at September 30, 2006, the indebtedness of Calloway, consisting of mortgages payable, development loans, unsecured debentures, convertible debentures and revolving operating facilities was approximately \$1,585,394,000. Since that time, as of October 31, 2006, the net indebtedness of Calloway has increased by approximately \$167,756,000

including an increase of approximately \$15,156,000 in connection with acquisition and development activity, an increase of \$250,000,000 as a result of Calloway's offering of unsecured debentures in October, offset by a decrease of approximately \$97,400,000 as a result of the use of a portion of the net proceeds of that offering to repay a portion of indebtedness.

## **RELATIONSHIP BETWEEN CALLOWAY AND CERTAIN OF THE UNDERWRITERS**

In connection with this Offering, Calloway may be considered a "connected issuer" to CIBC World Markets Inc., RBC Dominion Securities Inc., Scotia Capital Inc., TD Securities Inc., Merrill Lynch Canada Inc. and HSBC Securities (Canada) Inc. under applicable securities laws. Merrill Lynch Canada Inc. and the Canadian chartered bank affiliates of each of CIBC World Markets Inc., RBC Dominion Securities Inc., Scotia Capital Inc., TD Securities Inc., and HSBC Securities (Canada) Inc. (the "**Lenders**") are lenders under credit facilities or mortgage loans (the "**Facilities**") provided to Calloway, and the Facilities are secured by, among other things, first priority charges over specific properties of Calloway, general security interests over the secured properties and a general assignment of rents over the secured properties. As at September 30, 2006, a total of approximately \$168,144,319 was outstanding under the Facilities. Subsequent to September 30, 2006, Calloway repaid the entire outstanding amounts under its line of credit and acquisition facility with certain of the Lenders, such aggregate net amounts being approximately \$97,400,000 with the net proceeds of its offering of unsecured debentures in October 2006. Calloway is in compliance with all material terms and conditions of the Facilities.

The terms, structuring and pricing of the Offering were determined solely by negotiation between Calloway and the Underwriters. The affiliated banks of each of CIBC World Markets Inc., RBC Dominion Securities Inc., Scotia Capital Inc., TD Securities Inc., and HSBC Securities (Canada) Inc. did not play any role in those determinations or decisions. None of the proceeds of the Offering, except for that portion of the proceeds payable to the Underwriters for their fees and expenses, is expected to be applied for the benefit of CIBC World Markets Inc, RBC Dominion Securities Inc., Scotia Capital Inc., TD Securities Inc., Merrill Lynch Canada Inc., HSBC Securities (Canada) Inc. or their respective affiliated banks.

## **USE OF PROCEEDS**

The estimated net proceeds to Calloway from this Offering, after deducting the Underwriters' fee of \$9,000,960 and the estimated expenses of this Offering of \$375,000, will be approximately \$215,648,040. If the Underwriters exercise both the Underwriters' Option and the Over-Allotment Option in full, the estimated net proceeds to Calloway from this Offering, after deducting the Underwriters' fee of \$11,968,464 and the estimated expenses of this Offering of \$375,000, will be approximately \$286,868,136.

The net proceeds from the Offering will be used by Calloway to finance future acquisitions and for general trust purposes.

## **CANADIAN FEDERAL INCOME TAX CONSIDERATIONS**

In the opinion of Shea Nerland Calnan LLP, counsel to Calloway, and McCarthy Tétrault LLP, counsel to the Underwriters, (together, "**Tax Counsel**"), the following summary describes, as of the date of this prospectus supplement, the principal Canadian federal income tax considerations pursuant to the Tax Act and the regulations thereunder generally applicable to a prospective purchaser of Units pursuant to this prospectus supplement who, for purposes of the Tax Act, is resident in Canada, holds the Units as capital property and deals at arm's length with Calloway and is not affiliated with Calloway. Generally, Units will be considered to be capital property to a holder provided that the holder does not hold the Units in the course of carrying on a business of buying and selling securities and has not acquired them in one or more transactions considered to be an adventure in the nature of trade. Certain holders who might not otherwise be considered to hold their Units as capital property may, in certain circumstances, be entitled to have them treated as capital property by making the irrevocable election permitted by subsection 39(4) of the Tax Act.

This summary is not applicable to a holder that is a "financial institution" for the purposes of the "mark-to-market" rules, to a holder an interest in which is a "tax shelter investment" or to a holder that is a "specified financial institution", all as defined in the Tax Act. Such holders should consult their own tax advisors.

This summary is based upon the facts set out in this prospectus supplement and the Short Form Prospectus, the provisions of the Tax Act and the regulations thereunder in force at the date of this prospectus supplement, Tax Counsel's understanding of the current published administrative and assessing practices and policies of the Canada Revenue Agency (the "CRA"), all specific proposals to amend the Tax Act and the regulations thereunder publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date of this prospectus supplement (the "Tax Proposals") and a certificate of Calloway as to certain factual matters. There can be no assurance that the Tax Proposals will be implemented in their current form or at all. This summary does not otherwise take into account or anticipate any changes in law or action, and does not take into account provincial, territorial or foreign tax legislation or considerations, which may differ significantly from those discussed herein.

This summary is not exhaustive of all possible Canadian federal tax considerations applicable to an investment in Units. Moreover, the income and other tax consequences of acquiring, holding or disposing of Units will vary depending on the holder's particular circumstances, including the province or provinces in which the holder resides or carries on business. **Accordingly, this summary is of a general nature only and is not intended to be legal or tax advice to any prospective purchaser of Units. Investors should consult their own tax advisors for advice with respect to the tax consequences of an investment in Units based on their particular circumstances. No advance income tax ruling has been sought or obtained from the CRA to confirm the tax consequences of any of the transactions herein described.** Prospective holders who propose to finance the acquisition of Units should consult their own advisors as to the application of the Draft Proposals to amend the Tax Act released October 31, 2003 relating to the deductibility of interest and other expenses.

This summary does not address any Canadian federal income tax considerations applicable to non-residents of Canada, and non-residents should consult their own tax advisors regarding the tax consequences of acquiring and holding securities. All distributions on the Units to non-residents, whether in cash or Units, will be net of any applicable withholding taxes.

### **Status of the Trust**

Calloway has advised counsel that Calloway is, and expects that it will continue to be on and after the closing of the Offering a unit trust and a mutual fund trust as defined in the Tax Act and has provided a factual certificate to support such advice. In order for Calloway to so qualify, it must satisfy various requirements, including a requirement that it not have been established or maintained primarily for the benefit of non-residents. The Declaration of Trust contains a limitation on non-resident ownership which provides that at no time may non-residents of Canada (within the meaning of the Tax Act) be the beneficial owners of more than 49.9% of the Units outstanding and in the event such threshold is exceeded, the Declaration of Trust contains a mechanism to reduce the number of Units held by non-residents. If proposed amendments released by the Minister of Finance (Canada) on September 16, 2004, are enacted as proposed, Calloway may cease to qualify as a mutual fund trust for purposes of the Tax Act if at any time after 2004 the fair market value of all Units held by non-residents or partnerships which are not "Canadian partnerships" as defined in the Tax Act (or any combination thereof) is more than 50% of the fair market value of all issued and outstanding Units. The proposed amendments currently do not provide any means of rectifying a loss of mutual fund trust status. On December 6, 2004, the Department of Finance (Canada) tabled a Notice of Ways and Means Motion that did not include these proposed changes. It is the understanding of the Tax Counsel that the Department of Finance (Canada) has suspended implementation of the proposed changes pending further consultation with interested parties. This summary therefore assumes that Calloway does and will continue to so qualify. If Calloway were not to qualify as a mutual fund trust under the Tax Act, the income tax consequences described below would in some respects be materially different.

### **Taxation of the Trust**

Based in part on a certificate provided by Calloway as to the residence of its Trustees, Calloway will be treated as a resident of Canada for the purposes of the Tax Act. In general, Calloway is treated as an individual for tax purposes and is taxable on its income determined under the Tax Act from sources inside or outside Canada. Calloway is subject to tax in each taxation year (which will be the calendar year) on its taxable income for the year. The income of Calloway for the purposes of the Tax Act will include rents in respect of the properties included in its portfolio, and any taxable capital gain or recapture of capital cost allowance arising on the disposition of property owned by Calloway.

Calloway will generally be subject to tax under the Tax Act in respect of its net income and net realized capital gains in each taxation year except to the extent such net income and net realized capital gains are paid or payable in such year to Unitholders.

In computing its income, Calloway will generally be entitled to deduct its expenses incurred to earn such income, provided such expenses are reasonable and otherwise deductible. Calloway may deduct in computing its income for a year a portion of the reasonable expenses of the issue of Units paid by Calloway in accordance with the applicable rules in the Tax Act.

The Declaration of Trust provides that an amount (which may include net recapture income and net realized capital gains) will be payable to Unitholders such that Calloway will not be liable to pay tax under Part I of the Tax Act for such year. The Declaration of Trust provides that Calloway will deduct, for tax purposes, such amount of its net income and net realized capital gains as is paid or payable to Unitholders for the year and as is necessary to ensure that Calloway will not be subject to tax on its net income and net taxable capital gains under Part I of the Tax Act.

Calloway will be entitled for each taxation year to reduce (or receive a refund in respect of) its liability, if any, for tax on its net realized taxable capital gains by an amount determined under the Tax Act based on the redemption of Units during the year (the "capital gains refund"). In certain circumstances, the capital gains refund in a particular taxation year may not completely offset Calloway's tax liability for that taxation year arising in connection with the distribution of its property on the redemption of Units. The Declaration of Trust provides that all or a portion of any income or taxable capital gain realized by Calloway as a result of that redemption may, at the discretion of the Trustees, be treated as income or taxable capital gain paid to, and designated as income or taxable capital gain of, the redeeming Unitholders, and will be deductible by Calloway in computing its income.

Losses incurred by Calloway cannot be allocated to Unitholders but may be deducted by Calloway in accordance with the Tax Act.

### **Taxation of Unitholders**

A Unitholder is generally required to include in computing income for tax purposes in each year the portion of the income of Calloway for the year, including the taxable portion of net realized capital gains, determined for the purposes of the Tax Act, that is paid or payable to such holder in the year and that Calloway deducts in computing its income.

The Declaration of Trust provides that net income and net taxable gains for the purposes of the Tax Act will be allocated to Unitholders in the same proportion as distributions received by Unitholders, subject to the discretion of the Trustees to adopt an allocation method which the Trustees consider to be more reasonable in the circumstances. The Declaration of Trust provides that Calloway will designate to the extent permitted by the Tax Act the portion of the taxable income distributed to Unitholders as may reasonably be considered to consist of net taxable capital gains of Calloway. Any such designated amount will be deemed for tax purposes to be received by Unitholders in the year as a taxable capital gain.

On the disposition or deemed disposition of a Unit, whether on a redemption or otherwise, the Unitholder will realize a capital gain (or capital loss) equal to the amount by which the Unitholder's proceeds of disposition exceed (or are less than) the aggregate of the adjusted cost base of the Unit and any reasonable costs of disposition. Proceeds of disposition will not include an amount payable by the Trust that is otherwise required to be included in the Unitholder's income, including any capital gain realized by the Trust in connection with a redemption of Units which has been designated by the Trust to the redeeming Unitholder. The taxation of capital gains and capital losses are described below.

The adjusted cost base of a Unit to a Unitholder will include all amounts paid or payable by the Unitholder for the Unit, with certain adjustments. The Declaration of Trust generally requires Calloway to claim the maximum amount of capital cost allowance available to it in computing its income for tax purposes. Based on Calloway's distribution policy, the amount distributed to Unitholders in a year may exceed the net income and net realized taxable capital gains of Calloway for that year. Such excess distributions will not be included in computing the income of Unitholders for tax purposes. However, a Unitholder is required to reduce the adjusted cost base of the Unitholder's Units by the amount paid or payable to the Unitholder by Calloway (other than the non-taxable portion of capital gains designated by Calloway) that was not included in computing the Unitholder's income and will realize a capital gain in the year to the extent the adjusted cost base of the Units would otherwise be a negative amount. The cost to a Unitholder of additional Units received in lieu of a cash

distribution of income will be the amount of income distributed by the issue of those Units. For the purpose of determining the adjusted cost base to a Unitholder of Units, the cost of the newly acquired Unit will be averaged with the adjusted cost base of all of the Units owned by the Unitholder as capital property immediately before the acquisition in accordance with the detailed provisions of the Tax Act.

One-half of any capital gain realized by a Unitholder and the amount of any net taxable capital gains designated by Calloway in respect of a Unitholder will generally be included in the Unitholder's income as a taxable capital gain and one-half of any capital loss realized by a Unitholder may generally be deducted only from taxable capital gains in accordance with the provisions of the Tax Act.

Trusts governed by registered retirement savings plans, registered retirement income funds, registered education savings plans and deferred profit sharing plans will generally not be liable for tax in respect of any distributions received from Calloway or any capital gains arising on the disposition of the Units.

### **Income Trust Tax Proposals**

On October 31, 2006, the Minister of Finance (Canada) announced proposed changes to the taxation of income trusts. The proposed changes (the "**October 31 Proposals**") were described generally in a backgrounder ("**Backgrounder**") released by the Department of Finance (Canada) and a subsequent Notice of Ways and Means Motion ("**Notice of Ways and Means Motion**") tabled October 31, 2006. To date, draft legislation relating to the October 31 Proposals has yet to be released.

Under the October 31 Proposals, certain publicly-traded flow-through entities referred to as "specified investment flow-throughs" or "SIFTs" will be taxed in a manner similar to the taxation of corporations and investors in SIFTs will be treated in a manner similar to shareholders of a corporation. Specifically, distributions to investors in SIFTs of income which is subject to tax under the October 31 Proposals will also be taxed in the hands of the investors as though it were a taxable dividend from a taxable Canadian corporation. Such dividend will be eligible for the proposed new enhanced dividend tax credit if paid to an individual resident in Canada. Distributions that are paid as a return of capital will not be subject to tax under the October 31 Proposals. These changes will generally take effect beginning with the 2007 taxation year for SIFTs that begin to be publicly-traded after October 2006, but will only apply beginning with the 2011 taxation year for those SIFTs that were publicly-traded prior to November 2006.

Under the October 31 Proposals, certain trusts that would otherwise be SIFTs will be excluded from the SIFTs definition. These are trusts (commonly known as "real estate investment trusts") that meet a series of conditions relating to the nature of their income and investments. Specifically, for a real estate investment trust to benefit from the exclusion from the SIFTs definition for a given taxation year, the trust must:

- at no time in the year hold any non-portfolio properties other than real property situated in Canada;
- have as not less than 95% of its income for the year income from properties (whether in Canada or abroad, and including dividends, interest, rents, etc. and taxable capital gains from dispositions of real properties);
- have as not less than 75% of its income for the year income that is directly or indirectly attributable to rents from, mortgages on, or gains from the disposition of, real property situated in Canada; and
- hold throughout the year real property situated in Canada, cash and debt or other obligations of governments in Canada (including crown corporations, etc.) with a total fair market value that is not less than 75% of its equity value.

"Real property situated in Canada" will include securities issued by any entity that itself satisfies the above conditions, but does not include depreciable property, the capital cost allowance rate for which is greater than 5%.

"Non-portfolio properties" will include Canadian resource properties, timber resource properties, and real properties situated in Canada, if the total fair market value of such properties held by the SIFT is greater than 50% of the total equity value of the SIFT. Non-portfolio properties also include investments in a "subject entity" if the SIFT holds

securities of the subject entity that have a fair market value greater than 10% of the subject entity's total equity value, or if the SIFT holds securities of the subject entity or its affiliates that have a total fair market value greater than 50% of the equity value of the SIFT. A subject entity will include corporations resident in Canada, trusts resident in Canada, and partnerships that meet certain Canadian residence-like criteria. Non-resident corporations and trusts, and partnerships that otherwise would not meet this definition, may also be subject entities if their principal source of income is in Canada.

### **Alternative Minimum Tax**

In general terms, net income of the Trust paid or payable to a Unitholder who is an individual or a trust that is designated as net realized capital gains and capital gains realized on the disposition of Units may increase the holder's liability for alternative minimum tax.

### **RISK FACTORS**

There are risks associated with the Units being distributed under the Offering. In addition to the risks described herein, reference is made to the risks described in Calloway's annual information form dated March 10, 2006 and in Calloway's management's discussion and analysis of its results for the year ended December 31, 2005 and for the nine month period ended September 30, 2006 which documents are incorporated herein by reference.

### **Income Trust Tax Proposals**

As noted under "Canadian Federal Income Tax Considerations – Income Trust Tax Proposals", the Minister of Finance (Canada) announced on October 31, 2006 proposed changes to the taxation of certain publicly-traded flow-through entities referred to as "specified investment flow-throughs" or "SIFTs". Under the October 31 Proposals, certain income trusts that would otherwise be SIFTs will be excluded from the SIFTs definition. These are income trusts (commonly known as "real estate investment trusts") that meet a series of conditions relating to the nature of their income and investments. Based on the Backgrounder and Notice of Ways and Means Motion, management of Calloway believes that it should meet the conditions for qualification for this exclusion; however, no final determination can be made until the legislation incorporating the October 31 Proposals is released. If, once the legislation incorporating the October 31 Proposals is released, it is determined that Calloway does not meet the conditions for qualification for this exclusion from the SIFTs definition, the October 31 Proposals will likely have a negative effect on Calloway and its Unitholders. Among other potential negative consequences to Calloway and its Unitholders, the October 31 Proposals may impact the future level of cash distributions made by Calloway. In particular, there can be no assurance that Calloway will be able to maintain the current level of distributions and the current portion of distributions that is treated as a non-taxable return of capital. If Calloway is not able to maintain or grow its current level of cash distributions, the market value of Calloway's Units may be negatively affected. If, under the specific legislation that is enacted to give effect to the October 31 Proposals, Calloway does not qualify for the exclusion from the SIFTs definition, Calloway would consider reorganizing its assets and operations in order to qualify for such exclusion, provided such a reorganization was in the best interests of the Unitholders.

Further, the Backgrounder indicates that the October 31 Proposals will apply to SIFTs, the units of which were publicly-traded before November, 2006, beginning with the 2011 taxation year of the trust. However, the Backgrounder also provides that the application date of 2011 is subject to the possible need to foreclose inappropriate new avoidance techniques. The Backgrounder provides, as an example, that, while there is now no intention to prevent existing SIFTs from normal growth prior to 2011, any undue expansion of an existing income trust (such as might be attempted through the insertion of a disproportionately large amount of capital) could cause this to be revisited. As stated earlier, management of Calloway believes that it should meet the conditions for qualification for exclusion from the SIFTs definition; however, no final determination can be made until the legislation incorporating the October 31 Proposals is released. If, once the legislation incorporating the October 31 Proposals is released, it is determined that Calloway does not meet the conditions for qualification for the exclusion from the SIFTs definition, there can be no assurance that the Offering pursuant to this prospectus supplement would not be considered to be an undue expansion of Calloway within the meaning contemplated in the October 31 Proposals. In that event, the October 31 Proposals may apply to Calloway earlier than the 2011 taxation year which could have an earlier than otherwise anticipated negative impact on the level of cash distributions made by Calloway. Further, Calloway's success depends in large part on identifying suitable acquisition and development opportunities and completing such acquisitions and developments. Also, Calloway accesses the capital markets from time-to-time to fund such acquisitions and developments. 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. As such, if once the legislation incorporating the October 31 Proposals is released, it is determined that Calloway does not meet the conditions for qualification for the exclusion from the SIFTs definition, the October 31 Proposals may prevent Calloway from growing its business.

Management of Calloway believes that it should meet the conditions for qualification for exclusion from the SIFTs definition; however, no final determination can be made until the legislation incorporating the October 31 Proposals is released. Assuming that Calloway meets the conditions for qualification for this exclusion, Calloway intends to structure its business and affairs so that it will continue to meet such conditions. If, once the legislation incorporating the October 31 Proposals is released, it is determined that Calloway does not meet the conditions for qualification for this exclusion from the SIFTs definition, the ability of Calloway to continue to acquire income producing properties without attracting an earlier application of the October 31 Proposals may be uncertain. Further, the expected effect of such taxation on Calloway's existing distributions may be uncertain. Further, the effect of the October 31 Proposals on the market for Units and SIFT units generally and the ability of Calloway to finance future acquisitions through the issue of Units or other securities is uncertain.

### **Proposed Acquisition**

As noted under "Recent Developments", Calloway has entered into a conditional letter agreement with SmartCentres whereby the parties set out terms under which Calloway will agree to acquire or lease interests in 16 properties from SmartCentres and various third party vendors. The proposed transaction is subject to normal commercial risks that it will not close on the terms negotiated or at all. Further, there can be no assurance that Calloway will receive any or all requisite third party consents for the proposed transaction.

### **TRANSFER AGENT AND REGISTRAR**

The registrar and transfer agent for the Units is Computershare Trust Company of Canada at its principal offices in Toronto, Ontario and Calgary, Alberta.

### **INTEREST OF EXPERTS**

Certain legal matters in connection with the issuance of the Units offered by this prospectus supplement, together with the Short Form Prospectus, will be passed upon at the date of closing on behalf of Calloway by Shea Nerland Calnan LLP and on behalf of the Underwriters by McCarthy Tétrault LLP. Further, each of Shea Nerland Calnan LLP and McCarthy Tétrault LLP are named as having provided certain legal opinions included in this prospectus supplement. As of the date hereof, the partners and associates of Shea Nerland Calnan LLP, as a group, and McCarthy Tétrault LLP, as a group, beneficially own, directly or indirectly, less than 1% of the outstanding Units of Calloway. David M. Calnan, a partner of Shea Nerland Calnan LLP, is a member of the board of trustees of Calloway.

### **PURCHASERS' STATUTORY RIGHTS**

Securities legislation in several of the provinces of Canada provides purchasers with the right to withdraw from an agreement to purchase securities. This right may be exercised within two business days after receipt or deemed receipt of a prospectus and any amendment thereto. In several of the provinces, the securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, damages if the prospectus and any amendment thereto contains a misrepresentation or is not delivered to the purchaser, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province for the particulars of these rights or consult with a legal advisor.

### **AUDITORS' CONSENTS**

*PricewaterhouseCoopers LLP, Chartered Accountants*

We have read the base shelf short form prospectus of Calloway Real Estate Investment Trust (the "Trust") dated September 14, 2005 relating to the issuance and sale of Trust Securities, and the prospectus supplement of the

Trust dated November 21, 2006 relating to the issuance and sale of Units. We have complied with Canadian generally accepted standards for an auditor's involvement with offering documents.

We consent to the use through incorporation by reference in the above mentioned prospectus supplement of our report dated March 6, 2006 on the consolidated balance sheet of the Trust as at December 31, 2005 and the consolidated statements of income, equity and cash flows for the year ended December 31, 2005.

Toronto, Ontario  
November 21, 2006

(signed) "PricewaterhouseCoopers LLP"  
Chartered Accountants

*Kenway Mack Slusarchuk Stewart LLP, Chartered Accountants*

We have read the base shelf short form prospectus of Calloway Real Estate Investment Trust (the "Trust") dated September 14, 2005 relating to the issuance and sale of Trust Securities, and the prospectus supplement of the Trust dated November 21, 2006 relating to the issuance and sale of Units. We have complied with Canadian generally accepted standards for an auditor's involvement with offering documents.

We consent to the use through incorporation by reference in the above mentioned prospectus supplement of our report dated February 19, 2005 (except Note 22 which is dated March 2, 2005) on the consolidated balance sheets of the Trust as at December 31, 2004 and 2003 and the consolidated statements of income, unitholders' equity and cash flows for the years ended December 31, 2004 and 2003.

We also consent to the use through incorporation by reference in the above-mentioned prospectus supplement of our compilation report dated February 11, 2005 on the unaudited pro forma consolidated balance sheet of the Trust as at September 30, 2004 and the unaudited pro forma consolidated statements of income for the nine months ended September 30, 2004 and for the year ended December 31, 2003.

We also consent to the use through incorporation by reference in the above-mentioned prospectus supplement of our compilation report dated May 5, 2005 on the unaudited pro forma consolidated balance sheet of the Trust as at December 31, 2004 and the unaudited pro forma consolidated statement of income for the year ended December 31, 2004.

We also consent to the use through incorporation by reference in the above-mentioned prospectus supplement of our compilation report dated June 9, 2005 on the unaudited pro forma consolidated balance sheet of the Trust as at March 31, 2005 and the unaudited pro forma consolidated statements of income for the three months ended March 31, 2005 and for the year ended December 31, 2004.

Calgary, Alberta  
November 21, 2006

(signed) "Kenway Mack Slusarchuk Stewart LLP"  
Chartered Accountants

*KPMG LLP, Chartered Accountants*

We have read the prospectus supplement dated November 21, 2006 to a short form base shelf prospectus of Calloway Real Estate Investment Trust (the "Trust") dated September 14, 2005 relating to the issuance and sale of units (in combination the "Prospectus"). We have complied with Canadian generally accepted standards for an auditor's involvement with offering documents.

We consent to the use through incorporation by reference in the above-mentioned Prospectus of our report to the partners of the Wal-Mart-First Pro Realty Partnership on the schedules of combined net operations relating to the Phase I Centres for the years ended December 31, 2003 and 2002. Our report is dated February 10, 2005.

We also consent to the use through incorporation by reference in the above-mentioned Prospectus of our report to the co-owners of the Wal-Mart-First Pro Realty Co-ownerships on the schedules of combined net operations relating to the Phase II Centres for the years ended December 31, 2004 and 2003. Our report is dated April 29, 2005.

We also consent to the use through incorporation by reference in the above-mentioned Prospectus of our report to the co-owners of the Wal-Mart-First Pro Realty Co-ownerships on the schedules of combined net operations relating to the Centres V Phase I for the years ended December 31, 2004 and 2003. Our report is dated April 29, 2005.

We also consent to the use through incorporation by reference in the above-mentioned Prospectus of our report to the co-owners of the Wal-Mart-First Pro Realty Co-ownerships on the schedules of combined net operations relating to the Centres V Phase II for the years ended December 31, 2004 and 2003. Our report is dated April 29, 2005.

Toronto, Ontario  
November 21, 2006

(signed) "*KPMG LLP*"  
Chartered Accountants

*The Sacks Partnership, Chartered Accountants*

We have read the base shelf short form prospectus of Calloway Real Estate Investment Trust (the "**Trust**") dated September 14, 2005 relating to the issuance and sale of Trust Securities, and the prospectus supplement of the Trust dated November 21, 2006 relating to the issuance and sale of Units. We have complied with Canadian generally accepted standards for an auditor's involvement with offering documents.

We consent to the use through incorporation by reference in the above-mentioned prospectus supplement of our report to the owners of Centres V Phase III on the schedule of combined net operations relating to Centres V Phase III for the years ended December 31, 2004 and 2003. Our report is dated May 17, 2005.

Toronto, Ontario  
November 21, 2006

(signed) "*The Sacks Partnership*"  
Chartered Accountants

## **UNDERWRITERS' CERTIFICATE**

Dated: November 21, 2006

To the best of our knowledge, information and belief, the short form prospectus, together with the documents incorporated in the short form prospectus by reference, as supplemented by the foregoing, constitutes full, true and plain disclosure of all material facts relating to the securities offered by the short form prospectus and this supplement as required by the securities legislation of each of the provinces of Canada. For the purposes of the Province of Quebec, this simplified prospectus, together with documents incorporated herein by reference and as supplemented by the permanent information record, contains no misrepresentation that is likely to affect the value or the market price of the securities to be distributed.

CIBC WORLD MARKETS INC.

By: (Signed) ALLAN S. KIMBERLEY

RBC DOMINION SECURITIES INC.

By: (Signed) DAVID M. DULBERG

BMO NESBITT BURNS INC.

SCOTIA CAPITAL INC.

By: (Signed) STEPHEN TILLER

By: (Signed) STEPHEN SENDER

NATIONAL BANK FINANCIAL INC.

TD SECURITIES INC.

By: (Signed) CRAIG J. SHANNON

By: (Signed) RAGHUNATH DAVLOOR

DESJARDINS SECURITIES INC.

MERRILL LYNCH CANADA INC.

By: (Signed) JEFFREY F. OLIN

By: (Signed) GEOFF COHEN

CANACCORD CAPITAL CORPORATION

DUNDEE SECURITIES CORPORATION

HSBC SECURITIES (CANADA) INC.

By: (Signed) RON RIMER

By: (Signed) ANDREA RUDNICK

By: (Signed) JEFFREY B. ALLSOP