

PROSPECTUS SUPPLEMENT
To a Short Form Base Shelf Prospectus Dated October 31, 2011

This prospectus supplement, together with the short form base shelf prospectus to which it relates dated October 31, 2011, as amended or supplemented, and each document incorporated by reference in this prospectus supplement and 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 into 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

December 2, 2011



\$100,085,000
(3,700,000 Units)

This prospectus supplement, together with the short form base shelf prospectus to which it relates, qualifies the distribution of 3,700,000 units (“Units”) at a price of \$27.05 per Unit of Calloway Real Estate Investment Trust (“Calloway” or the “Trust”) (the “Offering”) pursuant to an underwriting agreement dated December 2, 2011 (the “Underwriting Agreement”) between Calloway and CIBC World Markets Inc., RBC Dominion Securities Inc., BMO Nesbitt Burns Inc., TD Securities Inc., Scotia Capital Inc., Canaccord Genuity Corp., Macquarie Capital Markets Canada Ltd., National Bank Financial Inc., Desjardins Securities Inc. and Raymond James Ltd. (collectively, the “Underwriters”). The Units are listed on the Toronto Stock Exchange (the “TSX”) under the trading symbol “CWT.UN”. The TSX has conditionally approved the listing of the additional Units to be distributed under this prospectus supplement, together with the short form base shelf prospectus of Calloway dated October 31, 2011, on the TSX. Listing is subject to Calloway fulfilling the requirements of the TSX as set out in their conditional approval on or before February 1, 2012. On November 30, 2011, the last completed trading day prior to the announcement of the Offering, the closing price of the Units on the TSX was \$27.32. 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 September 14, 2009 (the “Declaration of Trust”). Calloway is focused on the ownership and development of high quality retail properties.

Price: \$27.05 per Unit

		<u>Price to Public⁽¹⁾</u>		<u>Underwriters’ Fee</u>		<u>Net Proceeds to Calloway⁽²⁾</u>
Per Unit.....	\$	27.05	\$	1.082	\$	25.968
Total Units	\$	100,085,000	\$	4,003,400	\$	96,081,600

Notes:

- (1) The offering price per Unit was determined by negotiation between Calloway and the Underwriters.
- (2) Before deducting expenses of the Offering, estimated to be \$375,000, together with the Underwriters’ fee, which 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 the holders of its Units (“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 dependent 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” in Calloway’s annual information form dated February 24, 2011 which describes Calloway’s assessment of those risk factors, as well as the potential consequences to a Unitholder if a risk should occur.

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 generally reduce the Unitholder’s adjusted cost base in its Units for tax purposes). See “Canadian Federal Income Tax Considerations.”

Calloway 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. Calloway 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. The Units are not “deposits” within the meaning of the *Canada Deposit Insurance Corporation Act (Canada)* and are not insured under the provisions of that act or any other legislation.

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. Such transactions, if commenced, may be discontinued at any time. Furthermore, the Underwriters may offer the Units to the public at a price lower than the offering price applicable to the Units. See “Plan of Distribution”.

In connection with this Offering, Calloway 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 Desjardins Securities Inc. under applicable laws. Each of CIBC World Markets Inc., RBC Dominion Securities Inc., BMO Nesbitt Burns Inc., TD Securities Inc., Scotia Capital Inc. and Desjardins Securities Inc. is a subsidiary of a financial institution which is among Calloway’s principal lenders. See “Relationship Between Calloway and Certain of the Underwriters”.

The Underwriters, as principal, conditionally offer the Unit, subject to prior sale, if, as and when issued, sold and delivered by Calloway 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 Calloway 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 December 9, 2011, or such later date as Calloway and the Underwriters may agree, but in any event no later than December 16, 2011.

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DOCUMENTS INCORPORATED BY REFERENCE

This prospectus supplement is incorporated by reference into the accompanying short form base shelf prospectus of Calloway dated October 31, 2011 (the "**Short Form Prospectus**") as of the date hereof solely for the purpose of the Offering.

Information has been incorporated by reference in this prospectus supplement and in the Short Form Prospectus from documents filed with securities commissions or similar regulatory authorities in Canada.

Copies of the documents incorporated by reference in this prospectus supplement and in the Short Form Prospectus 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.

The following documents of Calloway, which have been filed by Calloway with the securities commission or similar regulatory 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 24, 2011;
- (b) the audited annual consolidated comparative financial statements of Calloway for the years ended December 31, 2010 and 2009, together with the notes thereto and the auditor's report thereon;
- (c) management's discussion and analysis of the financial condition and results of operations of Calloway for the year ended December 31, 2010;
- (d) the management information circular of Calloway dated March 30, 2011 issued in connection with the meeting of unitholders of Calloway held on May 19, 2011;
- (e) the unaudited interim consolidated comparative financial statements of Calloway for the three and nine month periods ended September 30, 2011 and 2010, together with the notes thereto;
- (f) management's discussion and analysis of the financial condition and results of operations of Calloway for the three and nine month periods ended September 30, 2011;
- (g) the material change report of Calloway dated April 6, 2011 in respect of the appointment of a new Chief Executive Officer; and

- (h) the material change report of Calloway dated April 21, 2011 regarding an offering of Units.

All annual information forms, material change reports (excluding confidential material change reports), business acquisition reports, unaudited interim financial statements, audited annual financial statements (including the auditor's report thereon), management's discussion and analysis of financial condition and results of operation and information circulars which are filed by Calloway with a securities commission or similar regulatory authority in any of the provinces of Canada after the date of this prospectus supplement and prior to the termination of the Offering under this prospectus supplement shall be deemed to be incorporated by reference into this prospectus supplement.

Upon new audited annual financial statements and related management's discussion and analysis being filed by Calloway with the applicable securities regulatory authorities after the date of this prospectus supplement and prior to the termination of the Offering under this prospectus supplement, the previously filed audited annual financial statements and all unaudited interim financial statements, together with related management's discussion and analysis, relating to prior periods shall be deemed to no longer be incorporated into this prospectus supplement for the purpose of the Offering.

Upon a new annual information form being filed by Calloway with the applicable securities regulatory authorities after the date of this prospectus supplement and prior to the termination of the Offering under this prospectus supplement, the previously filed annual information form, any material change reports filed prior to the end of the financial year in respect of which the new annual information form is filed, any information circular filed since the start of such financial year, and any business acquisition report for acquisitions completed since the beginning of such financial year (unless such report is incorporated by reference into the current annual information form or less than nine months of the acquired business' or related businesses' operations are incorporated into Calloway's most recent audited financial statements), shall be deemed to no longer be incorporated into this prospectus supplement for the purpose of the Offering.

Upon interim financial statements and related management's discussion and analysis being filed by Calloway with the applicable securities regulatory authorities after the date of this prospectus supplement and prior to the termination of the Offering under this prospectus supplement, all previously filed interim financial statements, and related management's discussion and analysis, relating to prior periods shall be deemed no longer to be incorporated by reference into this prospectus supplement for the purpose of the Offering.

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 shall 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. Any statement so modified or superseded shall not be deemed in its unmodified or superseded form to constitute part of this prospectus supplement.

FORWARD-LOOKING STATEMENTS

Certain statements in this prospectus supplement, in the Short Form Prospectus and in the documents incorporated by reference herein and in the Short Form Prospectus are "forward looking statements" that reflect management's expectations regarding Calloway's future growth, results of operations, performance and business prospects and opportunities and other future events. More specifically, certain statements contained in this prospectus supplement in the sections "Consolidated Capitalization", "Use of Proceeds", "Canadian Federal Income Tax Considerations" and "Risk Factors" regarding anticipated use of the net proceeds from the Offering and Calloway's expectations of

meeting the REIT Exemption (as defined herein) and not being subject to the SIFT Rules (as defined herein) are forward looking statements. All statements other than statements of historical fact contained in this prospectus supplement, in the Short Form Prospectus and in the documents incorporated by reference herein and in the Short Form Prospectus are forward looking statements including, without limitation, statements that contain words such as “could”, “should”, “can”, “anticipate”, “expect”, “believe”, “will”, “may” and similar expressions, and statements regarding the timing and amount of distributions and the future financial position, business strategy, proposed acquisitions, plans and objectives of Calloway or its subsidiaries. These forward looking statements are presented for the purpose of assisting Calloway’s investors and financial analysts in understanding Calloway’s operating environment, and may not be appropriate for other purposes. 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, interest and financing, capital requirements, credit risk, general uninsured losses, developments, future property acquisitions, competition for real property investments, environmental matters, land leases, potential conflicts of interest, reliance on key personnel, and tax related matters. These risks and others are more fully discussed under the “Risk Factors” section of this prospectus supplement and the “Risk Factors” section of the Short Form Prospectus, which also refers to the risks described in Calloway’s most recent annual information form, which document has been incorporated by reference herein and in the Short Form Prospectus. Although the forward looking statements contained in this prospectus supplement, in the Short Form Prospectus and in the documents incorporated by reference herein and therein 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, in the Short Form Prospectus and in the documents incorporated by reference herein and therein are expressly qualified in their entirety by this cautionary statement and by the cautionary statements contained in the Short Form Prospectus and in the documents incorporation by reference herein and therein. The forward looking statements contained in this prospectus supplement are made as at the date of this prospectus supplement, the forward looking statements contained in the Short Form Prospectus are made as at the date of the Short Form Prospectus and the forward looking statements contained in the documents incorporated by reference herein or in the Short Form Prospectus 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 except as otherwise required by applicable securities legislation.

ELIGIBILITY FOR INVESTMENT

In the opinion of Shea Nerland Calnan LLP, counsel to Calloway, and McCarthy Tétrault LLP, counsel to the Underwriters, subject to the provisions of any particular plan and provided that Calloway qualifies as a mutual fund trust under the Tax Act or the Units are listed on a designated stock exchange (which currently includes the TSX), the Units, if issued on the date of this prospectus supplement, will be a qualified investment under the Tax Act and the regulations thereunder (the “**Regulations**”) for a trust governed by a registered retirement savings plan (“**RRSP**”), a registered retirement income fund (“**RRIF**”), a registered education savings plan, a registered disability savings plan, a tax-free savings account (“**TFSA**”) or a deferred profit sharing plan.

Notwithstanding that a Unit may be a qualified investment for a trust governed by a TFSA, the holder of a TFSA will be subject to a penalty tax in respect of a Unit held in a TFSA and other tax consequences may result if the Unit is a “prohibited investment” for the TFSA. A Unit will generally be a “prohibited investment” for a TFSA if the holder of the TFSA does not deal at arm’s length with Calloway for purposes of the Tax Act or the holder of the TFSA has a “significant interest” (as defined in the Tax Act) in Calloway, which generally means ownership of 10% or more of the value of Calloway’s outstanding units held by the holder, either alone or together with persons and partnerships with whom the holder does not deal at arm’s length. Proposed amendments to the Tax Act extend the prohibited investments restrictions to RRSPs, RRIFs and their annuitants, effective from March 22, 2011. Prospective purchasers who intend to hold Units in their TFSAs, RRSPs or RRIFs should consult their own tax advisors regarding their particular circumstances.

CONSOLIDATED CAPITALIZATION

As at September 30, 2011, the end of the most recently completed financial period of Calloway for which financial statements of Calloway have been filed in accordance with applicable Canadian securities legislation, Calloway had 103,261,597 Units and 17,115,061 Exchangeable Securities (as defined below) outstanding for a total of 120,376,658 Units and Exchangeable Securities in aggregate. In this prospectus supplement, “**Exchangeable Securities**” means any securities of any trust, limited partnership or corporation other than Calloway that are convertible or exchangeable directly for Units without the payment of additional consideration therefor. From September 30, 2011 to November 30, 2011, 149,861 Units and 69,576 Exchangeable Securities were issued by Calloway or one of its subsidiaries, either: (i) as partial consideration for acquisitions; (ii) pursuant to the incentive deferred unit plan established for Calloway’s trustees, officers and employees; (iii) through Calloway’s distribution reinvestment plan; or (iv) upon the exercise of previously outstanding convertible securities. During that time, nil Exchangeable Securities were exchanged for Units. As such, as at November 30, 2011, Calloway had 103,411,458 Units and 17,184,637 Exchangeable Securities outstanding for a total of 120,596,095 Units and Exchangeable Securities in aggregate. As at November 30, 2011 and assuming issuance of all of the Units qualified for distribution hereunder, Calloway will have 107,111,458 Units and 17,184,637 Exchangeable Securities outstanding for a total of 124,296,095 Units and Exchangeable Securities in aggregate. There were no material changes in the number Units or Exchangeable Securities outstanding from November 30, 2011 to the date of this prospectus supplement.

As at September 30, 2011, the indebtedness of Calloway, consisting of mortgages payable, development loans, unsecured debentures, convertible debentures and revolving operating facilities was approximately \$2,743,043,000. From September 30, 2011 to November 30, 2011, the net indebtedness of Calloway increased by approximately \$45,382,000, with an increase of approximately \$124,709,000 in connection with acquisition, development and financing activity, offset by a decrease of \$70,503,000 to repay a portion of indebtedness and a decrease of approximately \$8,824,000 to repay the scheduled amortization of mortgages payable. There were no material changes in the indebtedness of Calloway from November 30, 2011 to the date of this prospectus supplement except for the repayment of Calloway’s operating line by \$26,000,000 from the proceeds of the mortgage disbursed on November 29, 2011. Of the net proceeds from this Offering, Calloway intends to use approximately \$54,000,000 to repay outstanding operating facilities on closing and the balance for general trust purposes, future acquisitions and maturing indebtedness. See “Use of Proceeds”.

PLAN OF DISTRIBUTION

Pursuant to the Underwriting Agreement, Calloway has agreed to sell and the Underwriters have severally agreed to purchase on December 9, 2011, or on such later date as may be agreed upon, but in any event not later than December 16, 2011, subject to compliance with all necessary legal requirements and to the terms and conditions contained in the Underwriting Agreement, an aggregate of 3,700,000 Units at a purchase price of \$27.05 per Unit for an aggregate gross consideration of \$100,085,000 payable in cash to Calloway by the Underwriters against delivery of the Units on the closing of the Offering. For its services rendered in connection with the Offering, the Underwriters will receive fees of \$4,003,400 from the sale of the Units pursuant to this Offering (\$1.082 per Unit). See “Use of Proceeds”.

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 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. Accordingly, except in certain transactions exempt from the registration requirements of the U.S. Securities Act and applicable state securities laws, the Units may not be offered, sold or delivered within the United States, and each Underwriter has agreed that it will not offer, sell or deliver the Units within the United States except in certain transactions exempt from the registration requirements of the U.S. Securities Act and applicable state securities laws. In addition, until 40 days after the commencement of this Offering of the Units, any offer or sale of the 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.

Pursuant to policy statements of certain regulators, 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 \$27.05 per Unit. After the Underwriters have made a reasonable effort to sell all of the 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 \$27.05 per Unit, 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.

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 including with respect to any at-the-market distribution programs of up to no more than 2,000,000 Units.

The Units are listed on the TSX under the trading symbol “CWT.UN”. Calloway has obtained conditional approval to list the additional Units to be distributed pursuant to this Offering on the TSX. Listing is subject to Calloway fulfilling the requirements of the TSX on or before February 1, 2012. On November 30, 2011, the last completed trading day prior to the announcement of the Offering, the closing price of the Units on the TSX was \$27.32.

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:

<u>Date</u>	<u>Issuance Type⁽¹⁾</u>	<u>Total Number of Securities Issued</u>	<u>Issuance Price per Security</u>
November 29, 2010	Acquisition 2 Earn-Out Proceeds – Issuance of Units	202,035	\$14.00
December 15, 2010	Distribution Reinvestment Plan	63,123	\$22.43
January 15, 2011	Distribution Reinvestment Plan	61,922	\$23.31
January 18, 2011	Exchange of deferred units for Units under Deferred Unit Plan	850	N/A
February 15, 2011	Distribution Reinvestment Plan	63,667	\$23.21
February 25, 2011	Acquisition 5 Earn-Out Proceeds – Issuance of Exchangeable Securities	18,723	\$20.10
February 25, 2011	Acquisition 11 Earn-Out Proceeds – Issuance of Exchangeable Securities	12,991	\$23.96
March 15, 2011	Distribution Reinvestment Plan	68,219	\$23.29

<u>Date</u>	<u>Issuance Type</u> ⁽¹⁾	<u>Total Number of Securities Issued</u>	<u>Issuance Price per Security</u>
March 30, 2011	Acquisition 5 Earn-Out Proceeds – Issuance of Exchangeable Securities	10,247	\$20.10
April 4, 2011	Exchange of deferred units for Units under Deferred Unit Plan	36,238	N/A
April 15, 2011	Exchange of deferred units for Units under Deferred Unit Plan	191	N/A
April 15, 2011	Distribution Reinvestment Plan	67,557	\$24.42
April 21, 2011	Issuance of Units pursuant to public offering	4,600,000	\$25.15
April 28, 2011	Acquisition 5 Earn-Out Proceeds – Issuance of Exchangeable Securities	18,912	\$20.10
May 6, 2011	Acquisition 5 Earn-Out Proceeds – Issuance of Exchangeable Securities	3,725	\$25.05
May 15, 2011	Distribution Reinvestment Plan	31,913	\$24.48
May 30, 2011	Acquisition 11 Earn-Out Proceeds – Issuance of Exchangeable Securities	25,424	\$25.19
June 15, 2011	Distribution Reinvestment Plan	69,172	\$24.46
July 15, 2011	Distribution Reinvestment Plan	73,685	\$24.66
July 28, 2011	Acquisition 4b Earn-Out Proceeds – Issuance of Units	6,467	\$19.60
August 15, 2011	Distribution Reinvestment Plan	96,050	\$23.46
August 31, 2011	Acquisition G12 - Issuance of Exchangeable Securities	72,000	\$25.47
September 15, 2011	Distribution Reinvestment Plan	99,164	\$24.40
October 17, 2011	Distribution Reinvestment Plan	93,931	\$24.64
October 28, 2011	Acquisition 5 Earn-Out Proceeds – Issuance of Units	6,302	\$20.10
October 28, 2011	Acquisition 5 Earn-Out Proceeds – Issuance of Exchangeable Securities	4,201	\$20.10
October 28, 2011	Acquisition 5 Earn-Out Proceeds – Issuance of Exchangeable Securities	3,915	\$20.10
November 15, 2011	Distribution Reinvestment Plan	49,628	\$25.59
November 29, 2011	Acquisition 5 Earn-Out Proceeds – Issuance of Exchangeable Securities	21,711	\$20.10
November 29, 2011	Acquisition 11 Earn-Out Proceeds – Issuance of Exchangeable Securities	16,692	\$26.38
November 29, 2011	Acquisition 12 Earn-Out Proceeds – Issuance of Exchangeable Securities	23,057	\$26.38

Note:

(1) Capitalized terms in this column that are not otherwise defined herein, have the meanings ascribed to them in Calloway's annual information form dated February 24, 2011.

MARKET FOR SECURITIES, TRADING PRICE AND VOLUME

Units

The Units of Calloway 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:

	<u>Price Range</u>		<u>Trading Volume</u>
	<u>High</u>	<u>Low</u>	
2010			
November.....	\$25.25	\$23.50	3,652,120
December.....	\$24.14	\$22.31	4,756,937
2011			
January.....	\$24.55	\$23.50	3,094,690
February.....	\$24.79	\$23.56	3,016,197
March.....	\$25.94	\$23.05	4,203,502

	<u>Price Range</u>		<u>Trading</u>
	<u>High</u>	<u>Low</u>	<u>Volume</u>
April	\$25.75	\$24.62	2,643,089
May	\$26.00	\$25.00	2,182,630
June	\$25.83	\$24.57	3,364,120
July	\$25.70	\$24.60	1,519,123
August	\$25.70	\$18.00	4,326,662
September	\$26.32	\$24.42	3,455,402
October	\$26.45	\$24.46	2,915,964
November	\$27.32	\$25.87	<u>2,530,538</u>
Total for Periods			<u>41,660,974</u>

6.65% Convertible Debentures

The 6.65% Convertible Debentures (as defined in Calloway's annual information form dated February 24, 2011) 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:

	<u>Price Range</u>		<u>Volume</u>	<u>Value Traded</u>
	<u>High</u>	<u>Low</u>	<u>Traded</u>	
2010				
November	\$106.80	\$105.00	12,370	1,312,940.20
December	\$106.50	\$105.50	6,800	720,150.50
2011				
January	\$106.50	\$105.75	8,920	945,553.70
February	\$107.50	\$105.00	10,280	1,091,871.40
March	\$105.94	\$104.40	10,930	1,150,161.90
April	\$106.00	\$105.51	9,680	1,022,130.10
May	\$106.50	\$105.51	15,240	1,614,063.90
June	\$106.00	\$104.31	9,270	977,281.50
July	\$106.00	\$104.50	17,130	1,801,470.80
August	\$105.52	\$101.95	12,680	1,316,543.40
September	\$107.15	\$104.50	8,060	851,022.70
October	\$107.50	\$104.25	86,100	9,202,436.50
November	\$109.50	\$106.50	<u>23,590</u>	<u>2,550,107.10</u>
Total for Periods			<u>231,050</u>	<u>24,555,733.70</u>

5.75% Convertible Debentures

The 5.75% Convertible Debentures (as defined in Calloway's annual information form dated February 24, 2011) are listed and posted for trading on the TSX under the trading symbol "CWT.DB.B". The following table sets forth the reported high and low sales prices, the volume traded and the value traded for the 5.75% Debentures as reported by the TSX for the periods indicated:

	<u>Price Range</u>		<u>Volume Traded</u>	<u>Value Traded</u>
	<u>High</u>	<u>Low</u>		
2010				
November	\$106.00	\$103.50	9,300	972,777.00
December.....	\$104.25	\$102.00	8,450	875,242.20
2011				
January.....	\$106.50	\$104.00	4,290	452,583.00
February.....	\$107.99	\$105.00	5,030	533,515.70
March.....	\$106.00	\$104.00	5,180	547,137.50
April.....	\$107.50	\$105.53	4,490	477,157.00
May.....	\$107.00	\$105.51	3,030	321,515.70
June.....	\$107.50	\$102.51	10,770	1,135,686.80
July	\$106.00	\$104.16	4,060	427,541.30
August.....	\$106.03	\$100.50	7,180	752,512.70
September	\$105.56	\$102.00	7,860	815,911.40
October	\$105.30	\$101.50	5,320	548,727.70
November	\$108.53	\$104.85	<u>5,790</u>	<u>617,774.40</u>
Total for Periods			<u>80,750</u>	<u>8,478,082.40</u>

RELATIONSHIP BETWEEN CALLOWAY AND CERTAIN OF THE UNDERWRITERS

Certain of the Underwriters are subsidiaries of separate Canadian chartered banks (the “**Banks**”) and financial institutions which are lenders to Calloway. Accordingly, Calloway may be considered to be a “connected issuer” of those Underwriters under applicable Canadian securities legislation.

As at November 30, 2011: (i) approximately \$152,039,000, in aggregate, was outstanding under an operating line and mortgages on certain of Calloway’s properties with the Bank that owns CIBC World Markets Inc.; (ii) approximately \$19,000,000 was outstanding under an operating line with the Bank which owns RBC Dominion Securities Inc.; (iii) approximately \$19,000,000 was outstanding under an operating line with the Bank which owns BMO Nesbitt Burns Inc.; (iv) approximately \$42,590,000, in aggregate, was outstanding under an operating line, construction loans and mortgages on certain of Calloway's properties with the Bank which owns TD Securities Inc.; (v) approximately \$83,624,000, in aggregate, was outstanding under an operating line, construction loans and mortgages on certain of Calloway's properties with the Bank which owns Scotia Capital Inc.; and (vi) approximately \$47,936,000 was outstanding under mortgages with the Bank which owns Desjardins Securities Inc.

A portion of the net proceeds of the Offering will be used to repay a portion of the current outstanding indebtedness of Calloway. See “Use of Proceeds”.

The credit facilities and the mortgages referred to above are secured by certain assets of Calloway. The agreements governing such indebtedness contain representations and covenants, restrictions and events of default that are customary for such agreements, including restrictions on Calloway relating to additional indebtedness, liens and encumbrances and adherence to specified financial covenants.

As of the date of this prospectus supplement, Calloway is in compliance with the terms of such agreements and the financial position of Calloway and the value of the security granted to the Banks pursuant to such agreements have not materially changed since such agreements were entered into.

Each of the Underwriters has advised Calloway that the decision to underwrite this Offering was made independently of the Banks and the Banks had no influence as to the determination of the terms of the distribution. None of the Underwriters will receive any benefit in connection with this Offering other than its share of the Underwriters’ fee payable by Calloway.

USE OF PROCEEDS

The estimated net proceeds to Calloway from this Offering, after deducting the Underwriters' fees of \$4,003,400 and the estimated expenses of the issue estimated to be approximately \$375,000, will be approximately \$95,706,600. Of the net proceeds from this Offering, Calloway intends to use approximately \$54,000,000 to repay outstanding operating facilities on closing and the balance for general trust purposes, future acquisitions and maturing indebtedness.

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 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 in one or more transactions considered to be an adventure or concern 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 applicable to all Canadian securities owned by the Unitholder in the year of the election and all subsequent years. Such Unitholders should consult their own tax advisors having regard to their particular circumstances.

This summary is not applicable to a Unitholder that is a "financial institution" (as defined in the Tax Act for purposes of the mark-to-market rules) or a "specified financial institution", or a Unitholder an interest in which is a "tax shelter investment" (all as defined in the Tax Act), or a Unitholder which reports its Canadian tax results in a functional currency (which excludes Canadian dollars) under the Tax Act. 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, information provided by Calloway certified as correct in an officer's certificate from the management of Calloway, 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 the 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 (the "CRA") published in writing by it. There can be no assurance that the 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 and assessing policies and practices of the CRA, nor does it take into account any other federal, or provincial, territorial or foreign income tax considerations. 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 also assumes that Calloway will at all times comply with the Declaration of Trust.

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.

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 Unitholder resides or carries on business.

In this summary, references to Calloway are to Calloway Real Estate Investment Trust and not to any of its subsidiaries or other entities in which it holds an interest.

Status of Trust

Calloway has advised counsel that it is, and expects that it will continue at all times to qualify as, a unit trust and a mutual fund trust under the provisions of the Tax Act, and has provided a certificate to support such advice. This summary therefore assumes that Calloway does and will continue to so qualify. In addition, Calloway has advised in an officer's certificate that it has elected pursuant to the Tax Act to be deemed to be a mutual fund trust from the date it was established. If Calloway were not to so qualify, the income tax consequences described below would be materially different.

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 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.

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 Calloway that is otherwise required to be included in the Unitholder's income, including any capital gain realized by Calloway in connection with a redemption of Units which has been designated by Calloway to the redeeming Unitholder. The taxation of capital gains and capital losses are described below.

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 Units 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 $\frac{2}{3}$ % on certain investment income, including amounts of interest and taxable capital gains.

In general terms, net income of Calloway paid or payable to a Unitholder who is an individual or a trust (other than certain specified trusts) that is designated as taxable dividends or net realized capital gains and capital gains realized on the disposition of Units may increase the Unitholder’s liability for alternative minimum tax.

SIFT Rules

The Tax Act contains rules (the “**SIFT Rules**”) applicable to certain publicly listed trusts or partnerships (“**SIFTs**”) and their investors, which generally tax the SIFT at a rate similar to a taxable Canadian corporation on income from business carried on in Canada and on income (other than taxable dividends) or capital gains from non-portfolio properties (as defined in the Tax Act) and the distribution of such income to Unitholders is generally treated as dividends received from a taxable Canadian corporation. In general, distributions paid as returns of capital will not be subject to this tax. The SIFT Rules became applicable beginning in 2007, except for a trust that 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 “**Grandfathering Trust Exemption**”). For trusts that met the Grandfathering Trust Exemption, the SIFT Rules only applied 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**”). Management of Calloway has advised counsel that it believes that Calloway did not exceed the Normal Growth Guidelines and that Calloway was not subject to tax under the SIFT Rules for any period prior to the 2011 taxation year. 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**”). On December 16, 2010, the Department of Finance (Canada) announced further intended amendments and clarifications to the REIT Exemption. Management of Calloway has advised counsel that if the amendments and clarifications to the REIT Exemption announced by the Department of Finance (Canada) on December 16, 2010 are not enacted, Calloway, as currently structured, does not qualify for the REIT Exemption and will be subject to tax under the SIFT Rules commencing in the 2011 taxation year. However, Management of Calloway has advised counsel that, assuming the amendments and clarifications to the REIT Exemption announced by the Department of Finance (Canada) on December 16, 2010 are enacted, Calloway, as currently structured, will qualify for the REIT Exemption and will not be currently subject to tax under the SIFT Rules.

RISK FACTORS

There are risks associated with an investment in the Units being distributed under the Offering. In addition to the risks described herein, reference is made to the risks described in the Short Form Prospectus including Calloway’s most recent annual information form and management’s discussion and analysis which are incorporated herein and therein by reference. See “Documents Incorporated by Reference”.

Stability Ratings

DBRS 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 the distributions to unitholders by the rated entity. 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). The assignment of a “(high)”, “(middle)” or “(low)” modifier within each rating category indicates relative standing within such category. DBRS has provided Calloway with a stability rating of STA-3 (high), the third highest ranking within the classification system. This rating category reflects good stability and sustainability of distributions per unit, but performance may be more sensitive to economic factors, have greater cyclical tendencies, and may not be as well diversified as a higher ranking income fund, resulting in some potential for distributions per unit to fluctuate. The ratings accorded to Calloway are not recommendations to buy, sell or hold Calloway’s securities. 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. Real or anticipated changes in the stability rating on the outstanding Units may affect the market value of the Units.

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.

Application of SIFT Rules

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

As noted above under the heading "Canadian Federal Income Tax Considerations – SIFT Rules", if the amendments and clarifications to the REIT Exemption announced by the Department of Finance (Canada) on December 16, 2010 are not enacted, Calloway, as currently structured, does not qualify for the REIT Exemption and will be subject to tax under the SIFT Rules commencing in the 2011 taxation year. However, assuming the amendments and clarifications to the REIT Exemption announced by the Department of Finance (Canada) on December 16, 2010 are enacted, Calloway, as currently structured, will qualify for the REIT Exemption and will not currently be subject to tax under the SIFT Rules. Further, since such amendments have not yet been enacted and Calloway does not meet the existing REIT Exemption, since January 1, 2011 Calloway has been required to record deferred income taxes and a current tax provision for accounting purposes. If the proposed amendments are enacted as currently proposed, previously recorded deferred and current taxes, if any, will be reversed. The effective date of the proposed amendments, if enacted as currently proposed, will be January 1, 2011.

AUDITORS, TRANSFER AGENT AND REGISTRAR

The auditors of Calloway are PricewaterhouseCoopers LLP.

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

INTEREST OF EXPERTS

Certain legal matters in connection with the issuance of the Units offered by this prospectus supplement 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.

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. 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 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 adviser.

UNDERWRITERS' CERTIFICATE

Dated: December 2, 2011

To the best of our knowledge, information and belief, the short form prospectus, together with the documents incorporated in the prospectus by reference, as supplemented by the foregoing, constitutes full, true and plain disclosure of all material facts relating the securities offered by the prospectus and this supplement as required by the securities legislation of each of the provinces of Canada.

CIBC WORLD MARKETS INC.

By: *(signed)* "Allan S. Kimberley"

RBC DOMINION SECURITIES INC.

By: *(signed)* "William Wong"

BMO NESBITT BURNS INC.

By: *(signed)* "Derek Dermott"

TD SECURITIES INC.

By: *(signed)* "Armen Farian"

SCOTIA CAPITAL INC.

By: *(signed)* "Stephen Sender"

CANACCORD GENUITY CORP.

By: *(signed)* "Justin Bosa"

MACQUARIE CAPITAL MARKETS
CANADA LTD.

By: *(signed)* "John Bartkiw"

NATIONAL BANK FINANCIAL INC.

By: *(signed)* "Andrew Wallace"

DESJARDINS SECURITIES INC.

By: *(signed)* "Mark A. Edwards"

RAYMOND JAMES LTD.

By: *(signed)* "J. Graham Fell"