CALLOWAY
REAL ESTATE INVESTMENT TRUST

Calloway REIT to Acquire SmartCentres platform from Mitchell Goldhar as part of a Transformational $1.16 Billion Transaction

Calloway enters into $200 million bought-deal offering of Subscription Receipts

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Toronto, Ontario (April 16, 2015) Calloway Real Estate Investment Trust ("Calloway" or the "REIT") (TSX: CWT.UN) today announced that it will acquire the SmartCentres platform from Mitchell Goldhar ("Goldhar") as part of a $1.16 billion transaction that will make Calloway a fully integrated real estate developer and operator by adding SmartCentres' platform of development, leasing, planning, engineering, architecture, and construction capabilities (the "Platform"). The transaction also includes interests in a $1.1 billion portfolio of 24 properties located principally in Ontario and Quebec, including 20 open format Walmart Supercentre anchored or shadow-anchored shopping centres owned by Goldhar and joint venture partners, principally Wal-Mart Canada Realty Inc., (the "Properties"), collectively with the Platform (the "Proposed Transaction"). On completion of the Proposed Transaction, Calloway intends to change its operating name to SmartREIT to reflect its enhanced capabilities and the considerable brand recognition of SmartCentres and its iconic trademark Penguins.

SmartCentres is Canada's largest developer of retail real estate and the Platform that Calloway will acquire has developed a network of over 50 million square feet of retail space over the last 20 years, including more than 170 Walmart stores. It is currently providing its development, leasing and other property services to Calloway and other shopping centre clients.

More recently, SmartCentres has been increasing its focus on mixed use development through its SmartUrban brand. While, after the Proposed Transaction Calloway will continue to own and operate a large portfolio of open format shopping centres, in addition, it can now pursue new opportunities to develop and intensify various sites as well as continue the development of major opportunities such as its 50% interest in the Vaughan Metropolitan Centre project as part of approximately 7 million square feet (net of JV partners interests) of potential mixed use space already owned by Calloway.

"This is a major, transformational move forward for Calloway," said Huw Thomas, President and CEO, Calloway. "Our significantly enhanced portfolio of assets coupled with the internalization of capabilities from the acquisition of the Platform will help position us for the long-term. We will be able to better take advantage of new opportunities in the market and complete the entire development process in-house from the identification of new sites all the way through planning, development, construction, leasing and operations," Thomas added.

"I see this as the way forward. By combining these organizations, we will be very well positioned to capitalize on SmartREIT's growth potential," said Mitchell Goldhar, owner of SmartCentres. "Twenty years ago, SmartCentres introduced convenient value-oriented shopping centres to meet the needs of all Canadians. Value will continue to be relevant to all Canadians. SmartREIT will continue to be a clear leader in this space," added Goldhar.

"We are pleased to continue our successful relationship with SmartCentres and Calloway and look forward to their continued support with our Canadian business," said Dirk Van den Berghe, President and CEO, Walmart Canada.

Transaction Highlights

- **Large, High Quality Real Estate Portfolio -** Interests in 24 properties, including 22 shopping centres and two development properties. Of the shopping centres, 20 are anchored or shadow-anchored by Walmart, together with a mix of high quality national tenants consistent with Calloway's existing tenant mix.

- **Creates a Fully Integrated Retail Real Estate Platform -** Will allow Calloway to integrate all aspects of real estate development, leasing and operations into one business by acquiring the SmartCentres' Platform of intellectual property, contracts, and development and leasing expertise for $55 million. The Proposed Transaction will also enhance Calloway's existing strategic relationship with Walmart Canada, building upon the 20 year relationship between Walmart Canada and SmartCentres.

- **Enhanced Growth Opportunities** - The Properties include retail development potential of approximately 1.9 million square feet of gross leasable area, and internal capabilities acquired through the Platform that will allow Calloway to pursue a range of opportunities including greenfield developments and site intensification.

- **Accretive Transaction** - The Proposed Transaction is expected to be accretive to Funds From Operations ("FFO")* per unit and Adjusted Funds from Operations ("AFFO")* per unit excluding one-time transaction and integration costs.

- **Funding in place** - Arrangements are in place to fund the Proposed Transaction through a combination of assumed debt, the issuance of Class B LP units to SmartCentres and associated vendors, a $200 million bought-deal subscription receipt financing, cash on hand and by drawing on existing credit facilities.

- **New Name** – To reflect its enhanced capabilities and the considerable brand recognition of SmartCentres and its trademark Penguins, Calloway intends to change its operating name to SmartREIT and its ticker symbol to SRU.UN.

*FFO and AFFO are non-IFRS defined measures. See disclosure relating to these measures at the end of this press release.

Property Details

In addition to 20 open format Walmart Supercentre anchored or shadow-anchored shopping centres, Calloway will also add two development properties, one of which is Walmart shadow-anchored, one grocery anchored shopping centre and increase its interest in the recently opened Montreal Premium Outlet jointly owned with Simon Property Group from 25% to 50%.

The income producing portion of the Properties is being acquired for a capitalization rate of approximately 5.9%.

Interests in Property Portfolio to be Acquired	Number of Sites
Walmart anchored shopping centres	16
Walmart shadow-anchored shopping centres	4
Grocery anchored shopping centre	1
Development properties, of which 1 is Walmart shadow anchored	2
Interest in Montreal Premium Outlet	1

Following closing, on a *pro forma* basis, Calloway's portfolio will include 107 Walmart anchored or shadow anchored locations with 93 sites owned, representing 13.1 million square feet, further enhancing Calloway's position as Walmart Canada's most significant landlord.

The Properties, at Calloway's share collectively, will add 3.6 million square feet of leased retail area to the REIT's current 27.3 million square feet of largely open format shopping centre space, are 99.7% occupied, and have a weighted average lease term to maturity of 12.6 years. A further 1.9 million square feet is expected to be developed over time, 1.6 million square feet through on-balance sheet development and just under 0.3 million square feet through earnouts.

The Proposed Transaction will bring Calloway's total assets to in excess of $8.3 billion, representing approximately 31 million square feet of retail area, and land on which 4.6 million square feet of retail area is proposed to be developed, along with the existing land for additional mixed use density already noted.

Impact of the Proposed Transaction Properties

As noted, the Proposed Transaction will significantly increase the size of the REIT's real estate portfolio, with approximately 3.6 million incremental square feet of completed gross leaseable area in high-quality properties with significant development potential both in the acquired shopping centre properties and the development properties, one of which is adjacent to an existing Calloway owned shopping centre. The chart below sets out details as at March 31, 2015 on each of the properties to be acquired.

			Calloway GLA at Share (SF 000s)					
Acquisition Properties Shopping Centres	**Prov.**	**% Acquired**	**In Place**	**Development**	**Future Earnout**	**Total**	**Occ.**	**Major Tenants[1]**
Alliston SmartCentre	ON	100%	171	165	---	336	100%	Walmart Supercentre, Dollarama, Tim Hortons
Aurora North SmartCentre	ON	50%[2]	249	---	8	257	100%	Walmart Supercentre, RONA, Best Buy, Golf Town, LCBO
Blainville SmartCentre	QC	100%	176	39	---	215	100%	Walmart Supercentre, Dollarama, Bulk Barn, BNS, RBC
Bracebridge SmartCentre	ON	100%	142	62	---	204	100%	Walmart Supercentre, Dollar Tree, Boston Pizza, Bulk Barn
Bradford SmartCentre	ON	100%	238	184	---	422	100%	Walmart Supercentre, GoodLife Fitness, Dollarama, CIBC
Bramport SmartCentre (II)	ON	100%	38	---	---	38	100%	No Frills
Brampton Northeast SmartCentre	ON	100%	210	48	---	258	100%	Walmart Supercentre, GoodLife Fitness, LCBO, CIBC
Cornwall SmartCentre	ON	100%	164	32	---	196	100%	Walmart Supercentre, Dollar Tree
Laval Centre SmartCentre	QC	100%	160	102	---	262	100%	Walmart Supercentre
Markham East SmartCentre	ON	40%	69	---	69	138	100%	Walmart Supercentre, Dollar Tree, CIBC
Mascouche North SmartCentre	QC	100%	51	61	---	112	100%	Jean Coutu, Structube, McDonald's, Bulk Barn
Mississauga (Go Lands) SmartCentre	ON	50%[3]	56	---	3	59	100%	Toys R Us, Marshalls, Dollarama
Montreal Premium Outlet (Mirabel)	QC	25%[4]	91	---	25	116	90%	Hudson's Bay Outlet, Polo, Old Navy, Nike
Oakville SmartCentre	ON	100%[5]	445	---	110	555	100%	Walmart Supercentre, Loblaws, CIBC, The Beer Store
Oshawa North SmartCentre (II)	ON	100%	160	---	20	180	100%	Home Outfitters, Winners, PetSmart, Party Packagers
Oshawa South SmartCentre	ON	50%[2]	268	---	9	277	100%	Walmart Supercentre, Lowe's, Sail, CIBC, Dollarama
Port Elgin SmartCentre	ON	100%	116	---	---	116	100%	Walmart Supercentre
Stoney Creek SmartCentre	ON	100%	263	100	---	363	100%	Walmart Supercentre, Toys R Us, Dollar Tree, CIBC
Sylvan Lake SmartCentre	AB	100%	125	125	---	250	100%	Walmart Supercentre, Dollarama
Vaudreuil SmartCentre	QC	100%	15	39	---	54	100%	Brunet, Coco Fruitti
Vaughan Northwest SmartCentre	ON	100%	163	344	---	507	100%	Walmart Supercentre, CIBC
Waterloo SmartCentre	ON	100%	181	76	---	257	100%	Walmart Supercentre, Value Village, Mark's. Dollarama

Subtotal - Shopping Centres			**3,551**	**1,376**	**244**	**5,172**	**99.7%**	
Development Properties:								
Jonquiere SmartCentre[6]	QC	100%	36	134	---	170	---	---
Orleans SmartCentre (II)[6]	ON	60%	---	132	---	132	---	---
Total			**3,587**	**1,643**	**244**	**5,474**	**99.7%**	

Note: Data as at March 31, 2015
(1) Includes committed leases.
(2) Calloway currently holds a 50% leasehold interest in this property. Following the Proposed Transaction, Calloway will own a 50% freehold interest and will continue to have an option to acquire the remaining 50% freehold interest at the end of the term of the existing lease.
(3) Following the Proposed Transaction, Calloway will own 100% of this property as it currently owns the other 50%.
(4) Following the Proposed Transaction, Calloway will own 50% of this property as it currently owns a 25% interest.
(5) Calloway will enter into a lease for this property with an option to acquire the freehold interest at the end of the lease term.
(6) Development Properties expected to close 12-24 months post initial closing.

Tenant Mix

The following table illustrates the top ten tenants for the acquisition Properties as at March 31, 2015, in terms of their percentage contribution to gross rental revenues of the acquisition Properties:

Tenant	% of Gross Rental Revenues
Walmart	47.7%
Loblaw and Shoppers Drug Mart	4.1%
Toys R Us	2.5%
CIBC	2.3%
Dollarama	2.0%
RBC	1.6%
Winners	1.4%
RONA	1.4%
Home Outfitters	1.3%
Lowe's	1.3%
Total	**65.6%**

The following table illustrates, on a *pro forma* basis after giving effect to the Proposed Transaction, the top ten tenants for Calloway's Property Portfolio as at March 31, 2015, in terms of their percentage contribution to gross rental revenues of Calloway's Portfolio:

Tenant	% of Gross Rental Revenues
Walmart	26.9%
Canadian Tire, Mark's	4.7%
Winners, HomeSense, Marshalls	3.5%
Best Buy	2.6%
Reitmans	2.5%
Loblaw, Shoppers Drug Mart	2.4%
Sobeys	2.2%
RONA	2.0%
Michaels	1.5%
Staples	1.5%
Total	**49.8%**

The Proposed Transaction will significantly increase the REIT's gross leasable area and development pipeline while enhancing its weighted average lease term.

	As at December 31, 2014	Pro Forma
Total Properties, including development properties	128	149
Gross Leasable Area (square feet)	27.3 million	31.0 million
Weighted Average Lease Term to Maturity (years)	6.8 years	7.5 years
Future Estimated Retail Development Area (square feet)	2.7 million[1]	4.6 million[1]

(1) Excludes development opportunities with Mezzanine loans.

Organizational Matters

Following closing of the Proposed Transaction, the REIT plans to implement a new leadership structure reflecting the organization's enhanced capabilities and integrated nature. Huw Thomas will continue to lead the REIT as CEO. Peter Forde, currently Chief Operating Officer of SmartCentres, and Mauro Pambianchi, currently Chief Development Officer of SmartCentres, will be joining the existing Calloway senior executive team of Peter Sweeney as CFO and Rudy Gobin as EVP Asset Management, thus creating a very experienced and skilled executive team.

Immediately following closing of the Proposed Transaction, Goldhar will indirectly hold a 23% economic interest in Calloway compared to his current economic interest of 21%. Reflecting Goldhar's significant ownership position, as part of the Proposed Transaction certain governance rights including committee appointment rights based on ownership thresholds that Goldhar and related entities hold will be amended and extended. Goldhar and related entities' existing right to vote 25% of votes at meetings of unitholders will be extended for five years to July 2020. Further, Goldhar will enter into a five-year non-compete agreement with the REIT which effectively limits him from acquiring new retail assets of a similar nature to Calloway's and from acquiring retail development lands prior to providing Calloway with an opportunity to purchase them. Goldhar will however continue to own and develop 55 properties comprising 700,000 square feet of retail space and 850 acres of land utilizing the services of Calloway with its newly acquired SmartCentres Platform.

In addition SmartCentres Management Inc. has entered into a contract for five years for total consideration of $3.5 million per year, to provide a variety of master planning, strategic support and advice to Calloway, with particular emphasis on Calloway's emerging suite of high density mixed use (retail, office, and residential) projects at sites identified or to be identified across Calloway's portfolio.

Overall, Calloway will continue to benefit from Goldhar's unparalleled real estate and business knowledge as Chairman of the Board of Trustees, the REIT's largest unitholder and advisor, particularly on mixed use development.

Financing Details of the Proposed Transaction

The Proposed Transaction will be financed through a combination of approximately $644 million of assumed debt at a weighted average interest rate of 2.6%, cash from the sale of approximately $200 million of subscription receipts (the "Subscription Receipts") on a bought-deal basis, the issuance of approximately $160 million in Class B LP units of subsidiary Calloway limited partnerships to Mitchell Goldhar and certain of the other vendors at $28.70 per exchangeable Class B LP unit, equal to the price for the Subscription Receipts, with the balance funded with cash on hand and by drawing upon existing credit facilities.

Earnouts will be paid to Goldhar and certain of the other vendors in respect to approximately 0.3 million square feet of property upon achievement of certain development and leasing milestones. Earnouts are expected to be paid at an average cap rate of approximately 6.5%. Such payments will be satisfied in cash or, at the vendor's option, in part by limited partnership units issued at the then prevailing market trading prices of Units, and exchangeable into Units on a one for one basis.

Following the Proposed Transaction, *pro forma* debt-to-total aggregate assets is expected to be approximately 46%.

In order to finance a portion of the cash component of the purchase price of the Proposed Transaction and related costs, Calloway has agreed to sell, on a bought-deal basis by way of a prospectus supplement (the "Offering"), an aggregate of 6,970,000 Subscription Receipts at a price of $28.70 per Subscription Receipt for gross proceeds of approximately $200 million to a syndicate of underwriters (the "Underwriters") led by CIBC. The REIT has also granted the Underwriters an over-allotment option to purchase up to an additional 1,045,500 of Subscription Receipts (or in certain circumstances, Units) at the same offering price, exercisable no later than 30 days after the closing of the Offering which, if exercised in full, would bring the gross proceeds of the Offering to $230 million.

On closing of the Proposed Transaction: (i) one Unit will be automatically issued in exchange for each Subscription Receipt (subject to customary anti-dilution protection), without payment of additional consideration or further action by the holder thereof, (ii) an amount per Subscription Receipt equal to the amount per Unit of any cash distributions made by the REIT for which record dates have occurred during the period that the Subscription Receipts are outstanding, net of any applicable withholding taxes, will become payable in respect of each Subscription Receipt, and (iii) the net proceeds from the sale of the Subscription Receipts will be released from escrow to the REIT.

The net proceeds from the sale of the Subscription Receipts will be held by an escrow agent pending the fulfillment or waiver of all other outstanding conditions precedent to closing the sale of the Platform and the 22 shopping centre properties that make up a portion of the Proposed Transaction by Mitchell Goldhar and the material joint venture partners, including, among other things, receipt of all regulatory and government approvals required to finalize such sales. The development properties are not expected to close until later in 2015 and therefore are not required to close for the net proceeds from the sale of the Subscription Receipts to be released from escrow.

If the Proposed Transaction fails to close as described above by July 31, 2015, or the Proposed Transaction is terminated at an earlier time, the gross proceeds and pro rata entitlement to interest earned or deemed to be earned thereon, net of any applicable withholding taxes, will be paid to holders of the Subscription Receipts and the Subscription Receipts will be cancelled.

The Subscription Receipts will be offered in all provinces of Canada by way of a supplement to Calloway's base shelf prospectus dated November 29, 2013. The Offering is subject to the receipt of all necessary regulatory and stock exchange approvals, including the approval of the Toronto Stock Exchange (the "TSX"). Closing of the Offering is expected to occur on or about April 27, 2015.

Recommendation of Calloway's Board of Trustees and Unitholder Vote

SmartCentres and Goldhar are deemed to be related parties as defined under Multilateral Instrument 61-101 - *Protection of Minority Security Holders in Special Transactions* ("MI 61-101"). Due to the related party nature of the Proposed Transaction, a special committee (the "Committee") of Calloway's Trustees was formed in connection with the Proposed Transaction. Members of the Committee were Garry Foster, Chairman of the Committee, Michael Young and Kevin Pshebniski, all of whom are independent Trustees. The Committee was appointed to consider the Proposed Transaction, provide oversight of the process carried out by the REIT and its advisors and consider whether the Proposed Transaction is in the best interests of Calloway and make recommendations to the Board of Trustees of the REIT (the "Board") with respect to the Proposed Transaction. The Committee and the REIT are being advised by the REIT's counsel Osler, Hoskin & Harcourt LLP and by CIBC as financial advisor. Torys LLP is also acting as special legal counsel to the Committee.

The Committee determined that the Proposed Transaction is not subject to the special voting and formal valuation requirements of MI 61-101 by virtue of the market capitalization exemption for those requirements. Notwithstanding the REIT's ability to rely on this exemption, the Board has determined to seek Unitholder approval of the Proposed Transaction by a majority of minority vote, excluding Units held by Goldhar and related parties consistent with the majority of minority voting rules in MI 61-101 and TSX policy. In addition, at the meeting of Unitholder (the "Meeting"), approval of Unitholders to changes to Calloway's Declaration of Trust will be sought by majority of minority vote consistent with TSX policy to implement changes related to the Proposed Transaction, including amending and extending the governance rights of Goldhar and related entities. These changes also require approval by two-thirds of the votes cast by all Unitholders voting at the Meeting (including Goldhar) as required under the Declaration of Trust.

The vote on the Proposed Transaction is expected to take place at Calloway's annual and special meeting of Unitholders on May 26, 2015. If approved, the Proposed Transaction is expected to close by the end of May, 2015.

Although technically exempt from the valuation requirements of MI 61-101, the Committee also engaged valuators and an independent valuation of the Proposed Transaction was prepared by KPMG LLP ("KPMG") relying in part on an independent property appraisal prepared by Cushman & Wakefield Ltd. ("Cushman"). The Committee and the Board also received a fairness opinion from CIBC.

The Committee unanimously determined that in its view the Proposed Transaction is fair to Calloway's public Unitholders, is in the best interests of Calloway; and has unanimously recommended that the Board authorize Management to enter into the Proposed Transaction agreements and that the Board recommend that public Unitholders vote in favour of the Proposed Transaction at the Meeting. The independent Trustees of the Board have accepted such recommendations.

In delivering its recommendation to the Board, the Committee considered the fairness opinion provided by CIBC, the valuations and appraisal provided by KPMG and Cushman, the fact that the purchase price of the Proposed Transaction fell within the KPMG valuation range, the terms of the Proposed Transaction and related agreements, the governance rights of Goldhar, and such other considerations that it deemed relevant, including market and property-specific information, the benefits and the risks of the Proposed Transaction and discussions with senior management of Calloway and its professional advisors.

The Proposed Transaction also remains subject to TSX approval and Competition Act approval, among other customary closing requirements. There can be no assurance that regulatory approval will be obtained, closing conditions will be met or that the Proposed Transaction or a similar transaction will be consummated. Calloway has completed its diligence review of the Proposed Transaction.

Conference Call and Investor Presentation

Calloway will hold an investor and analyst call today, April 16, 2015 beginning at 5:00 p.m. Eastern Standard Time during which Management will discuss the Proposed Transaction, and related details. To access this call, dial 416-204-9269 or 1-800-499-4035.An investor presentation will be available by visiting the Investor Relations section of the REIT's investor website at www.callowayreit.com. Participants will be in listen mode only.

Non-IFRS Measures

Certain terms in this release, such as FFO and AFFO, are not generally accepted accounting principles (GAAP) defined under International Financial Reporting Standards (IFRS). However these are measures sometimes used by Canadian real estate income trusts (REITs) as indicators of financial performance. Calloway uses these measures to analyze operating performance. As one of the factors that may be considered relevant by prospective investors is the cash distributed by Calloway relative to the price of the units, management believes these measures are a useful supplemental measure that may assist prospective investors in assessing an investment in units. Calloway analyzes its cash distributions against these measures to assess the stability of the monthly cash distributions to Unit holders. As these measures are not standardized, as prescribed by IFRS, they may not be comparable to similar measures presented by other REITs. These measures are not intended to represent operating profits for the period nor should they be viewed as an alternative to net income, cash flow from operating activities or other measures of financial performance calculated in accordance with IFRS. A full definition of FFO and AFFO and examples of reconciliations of FFO and AFFO to the most directly comparable measure calculated in accordance with IFRS are provided in Calloway's most recent MD&A for the year ending December 31, 2014.

Forward-looking information

This press release may contain forward-looking statements. In some cases, forward-looking statements can be identified by the use of words such as "may", "will", "should", "expect", "plan", "anticipate", "believe", "estimate", "predict", "potential", "continue" and by discussions of strategies that involve risks and uncertainties. The forward-looking statements are based on certain key expectations and assumptions made by Calloway regarding, among other things, expected performance of the acquired properties and platform, the existence of further profitable development opportunities, the level of Walmart development opportunities, moderate increases in interest rates, the closing of the Offering, and the closing of the Proposed Transaction. By their nature, forward-looking statements and valuations involve numerous assumptions, inherent risks and uncertainties, both general and specific, that contribute to the possibility that the predictions, forecasts, projections and various future events will not occur. Although management believes that the expectations reflected in the forward-looking statements and valuations are reasonable, there can be no assurance that future results, levels of activity, performance or achievements will occur as anticipated. Neither Calloway nor any other person assumes responsibility for the accuracy and completeness of any forward-looking statements, and no one has any obligation to update or revise any forward-looking statement, whether as a result of new information, future events or such other factors which affect this information, except as required by law.

Non-solicitation

The securities offered pursuant to the Offering have not and will not be registered under the U.S. Securities Act of 1933, as amended, and may not be offered, sold or delivered in the United States absent registration or an applicable exemption from the registration requirements of U.S. securities laws. This news release shall not constitute an offer to sell or the solicitation of an offer to buy, which may be made only by means of a prospectus, the securities in any jurisdiction.

About Calloway

Calloway is one of Canada's largest real estate investment trusts with an enterprise value of approximately $7 billion. It owns and manages approximately 27 million square feet in 121 value-oriented principally Walmart anchored retail centres having the strongest national and regional retailers, as well as strong neighbourhood merchants. In addition, Calloway is a joint-venture partner in the Toronto and Montreal Premium Outlets. Calloway's vision is to provide a value-oriented shopping experience to Canadian consumers. For more information on Calloway, visit www.callowayreit.com.

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