PROSPECTUS SUPPLEMENT
To a Short Form Base Shelf Prospectus Dated September 21, 2007

This prospectus supplement together with the short form base shelf prospectus dated September 21, 2007 to which it relates, 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 and applicable state securities laws, 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 supplement, together with the short form base shelf prospectus to which it relates, does not constitute an offer to sell or solicitation of an offer to buy any of the securities offered hereby within the United States.*

***Information has been incorporated by reference in this prospectus supplement, and in the short form base shelf prospectus to which it relates, from documents filed with securities commissions or similar authorities in Canada.** Copies of the documents incorporated herein and therein 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), and are also available electronically at www.sedar.com. See "Documents Incorporated By Reference".*

New Issue — *August 17, 2009*

CALLOWAY
REAL ESTATE INVESTMENT TRUST

$50,003,000

3,226,000 Units

This offering (the "**Offering**") consists of 3,226,000 units ("**Units**") in Calloway Real Estate Investment Trust ("**Calloway**" or the "**Trust**") at a price of $15.50 per Unit (the "**Offering Price**") pursuant to an underwriting agreement dated August 17, 2009 (the "**Underwriting Agreement**") between Calloway and CIBC World Markets Inc., RBC Dominion Securities Inc., BMO Nesbitt Burns Inc., TD Securities Inc., Scotia Capital Inc., National Bank Financial Inc., Desjardins Securities Inc., 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 21, 2007 (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 August 13, 2009, the last trading day prior to the announcement of the Offering, was $15.82. 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: $15.50 per Unit

	Price to Public	Underwriters' Fee	Net Proceeds to the Trust (1)
Per Unit	$15.50	$0.62	$14.88
Total	$50,003,000	$2,000,120	$48,002,880

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.

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 $15.50 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., BMO Nesbitt Burns Inc., TD Securities Inc., Scotia Capital Inc., and HSBC Securities (Canada) Inc. under applicable laws. The Canadian chartered bank affiliates of the aforementioned Underwriters (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 August 25, 2009, or such later date as the Trust and the Underwriters may agree, but in any event no later than September 2, 2009.

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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) the annual information form of Calloway dated February 25, 2009 (the "**AIF**");

(b) the audited annual consolidated comparative financial statements of Calloway for the years ended December 31, 2008 and 2007, together with the notes thereto and the auditors' report thereon;

(c) management's discussion and analysis of the financial condition and results of operations of Calloway for the year ended December 31, 2008;

(d) the management information circular of Calloway dated March 27, 2009 issued in connection with the meeting of unitholders of Calloway held on May 7, 2009;

(e) Calloway's material change report dated April 13, 2009 regarding an offering of unsecured debentures;

(f) the unaudited interim consolidated comparative financial statements of Calloway for the three and six months ended June 30, 2009 and 2008, together with the notes thereto;

(g) management's discussion and analysis of the financial condition and results of operations of Calloway for the three and six months ended June 30, 2009; and

(h) Calloway's material change report dated June 30, 2009 regarding an offering of unsecured debentures.

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).

ELIGIBILITY FOR INVESTMENT

In the opinion of Shea Nerland Calnan LLP, counsel to Calloway, and McCarthy Tétrault LLP, counsel to the Underwriters, on the date of this prospectus supplement, the Units, if issued on the date of this prospectus supplement, will not be a prohibited investment for a registered pension plan under the *Income Tax Act* (Canada) (the "**Tax Act**") other than a plan for which Calloway, or a person who is connected with, controlled directly or indirectly in any manner by or that does not deal at arm's length with Calloway, is the employer. Provided that Calloway is a mutual fund trust under the Tax Act, the Units will be qualified investments under the Tax Act and the regulations thereunder (the "**Regulations**") for a trust governed by a registered retirement savings plan, a registered retirement income fund, registered education savings plan, a registered disability savings plan, a tax free savings account or a deferred profit sharing plan, each as defined in the Tax Act (collectively, the "**Plans**"), other than a deferred profit sharing plan for which Calloway, or a corporation with which Calloway does not deal at arm's length, is the employer. Investors should consult their own advisors as to whether the Units will be a "prohibited investments" for tax-free savings account in their particular circumstances.

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 August 25, 2009, or on such later date as may be agreed upon, but in any event not later than September 2, 2009, an aggregate of 3,226,000 Units at a purchase price of $15.50 per Unit, for an aggregate gross consideration of $50,003,000, 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 $2,000,120 (or 4% of the gross proceeds of the Offering). See "Use of Proceeds".

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 Autorite des marches 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 $15.50 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 $15.50, 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 Trust fulfilling all of the requirements of the TSX on or before November 12, 2009.

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 June 30, 2009, 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 79,379,069 trust units ("**Units**") and 16,364,472 Exchangeable Securities (as defined below) outstanding for a total of 95,743,541 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 June 30, 2009, there have been no material changes in the capitalization of Calloway other than the issuance of 116,830 Units issued pursuant to the distribution reinvestment plan of Calloway. See "Prior Sales." As such, as at August 17, 2009, Calloway had 79,495,899 Units and 16,364,472 Exchangeable Securities outstanding for a total of 95,860,371 Units and Exchangeable Securities in aggregate. As at August 17, 2009 and assuming completion of this Offering, Calloway will have 82,721,899 Units and 16,364,472 Exchangeable Securities outstanding for a total of 99,086,371 Units and Exchangeable Securities in aggregate.

As at June 30, 2009, the indebtedness of Calloway, consisting of mortgages payable, development loans, unsecured debentures, convertible debentures and revolving operating facilities was approximately $2,675,566,000. Since that time, as of August 17, 2009, the net indebtedness of Calloway has increased by approximately $14,369,000 including an increase of approximately $52,039,000 in connection with financing, acquisition and development activities, offset by a decrease of approximately $30,571,000 to repay a portion of indebtedness, and a decrease of approximately $7,099,000 to repay the scheduled amortization of mortgages payable.

PRIOR SALES

The following table sets out, for the Units and Exchangeable Securities, and for securities that are convertible into the foregoing, a description of each prior sale that occurred in the 12-month period before the date of this prospectus supplement:

Date	Issuance Type[(1)]	Total Number of Securities Issued	Issuance Price per Security
August 25, 2008	Conversion of 6% Convertible Debentures	5,058	$17.00
August 29, 2008	Conversion of 6% Convertible Debentures	8,235	$17.00
August 29, 2008	Acquisition 1 Earn-Out Proceeds – Issuance of Units	3,363	$10.50
September 15, 2008	Distribution Reinvestment Plan	89,611	$19.77
September 24, 2008	Conversion of 6% Convertible Debentures	4,294	$17.00
September 30, 2008	Acquisition 2 Earn-Out Proceeds – Issuance of Units	16,899	$14.00
September 30, 2008	Acquisition 5 Earn-Out Proceeds – Issuance of LP Class B Series 1 Units	40,948	$20.10
October 15, 2008	Distribution Reinvestment Plan	87,376	$15.47
October 28, 2008	Exchange of LP Class D Series 2 Units for Units	34,130	n/a
November 17, 2008	Distribution Reinvestment Plan	78,846	$12.74
December 15, 2008	Distribution Reinvestment Plan	92,856	$9.38
January 2, 2009	Issuance of deferred units under Deferred Unit Plan	57,523	$10.76
January 15, 2009	Distribution Reinvestment Plan	98,030	$11.40
January 15, 2009	Exchange of deferred units for Units under Deferred Unit Plan	24,404	n/a
February 17, 2009	Distribution Reinvestment Plan	111,077	$10.77
February 25, 2009	Issuance of deferred units under Deferred Unit Plan	91,221	$10.58
March 16, 2009	Distribution Reinvestment Plan	122,948	$9.23
March 30, 2009	Exchange of deferred units for Units under Deferred Unit Plan	8,638	n/a
April 15, 2009	Distribution Reinvestment Plan	114,820	$9.92
May 15, 2009	Distribution Reinvestment Plan	141,341	$12.12
June 15, 2009	Distribution Reinvestment Plan	34,380	$13.54
June 30, 2009	Acquisition 1 Earn-Out Proceeds – Issuance of Units	10,228	$10.50
July 15, 2009	Distribution Reinvestment Plan	38,464	$12.26
August 17, 2009	Distribution Reinvestment Plan	78,366	$14.69

Note:
(1) Capitalized terms in this column have the meanings ascribed to them in the AIF.

TRADING PRICE AND VOLUME

The Units are listed and posted for trading on the TSX under the trading symbol "CWT.UN". The following table sets forth the reported high and low sales prices and the trading volumes for the Units as reported by the TSX for the periods indicated:

	Price Range High	Low	Trading Volume
2008			
August	$21.39	$19.26	3,313,385
September	$21.49	$17.80	2,797,659
October	$18.75	$12.25	5,100,604
November	$14.91	$7.77	5,921,373
December	$11.79	$8.60	4,140,791
2009			
January	$12.79	$10.85	4,030,137
February	$11.78	$10.05	2,527,201
March	$10.70	$8.91	2,977,876
April	$10.93	$9.81	4,863,824
May	$13.81	$10.50	5,114,494
June	$14.55	$12.46	6,268,204
July	$14.62	$12.04	5,440,367
August 1-14	$16.19	$14.10	3,399,869
Total for Periods			**55,895,784**

The 6% Convertible Debentures (as defined in the AIF) are listed and posted for trading on the TSX under the trading symbol “CWT.DB”. The following table sets forth the reported high and low sales prices, the volume traded and the value traded for the 6% Convertible Debentures as reported by the TSX for the periods indicated:

	Price Range			
	High	Low	Volume Traded	Value Traded
2008				
August	$125.00	$115.00	2,910	341,862.90
September	$123.99	$113.84	1,700	197,359.50
October	$95.00	$80.00	840	72,533.40
November	$90.00	$79.99	1,440	117,697.60
December	$76.05	$75.01	90	6,822.50
2009				
January	$92.00	$83.65	590	53,528.50
February	$96.00	$92.00	340	31,990.00
March	$96.00	$95.00	110	10,470.00
April	$98.00	$94.00	430	41,140.00
May	$100.00	$92.00	1060	102,200.00
June	$100.00	$100.00	1310	131,000.00
July	$102.00	$101.00	500	50,800.00
August 1-14	$105.00	$105.00	10	1,050.00
Total for Periods			**11,330**	**1,158,454.40**

The 6.65% Convertible Debentures (as defined in the AIF) are listed and posted for trading on the TSX under the trading symbol “CWT.DB.A”. The following table sets forth the reported high and low sales prices, the volume traded and the value traded for the 6.65% Convertible Debentures as reported by the TSX for the periods indicated:

	Price Range			
	High	Low	Volume Traded	Value Traded
2008				
August	$103.00	$99.90	17,670	1,787,448
September	$103.00	$97.00	24,300	2,438,419
October	$98.75	$75.01	17,690	1,613,324
November	$97.99	$75.01	23,240	2,008,644
December	$87.00	$77.50	23,460	1,907,897

	Price Range			
	High	**Low**	**Volume Traded**	**Value Traded**
2009				
January	$98.00	$82.60	8,090	741,300
February	$97.00	$82.10	12,710	1,173,140
March	$97.50	$88.00	10,570	973,598
April	$99.99	$93.50	14,230	1,362,852
May	$100.00	$96.00	12,340	1,206,088
June	$99.89	$96.00	21,410	2,114,091
July	$102.00	$98.50	12,560	1,259,589
August 1-14	$102.50	$101.50	2,170	220,951
Total for Periods			**200,440**	**18,807,341**

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., BMO Nesbitt Burns Inc., TD Securities Inc., Scotia Capital Inc., and HSBC Securities (Canada) Inc. under applicable securities laws. The Canadian chartered bank affiliates of each of the aforementioned Underwriters (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 June 30, 2009, a total of approximately $360,478,000 was outstanding under the Facilities. Subsequent to June 30, 2009, Calloway increased its indebtedness by approximately $2,413,000 under the Facilities. 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 Lenders did not play any role in those determinations or decisions. A portion of the proceeds of the Offering is payable to the Underwriters for their fees and expenses. Calloway is also proposing to use a portion of the net proceeds from the Offering to pay down certain of the Facilities. See "Plan of Distribution" and "Use of Proceeds".

USE OF PROCEEDS

The estimated net proceeds to Calloway from this Offering, after deducting the Underwriters' fee of $2,000,120 and the estimated expenses of this Offering of $375,000, will be approximately $47,627,880.

The net proceeds from the Offering will be used by Calloway to pay down its line of credit (included in the Facilities), finance future acquisitions and for general trust purposes. See "Relationship Between Calloway and Certain of the Underwriters".

CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

In the opinion of Shea Nerland Calnan LLP, counsel to Calloway, and McCarthy Tétrault LLP, counsel to the Underwriters, the following is, at the date hereof, a summary of the principal Canadian federal income tax considerations generally applicable to a holder of Units (a "**Unitholder**") who acquires Units pursuant to this offering and who, at all relevant times, for purposes of the Tax Act, is resident in Canada, holds the Units as capital property and deals at arm's length and is not affiliated with Calloway. Generally, the Units will be considered capital property to a Unitholder provided that the Unitholder does not hold the Units in the course of carrying on a business of buying and selling securities and has not acquired them as an adventure in the nature of trade. Certain Unitholders whose Units might not otherwise qualify as capital property may be entitled to obtain such qualification in certain circumstances by making an irrevocable election permitted by subsection 39(4) of the Tax Act.

This summary is not applicable to a Unitholder (i) that is a "financial institution" (as defined in the Tax Act for purposes of the mark-to-market rules), (ii) that is a "specified financial institution" (as defined in the Tax Act), (iii) an interest in which is a "tax shelter investment" (as defined in the Tax Act), or (iv) that has elected to have the "functional currency" reporting rules under the Tax Act apply. Such Unitholders should consult their own tax advisors having regard to their particular circumstances.

This summary is based upon the facts set out in the Short Form Prospectus and this prospectus supplement, the current provisions of the Tax Act and the Regulations in force at the date of this prospectus supplement, all specific proposals to amend the Tax Act and Regulations publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof and counsel's understanding of the current administrative and assessing policies and practices of the Canada Revenue Agency ("**CRA**") published in writing by it prior to the date hereof. There can be no assurance that proposed amendments will be implemented in their current form or at all. This summary does not otherwise take into account or anticipate any changes of law or practice, whether by judicial, governmental or legislative decision or action or changes in the administrative policies or assessing practices of the CRA, nor does it take into account tax legislation or considerations of any province or foreign jurisdiction. The provisions of provincial income tax legislation vary from province to province in Canada and in some cases differ from federal income tax legislation.

This summary is of a general nature only and is not intended to be, nor should it be construed to be, legal or tax advice to any particular Unitholder, and no representations with respect to the income tax consequences to any particular Unitholder are made. Accordingly, prospective purchasers should consult their own tax advisors for advice with respect to the tax consequences to them of acquiring, holding and disposing of the Units, including the application and effect of the income and other tax laws of any country, province, state or local tax authority.

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 the Units. All distributions on the Units to non-residents, whether in cash or additional Units, will be net of any applicable withholding taxes.

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 Unitholder in the year.

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. Allowable capital losses in excess of taxable capital gains in a particular year may be carried back and deducted in any of the three preceding taxation years or carried forward and deducted in any subsequent taxation year against net taxable capital gains realized in such years, to the extent permitted in the Tax Act.

A Unitholder that is a "Canadian controlled private corporation" (as defined in the Tax Act) may be liable to pay an additional refundable tax of $6^{2/3}$% on certain investment income, including amounts of interest and taxable capital gains. A capital gain realized by a Unitholder who is an individual or trust (other than certain specified trusts) may give rise to a liability for alternative minimum tax.

Trusts governed by registered retirement savings plans, registered retirement income funds, registered education savings plans, tax free savings account 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.

Pursuant to the recent amendments to the Tax Act, the taxation regime applicable to specified investment flow-through trusts or partnerships ("**SIFTs**") and investors in SIFTs has been altered. If Calloway were to become subject to these new rules (the "**SIFT Rules**"), it generally would be taxed in a manner similar to corporations on income from business carried on in Canada by Calloway and on income (other than taxable dividends) or capital gains from non-portfolio properties (as defined in the Tax Act), at a combined federal/provincial tax rate similar to that of a corporation. In general, distributions paid as returns of capital will not be subject to this tax. The SIFT Rules are applicable beginning with the 2007 taxation year of a trust unless the trust would have been a "SIFT trust" (as defined in the Tax Act) on October 31, 2006 if the definition had been in force and applied to the trust on that date (the "**Existing Trust Exemption**"). For trusts that meet the Existing Trust Exemption, including Calloway, the SIFT Rules will apply commencing in the 2011 taxation year, assuming compliance with the "normal growth" guidelines issued by the Department of Finance (Canada) on December 15, 2006, as amended from time to time (the "**Normal Growth Guidelines**"). The SIFT Rules are not applicable to a real estate investment trust that meets certain specified criteria relating to the nature of its revenue and investments (the "**REIT Exemption**"). Calloway intends to qualify for the REIT Exemption prior to 2011.

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 February 25, 2009 and in Calloway's management's discussion and analysis of its results for the year ended December 31, 2008 and for the three and six month period ended June 30, 2009, which documents are incorporated herein by reference.

Dilution

While the net proceeds of the Offering are expected to enhance Calloway's liquidity, to the extent that a portion of the net proceeds of the Offering remains as cash, or is used to pay down indebtedness with a low interest rate, the Offering is expected to result in dilution, on a per Unit basis, to Calloway's net income and other measures used by Calloway.

Certain Canadian Federal Income Tax Considerations

No assurance can be given that Canadian federal income tax law respecting the taxation of income trusts and other flow-through entities will not be further changed in a manner that adversely affects Calloway.

Management has advised counsel that the total amount of all previous equity issuances and all currently contemplated issuances, determined in accordance with the Normal Growth Guidelines, should not cause Calloway to exceed its available growth for the period from November 1, 2006 to date. It is assumed that Calloway will not currently be subject to the SIFT Rules. However, in the event that Calloway issues additional units or convertible debentures (or other equity securities) on or before 2011, Calloway may become subject to the SIFT Rules prior to its 2011 taxation year. No assurance can be given that the SIFT Rules will not apply to Calloway prior to its 2011 taxation year.

Calloway currently intends to qualify for the REIT Exemption prior to 2011. In order to so qualify, Calloway may need to discontinue certain of its activities. If Calloway were not to qualify for the REIT Exemption, it will be subject to the SIFT Rules in 2011 (subject to compliance with the Normal Growth Guidelines).

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 certain 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, revisions of the price or damages if the prospectus and any amendment thereto contains a misrepresentation or is not delivered to the purchaser, provided that the remedies for rescission, revision of the price 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' CONSENT

PricewaterhouseCoopers LLP, Chartered Accountants

We have read the short form base shelf prospectus of Calloway Real Estate Investment Trust (the "**Trust**") dated September 21, 2007 relating to the issuance and sale of Trust Securities, and the prospectus supplement of the Trust dated August 17, 2009 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 Unitholders of the Trust on the consolidated balance sheets of the Trust as at December 31, 2008 and 2007 and the consolidated statements of income and comprehensive income, equity and cash flows for the years ended December 31, 2008 and 2007. Our report is dated February 25, 2009.

Toronto, Ontario	(signed) *"PricewaterhouseCoopers LLP"*
August 17, 2009	Chartered Accountants, Licensed Public Accountants

UNDERWRITERS' CERTIFICATE

Dated: August 17, 2009

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.

CIBC WORLD MARKETS INC.	RBC DOMINION SECURITIES INC.	BMO NESBITT BURNS INC.
By: (Signed) *"Allan S. Kimberley"*	By: (Signed) *"William Wong"*	By: (Signed) *"Derek Dermott"*

TD SECURITIES INC.

By: (Signed) *"Armen Farian"*

SCOTIA CAPITAL INC.

By: (Signed) *"Stephen Sender"*

NATIONAL BANK FINANCIAL INC.

By: (Signed) *"Craig J. Shannon"*

DESJARDINS SECURITIES INC.	HSBC SECURITIES (CANADA) INC.
By: (Signed) *"Dennis Logan"*	By: (Signed) *"Nicole Caty"*