Real Estate NEWS - Calloway Real Estate Investment Trust Releases Second Quarter Results

August 9, 2012

TORONTO, ON, CANADA (RPRN) 08/09/12 — Calloway Real Estate Investment Trust (TSX:CWT.UN) is pleased to report strong results for the second quarter ended June 30, 2012.

Highlights during the quarter:

Maintained portfolio occupancy rate at or above the 99% level for the tenth sequential quarter.

Funds from operations ("FFO")(1) increased by 12.1% to $55.5 million and 6.0% to $0.440 on a per unit basis compared to the same period in 2011.

Invested $28.6 million in the quarter to grow the portfolio by completing the development and lease up of 121,871 square feet of leasable area at an average yield of 8.2%.

Monthly distributions are confirmed for the period of August to October at $0.129 per unit with a 91.7% payout ratio based on AFFO.

Subsequent to the quarter end:

Issued $150 million, eight-year unsecured debentures bearing interest at 4.05% per annum.

Entered into conditional agreements to acquire three retail centres in separate transactions at an aggregate price of $140.0 million.

Al Mawani, President & CEO of Calloway Real Estate Investment Trust (the "Trust"), said, "Our portfolio of 118 mostly Walmart anchored retail centres continues to deliver reliable performance and steady growth. As of June 30, 2012, Calloway completed approximately 590,000 square feet of renewals, achieving an average uplift of 7.65% with almost no inducement payments. Demand for new stores from existing tenants and new tenants required the addition of over 120,000 square feet of new space during the quarter and 220,000 square feet during the six month period - equivalent to acquiring a new shopping centre at a 7.8% yield."

The following table summarizes the Trust's portfolio information:

June 30, 2012 March 31, 2012 Improvement

Fair value of real estate portfolio (in millions of dollars) 5,898.0 5,781.4 116.6

Weighted average stabilized capitalization rate 6.21 % 6.31 % -0.10

Built gross leasable area 25.7 million square feet

Future developable area 3.8 million square feet

Number of operating properties 120

Number of development properties 9

Subsequent to the quarter end, the Trust entered into separate conditional purchase contracts to acquire three retail centres for aggregate consideration of $140.0 million at an approximate yield of 6.0%.

Developments completed during the quarter are as follows:

Leasable area 121,871 square feet

Cost $28.6 million

Yield 8.2 %

During the quarter, the Trust obtained $40.5 million in new term mortgage funding with an average term of 12.2 years and weighted average interest rate of 4.1%. Subsequent to quarter end, the Trust issued $150.0 million in unsecured debentures with an eight-year term and 4.05% interest rate.

The Trust maintained its debt to gross book value at 48.8% at June 30, 2012, which is below the Trust's target range. In addition, properties with an aggregate appraised value of $809.7 million are unencumbered or debt-free.

This will provide flexibility to the Trust to address its committed obligations and to grow its portfolio.

Excluding convertible debentures Including convertible debentures

Debt to gross book value 48.8 % 52.0 %

Target range 55.0%-60.0 % 60.0%-65.0 %

The following table summarizes the Trust's key financial highlights:

(in millions of dollars, except per Unit information) Three Months Ended June 30, 2012 Three Months Ended June 30, 2011 Increase /

(decrease)

Net income 76.8 75.6 1.2

Rental revenue 134.5 125.6 8.9

Net operating income 89.0 84.1 4.9

Cash flow as measured by FFO (1) 55.5 49.5 6.0

Per Unit Information

FFO excluding current income tax (fully diluted) $ 0.440 $ 0.415 $ 0.025

AFFO per Unit (fully diluted) $ 0.422 $ 0.406 $ 0.016

Quarterly distribution $ 0.387 $ 0.387 -

Payout ratio (to AFFO) 91.7 % 95.3 % (3.6)

Net income for the quarter was $76.8 million compared to $75.6 million in the same quarter 2011. Excluding the impact of fair value adjustments, loss on dispositions and income tax provisions, net income increased by $5.7 million in the current quarter compared to the same period last year mainly due to increases in net rental revenue of $4.9 million, decrease in general and administrative expenses of $0.5 million from lower compensation expense and a reduction of interest expense of $0.4 million.

The high occupancy level of 99.1%, as well as the Trust's acquisition and development program, generated rental revenue of $134.5 million during the quarter. NOI of $89.0 million increased by 5.7% over the previous year including a 1.0% increase on a same properties basis.

The Trust expects to meet the REIT Exemption once the Federal Budget proposals clarifying the application of the rules for REIT Exemption from income tax are re-introduced and passed. The effective date of the proposed legislation is January 1, 2011 at which time the current ($29.5 million) and deferred ($551.4 million) income taxes totalling $580.9 million will be reversed.

The non-IFRS measures used in this Press Release, including AFFO, FFO, NOI and debt to gross book value, do not have any standardized meaning prescribed by International Financial Reporting Standards ("IFRS") and are therefore unlikely to be comparable to similar measures presented by other issuers. These non-IFRS measures are more fully defined and discussed in the management discussion and analysis of the Trust for the three and six months ended June 30, 2012, available on SEDAR website at www.sedar.com.

(1) Excludes current income taxes; which will be reversed when the proposed changes are enacted.

Full reports of the financial results of the Trust for the year are outlined in the audited financial statements and the related management discussion and analysis of the Trust, available on the SEDAR website at www.sedar.com. In addition, supplemental information is available on the Trust's website at www.callowayreit.com.

The Trust will hold a conference call on Friday August 10, 2012 at 9:00 a.m. (ET). Participating in the call will be members of the Trust's senior management.

Investors are invited to access the call by dialing 1-877-974-0446. You will be required to identify yourself and the organization on whose behalf you are participating. A recording of this call will be made available Friday August 10, 2012 beginning at 11:00 a.m. (ET) through to 11:59 p.m. (ET) on Friday August 17, 2012. To access the recording, please call 1-877-289-8525 and use the reservation number 4551254.

Certain statements in this Press Release are "forward-looking statements" that reflect management's expectations regarding the Trust's future growth, results of operations, performance and business prospects and opportunities as outlined under the headings "Business Overview and Strategic Direction" and "Outlook". More specifically, certain statements contained in this Press Release, including statements related to the Trust's maintenance of

productive capacity, estimated future development plans and costs, view of term mortgage renewals including rates and upfinancing amounts, timing of future payments of obligations, intentions to secure additional financing and potential financing sources, and vacancy and leasing assumptions, and statements that contain words such as "could", "should", "can", "anticipate", "expect", "believe", "will", "may" and similar expressions and statements relating to matters that are not historical facts, constitute "forward-looking statements". These forward-looking statements are presented for the purpose of assisting the Trust's Unitholders and financial analysts in understanding the Trust's operating environment, and may not be appropriate for other purposes. Such forward-looking statements reflect management's current beliefs and are based on information currently available to management. However, such forward-looking statements involve significant risks and uncertainties, including those discussed under the heading "Risks and Uncertainties" and elsewhere in the Trust's Management's Discussion & Analysis for the year ended December 31, 2011 and under the heading "Risk Factors" in its Annual Information Form for the year ended December 31, 2011. A number of factors could cause actual results to differ materially from the results discussed in the forward-looking statements. Although the forward-looking statements contained in this Press Release are based on what management believes to be reasonable assumptions, the Trust cannot assure investors that actual results will be consistent with these forward-looking statements. The forward-looking statements contained herein are expressly qualified in their entirety by this cautionary statement. These forward-looking statements are made as at the date of this Press Release and the Trust assumes no obligation to update or revise them to reflect new events or circumstances unless otherwise required by applicable securities legislation.

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