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C.A. BANCORP INC.

ANNUAL INFORMATION FORM
for the Year Ended December 31, 2008

as at March 31, 2009

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C.A. BANCORP INC.

ANNUAL INFORMATION FORM

Wherever used in this Annual Information Form, the terms “**Company**” and “**C.A. Bancorp**” refers to C.A. Bancorp Inc., including its predecessor entities, except where the context otherwise requires.

Unless otherwise indicated, the information given in this Annual Information Form is given as of December 31, 2008, all dollar amounts herein are expressed in Canadian dollars and all references to shares, warrants and options are stated on a post-consolidation basis reflecting the consolidation of the Company’s shares on a 10-for-1 basis which took place on April 30, 2007.

CAUTION REGARDING FORWARD-LOOKING STATEMENTS

This Annual Information Form contains “forward-looking statements” that reflect the current expectations of management regarding the Company’s future growth, results of operations, performance and business prospects and opportunities. Forward looking statements are only predictions and are not guarantees of performance. Wherever possible, words such as “may”, “would”, “could”, “will”, “anticipate”, “believe”, “plan”, “expect”, “intend”, “estimate”, “aim”, “endeavour” and similar expressions have been used to identify these forward-looking statements. These statements reflect management’s beliefs with respect to future events and are based on information currently available to management. Forward-looking statements involve significant known and unknown risks, uncertainties and assumptions. Important assumptions relating to the forward-looking statements contained in this Annual Information Form include competitive and economic conditions. Many factors could cause our actual results, performance or achievements to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements, including, without limitation, those listed in the “Risk Factors” section of this Annual Information Form, elsewhere in our Management’s Discussion and Analysis for the year ended December 31, 2008 and elsewhere in our filings with Canadian securities regulators. Should one or more of these risks or uncertainties materialize, or should assumptions underlying the forward-looking statements prove incorrect, actual results, performance or achievements could vary materially from those expressed or implied by the forward-looking statements contained in this Annual Information Form. These factors should be considered carefully and prospective investors should not place undue reliance on the forward-looking statements. Although the forward-looking statements contained in this Annual Information Form are based upon what management currently believes to be reasonable assumptions, management cannot assure prospective investors that actual results, performance or achievements will be consistent with these forward-looking statements. The forward-looking statements included in this Annual Information Form are, unless otherwise indicated, made as of December 31, 2008 and are expressly qualified in their entirety by this cautionary language. The Company does not intend, and does not assume any obligation, to update or revise these forward-looking statements, except as required by law. The Company does not undertake to update any forward-looking statements, whether written or oral, that may be made from time to time, except as required by law; such statements speak only as of the date made.

CORPORATE STRUCTURE

Name, Address and Incorporation

C.A. Bancorp Inc. is a corporation existing under the *Business Corporations Act* (Alberta) (the “**ABCA**”). C.A. Bancorp is a publicly traded Canadian merchant bank and alternative asset manager that provides investors with access to a range of private equity and alternative asset class investment opportunities. The Company is focused on investments, either directly (“**Direct Investments**”) or through entities managed by it (“**Asset Management**”), in small- and middle-capitalization public and private companies with emphasis on the industrials, real estate, infrastructure and financial services sectors.

C.A. Bancorp’s revenues from its Direct Investments and Asset Management activities include dividends, interest, commissions and capital gains, as well as management fees on managed funds and entities. These diversified and recurring revenue streams have been designed to minimize volatility, reduce risk and maximize return on shareholders’ equity.

The head office of the Company is located at The Exchange Tower, 130 King St. West, Suite 2810, Toronto, Ontario M5X 1A4. The registered office of the Company is located at 3700 Canterra Tower, 400 Third Avenue SW, Calgary, Alberta T2P 4H2.

As at December 31, 2008, the Company had approximately \$531 million in gross assets invested (\$148 million on balance sheet including AgriFinancial Canada Corp. (“**AgriFinancial**”)) and under management (\$383 million). As at the date hereof, following the disposition of the Company’s interest in AgriFinancial Canada Corp. and the termination of Sentry Select Total Strategy Fund (“**Total Strategy**”) both of which occurred subsequent to the year ended December 31, 2008, the Company has approximately \$439 million in gross assets invested and under management.

Sentry Select Capital Corp. (“**Sentry Select**”) provides management and administrative services to the Company. Sentry Select is a portfolio manager and mutual fund dealer engaged in the business of sponsoring and managing investment funds in Canada. The Company has entered into management and administration agreements with Sentry Select in order to access Sentry Select’s investment, advisory and administrative expertise. See “Description of the Business - Management and Administration Agreements with Sentry Select”.

On January 17, 2006, the Company changed its name from “Masthead Resources Ltd.” to “C.A. Bancorp Inc.” pursuant to articles of amendment filed under the ABCA. Masthead Resources Ltd. (“**Masthead**”) was incorporated pursuant to the ABCA on March 29, 2005 as “Master Mines and Metals Inc.” Masthead filed articles of amendment changing its name to “Master West Resources Inc.” on April 19, 2005, changing its name to “Masthead Resources Ltd.” on April 27, 2005, and removing its private company restrictions on June 13, 2005.

On April 30, 2007, the Company filed articles of amendment consolidating the Common Shares on a ten-to-one basis and reorganizing the authorized capital of the Company by: (i) deleting the class of first preferred shares; and (ii) creating an unlimited number of Class A preference shares, Class B preference shares and Class C preference shares. See “Description of Capital Structure”. On April 30, 2007, the Common Shares were listed on the Toronto Stock Exchange (“**TSX**”) under the symbol “BKP”, and the Company concurrently delisted from the TSX Venture Exchange (“**TSXV**”).

On May 1, 2008, the Company filed articles of amendment adding a mandatory market purchase plan (“**MMPP**”) feature. Pursuant to the MMPP, if at any time the price at which the Company’s common shares (the “**Common Shares**”) are offered for sale on the TSX is at or less than 90% of the net book value per Common Share as reported in the most recently published interim or annual financial statements of the Company, then, subject to certain conditions, the Company will use its best efforts to purchase for cancellation any such Common Share offered in the market at the then prevailing market price subject to a maximum in any calendar quarter of 1.25% of the total number of Common Shares that were outstanding at the beginning of the calendar quarter. To be in effect, the MMPP must be approved by a special resolution of shareholders at the Company’s most recent annual meeting.

Inter-corporate Relationships

As at December 31, 2008, the Company had six principal operating subsidiaries: C.A. Bancorp Ltd. (“**CAB Ltd.**”), C.A. Bancorp Realty Finance Inc. (“**Realty Finance**”), C.A. Realty Management Inc. (“**CARM**”), C.A.B. Barlow Holdings Corp. (“**Barlow Holdings**”), C.A. Bancorp Telecom Inc. (“**Telecom Inc.**”), and C.A. Bancorp Financial Corp. (“**Financial Corp.**”). Effective January 30, 2009, the Company sold its interest in Financial Corp. See “Development of the Business – Disposition of AgriFinancial Canada Corp.”

In addition, the Company is a significant unitholder of Charter Real Estate Investment Trust (“**Charter REIT**”) and is a significant shareholder in C.A. Bancorp Canadian Realty Finance Corporation (“**CRFC**”). See “General Development of the Business – Investment in Charter REIT” and “General Development of the Business - Investment in CRFC”.

The Company is also invested in two capital pool companies (“**CPCs**”): Global Alternative Investments Inc. and Universal Infrastructure Corp. See “General Development of the Business – Investment in Global Alternative Investments Inc. and General Development of the Business – Investment in Universal Infrastructure Corp.”

C.A. Bancorp Inc. and its Subsidiaries

Below is information about the inter-corporate relationships among the Company, its principal subsidiaries and other entities in which the Company is a significant shareholder.

Subsidiary	Jurisdiction of Incorporation	Percentage Votes Held (%)¹
C.A. Bancorp Ltd.	Ontario	100
C.A. Bancorp Realty Finance Inc.	Ontario	100
C.A. Realty Management Inc.	Ontario	100
C.A.B. Barlow Holdings Corp.	Ontario	100
C.A. Bancorp Telecom Inc.	Ontario	100
C.A. Bancorp Financial Corp.	Canada	90
Charter Real Estate Investment Trust	Ontario	33
Universal Infrastructure Inc.	Alberta	27
Global Alternative Investments Inc.	Alberta	27
C.A. Bancorp Canadian Realty Finance Corporation	Ontario	27 ²

A description of each of C.A. Bancorp's principal subsidiaries is set out below.

C.A. Bancorp Ltd.

The Company's wholly-owned subsidiary CAB Ltd. is registered as a Limited Market Dealer and an Investment Counsel and Portfolio Manager with the Ontario Securities Commission. CAB Ltd. is the manager of CRFC and receives net management fees of 0.90% per annum on the gross unconsolidated assets of CRFC. The Company took the initiative in funding and organizing CRFC and as such is a promoter of CRFC within the meaning of applicable securities laws.

C.A. Bancorp Realty Finance Inc.

The Company's wholly-owned subsidiary Realty Finance is a licensed mortgage broker (license no. 10819) with the Financial Services Commission of Ontario. Realty Finance provides commercial mortgage brokerage services to a variety of real estate borrowers in Canada, and earns commissions in return for providing these services.

C.A. Realty Management Inc.

The Company's wholly-owned subsidiary CARM provides strategic, advisory, asset management and administrative services to Charter REIT and receives an ongoing management fee of 0.30% per annum on the adjusted book value of Charter REIT's real estate assets (the total undepreciated cost base) and a one-time acquisition fee of 0.50% of the property cost of all real property acquired by Charter REIT and/or its subsidiaries. The following summary is qualified in its entirety by the terms of the management agreement between CARM and Charter REIT, a copy of which can be obtained under the Company's profile on SEDAR at www.sedar.com. Charter REIT is listed on the TSXV under the symbol CRH.UN.

¹ Percentage of votes attaching to all voting securities of the subsidiary beneficially owned or controlled or directed, directly or indirectly, by the Company.

² Represents equity interest not votes held.

C.A.B. Barlow Holdings Corp.

The Company's wholly-owned subsidiary Barlow Holdings, owns 85% of the issued and outstanding shares of one of the Company's investee companies, Barlow Capital Management Inc. ("**Barlow**"). See "General Development of the Business – Investment in Barlow Capital Management Inc."

C.A. Bancorp Telecom Inc.

The Company's wholly-owned subsidiary Telecom Inc. was formed as a holding company to invest in one of the Company's investee companies, Windward Telecom Limited. See "General Development of the Business – Investment in Windward Telecom Limited".

C.A. Bancorp Financial Corp.

As at December 31, 2008 and until January 30, 2009, the Company owned a majority interest in Financial Corp. Financial Corp. in turn owned 100% of AgriFinancial which held the businesses of Agrifinance and AgriCard. C.A. Bancorp and Total Strategy Fund, a fund managed by the Company were the sole shareholders of Financial Corp., with C.A. Bancorp holding approximately 90.5% and Total Strategy Fund holding approximately 9.5% of Financial Corp.'s issued and outstanding shares.

For information on the Company's holdings in Charter REIT, Universal Infrastructure Corp., Global Alternative Investments Inc. and CRFC, see "General Development of the Business".

GENERAL DEVELOPMENT OF THE BUSINESS

Since its inception, C.A. Bancorp has been implementing its business plan (described under "Description of the Business"), by assembling its management and investment team, building its direct investments portfolio and developing alternative asset investment vehicles. The development of the Company over the last three years is described below. The description is divided into three parts: (1) Financings: detailing the Company's fund raising activities, (2) Direct Investments: detailing the Company's investments in private and public entities and (3) Asset Management: detailing the Company's fund management activities.

Financings

The Company completed a qualifying transaction (the "**Qualifying Transaction**") on January 26, 2006 in accordance with TSXV Policy 2.4 - *Capital Pool Companies* ("**TSXV Policy 2.4**"). Pursuant to a fund acquisition agreement (the "**Fund Acquisition Agreement**") with Sentry Select Wealth Management Fund (the "**Fund**") dated January 26, 2006, the Company acquired all of the assets of the Fund in exchange for 451,638 Common Shares and 451,638 common share purchase warrants of the Company (each, a "**Warrant**"). In addition, pursuant to a share purchase agreement (the "**Bancorp Share Purchase Agreement**") with Petro Assets Inc. dated January 26, 2006, the Company acquired all of the issued shares of C.A. Bancorp Ltd. in exchange for 339,991 Common Shares and 339,991 Warrants. Each Warrant entitled the holder thereof to purchase one Common Share for \$3.50 until January 26, 2007. See "Significant Acquisitions".

The Company completed a prospectus offering on November 27, 2006, which together with the exercise of the agents' over-allotment option on December 18, 2006 raised gross proceeds of \$38,751,177 on the issuance of 12,924,059 Common Shares at \$3.00 per Common Share.

As of April 30, 2007, C.A. Bancorp completed a 10-for-1 share consolidation reducing the number of outstanding Common Shares from 141,741,703 to 14,174,171 where shareholders received 1 post-consolidation Common Share for every 10 pre-consolidation Common Shares. As of that date, the Company's Common Shares were listed for trading on the TSX. April 27, 2007 was the last day the Company's Common Shares were listed for trading on the TSXV.

On June 29, 2007, the Company closed a public offering issuing 14,500,000 Common Shares from treasury raising gross proceeds of \$47.85 million at \$3.30 per Common Share. On July 25, 2007, an additional 410,000 Common Shares were issued for gross proceeds of \$1.35 million pursuant to the exercise by the agents of the over-allotment option.

The Company has acted as a sponsor to the financings completed by Charter REIT and CRFC. See “Investments in Public Entities”.

Direct Investing

The Company focuses its efforts on both public and private companies which the Company believes: 1) present unique growth opportunities, 2) are under-valued and/or under-performing due to poor management execution or inappropriate capital structure, or 3) are undergoing a significant transition, such as a change in senior management or succession in ownership.

Since inception, the Company has experienced significant small- to mid-cap sized private company investment deal flow (buy out, refinancing and growth situations), with many proprietary opportunities arising out of management’s relationships. Management has developed a rigorous process to qualify new investment opportunities before they enter into the deal pipeline. Once qualified, a deal team is assigned to execute the Company’s investment review process with the goal of structuring, closing and managing private investments that have the potential to create value for the Company’s shareholders.

The Company has also made investments in a number of public companies under different investment theses. Such investments since inception have been made under the thesis of pursuing an investment strategy, such as a going-private transaction that may be initiated by the Company on its own or with a partner. Throughout 2008, the Company liquidated substantially all of its portfolio of public investments. See “Public Portfolio” below.

An overview of the Company’s direct investments to date is set out below:

Investments in Private Entities

Investment in High Fidelity HDTV Inc. – July 2007

In July 2007, the Company made a \$2.75 million investment in High Fidelity HDTV Inc. (“**High Fidelity**”) alongside a \$1.25 million investment made by Total Strategy Fund. Effective March 6, 2009, the Company purchased Total Strategy Fund’s investment in High Fidelity, resulting in an aggregate investment of \$4 million by C.A. Bancorp. See “Asset Management – Sentry Select Total Strategy Fund”.

High Fidelity is a privately held, Toronto-based, company that produces specialty television channels in High Definition (HD) format. High Fidelity currently has four HD channels and 10 additional licence approvals from the Canadian Radio-television and Telecommunications Commission.

Acquisition of AgriFinancial Canada Corp. – October 2007

In October 2007, C.A Bancorp and Total Strategy Fund, through AgriFinancial, a newly created subsidiary, acquired the agricultural financial service businesses of Agrifinance and AgriCard which totaled approximately \$90 million including closing costs. The acquisition served as an investment in the financial services sector for C.A. Bancorp. The \$90 million acquisition and closing costs were financed by approximately \$78.5 million of debt, the assumption of certain liabilities, and the investment of \$10.5 million of equity. AgriFinancial was sold to a third party on January 30, 2009. See “Disposition of AgriFinancial Canada Corp.”

Investment in Bermingham Foundation Solutions – November 2007

In November 2007, C.A. Bancorp invested in Bermingham Foundation Solutions (“**Bermingham**”). The Company made its \$9.2 million investment alongside a \$0.8 million investment by Total Strategy Fund. Effective March 6, 2009, the Company purchased Total Strategy Fund’s investment in Bermingham resulting in an aggregate investment of \$10 million by C.A. Bancorp. See “Asset Management – Sentry Select Total Strategy Fund”.

Birmingham is a leader in the specialized foundation industry; manufacturing customized pile driving equipment for sale or lease in 49 countries around the world, and providing specialized foundation construction services, employing Birmingham equipment, to clientele in the infrastructure, real estate, and energy sectors.

Investment in Kingswood Estates (Formerly Kingswood Apartment Complex) – January 2008

In January 2008, C.A. Bancorp closed its investment in a newly formed limited partnership (“**Real Estate LP**”) that acquired a 360-unit apartment complex in Kitchener, Ontario (“**Kingswood Estates**”) for an aggregate purchase price of \$23 million, before closing costs. C.A. Bancorp holds an 80% interest in the Real Estate LP with Centurion Apartment Properties Limited Partnership (“**Centurion LP**”) who acts as both the general partner and a limited partner of Kingswood Estates, holding 10% and the remaining 10% being held by a third party investor. C.A. Bancorp invested \$6.0 million to acquire the 80% limited partnership interest in Real Estate LP, with the residual \$1.5 million equity interest being invested by Centurion L.P. and a third party investor. The balance of the \$23 million purchase price was financed by the assumption of two existing mortgages on the Kingswood Estates.

The Kingswood Estates property consists of a freehold interest in eight garden-style apartment buildings on 16 acres of land, with an average of 45 units per building, located on Kingsway Drive in Kitchener, Ontario. The property is strategically located in the south-end of Kitchener with excellent access to Highway 401, Highway 8, and the Conestoga Parkway. The apartment buildings are comprised of one and two bedroom units.

Investment in Windward Telecom Limited – February 2008

In February 2008, C.A. Bancorp, through its wholly owned subsidiary, C.A. Bancorp Telecom Inc., closed a U.S. \$700,000 investment in Windward. C.A. Bancorp pre-funded U.S. \$200,000 of this investment in November 2007 to cover certain equipment expenditures required by Windward.

Windward is a low-cost wholesale provider of telecommunications services utilizing dedicated high capacity fiber optic cable, providing customers with high volume voice and data services to and from the Republic of Trinidad and Tobago. Windward’s network includes leased dedicated capacity on submarine fiber optic cable, as well as ownership of related hardware and software located in Florida and Trinidad. As a wholesale service provider, Windward seeks to provide services to call originators and terminators such as Teleglobe, British Telecom and Sprint and to those in the Republic of Trinidad and Tobago including the local Trinidad based landline and mobile telephone companies.

Investment in Salbro Bottling Group – February 2008

In February 2008, C.A. Bancorp made a \$3.6 million growth capital investment alongside a \$0.4 million investment by Total Strategy Fund in the Salbro Bottling Group (“**Salbro**”), a group of privately held companies based in Toronto, Ontario, which serves the packaging industry. Effective March 6, 2009, the Company purchased Total Strategy Fund’s investment in Salbro resulting in an aggregate investment of \$4 million by C.A. Bancorp. See “Asset Management – Sentry Select Total Strategy Fund”.

Salbro is an established designer, manufacturer, and distributor of packaging components, specializing in glass and plastic bottles. Serving a broad set of sectors, Salbro products form part of the packaging for many household brand name products.

Investment in and Subsequent Sale of Commercial Real Estate Loans – February 2008

The Company started a commercial real estate lending business in 2007 focused on smaller value and shorter-term mortgages and loans. The intent was to build up a portfolio of commercial mortgages and loans in anticipation of starting a fund targeted for the retail investor to gain exposure to the performance of these types of mortgages and loans.

In February 2008, the Company had twelve real estate loans totalling \$12.7 million outstanding. The portfolio was sold to a limited partnership managed by CAB Ltd. on February 22, 2008 in conjunction with the closing of the initial public offering (“**IPO**”) of CRFC. The purchase price was the aggregate carrying value (including principal outstanding, less any unearned income plus any accrued interest) of the loans. See “Conflicts of Interest” and “Asset Management – C.A. Bancorp Canadian Realty Finance Corporation”.

Investment in Everus Communications Inc. – June 2008

In June 2008, C.A. Bancorp closed a \$5 million growth capital investment and commitment to invest in Everus Communications Inc. (“**Everus**”), a wireless broadband internet service provider to rural communities in Southwestern Ontario.

Based in Kitchener Ontario, Everus uses WiMAX technology to provide affordable, accessible and efficient broadband internet access connections and related services to both residential and business customers who are not currently served by conventional infrastructure (cable or telephone) at speeds and service quality comparable to the incumbent telecommunications providers.

Acquisition of Barlow Capital Management Inc. – July 2008

In July 2008, C.A. Bancorp, through a newly created subsidiary, Barlow Holdings, completed a \$2.9 million transaction to acquire 85% of the issued and outstanding shares of Barlow Capital Management Inc. (“**Barlow**”). Barlow’s management team own the remaining 15%.

Barlow is a fee-for-service boutique investment counsel and portfolio manager with exclusive focus on providing endowment style investment management services to high net worth Canadian investors and families.

Investment in Waterfall Investments Inc. – September 2008

In September 2008, C.A. Bancorp through a newly created subsidiary acquired a 33.3% interest in Waterfall Investments Inc. (“**Waterfall**”). Sentry Select holds the remaining 66.7% interest. Waterfall is a hedge fund manager registered as an Investment Counsel and Portfolio Manager and Limited Market Dealer with the Ontario Securities Commission.

Investment in Digital Payment Technologies Corp. – November 2008

In November 2008, C.A. Bancorp completed a \$3 million investment and conditional commitment for an additional \$3 million investment in Digital Payment Technologies Corp. (“**DPT**”), a privately held company based in Vancouver, British Columbia. The Company advanced an additional \$0.5 million to DPT in December 2008 and \$1.75 million in February 2009.

DPT is a leader in electronic parking systems, specializing in the design, manufacture, and distribution of multi-space pay station hardware, software, and related online management solutions. DPT provides its customers with reliable, flexible, easy-to-use systems that increase revenues, lower costs and dramatically increase management control of parking assets.

Disposition of AgriFinancial Canada Corp. – January 2009

On January 30, 2009, C.A. Bancorp completed the sale of AgriFinancial to Bank West, a wholly-owned subsidiary of Western Financial Group Inc. C.A. Bancorp received approximately \$18.40 million in cash and \$0.13 million in loans receivable for total net consideration of \$18.53 million. Total Strategy Fund received approximately \$1.95 million in cash. The purchase price is subject to post-closing adjustments based on the net book value of the AgriFinancial as at end of day, January 30, 2009. The transaction was effected through a sale of all of the issued and outstanding shares Financial Corp. Financial Corp. owned all of the issued and outstanding shares of AgriFinancial.

C.A. Bancorp and Total Strategy Fund collectively generated a net profit on the original invested capital (before any purchase price adjustments and taxes) of \$10.5 million representing an IRR of approximately 75% or two times invested capital.

Investments in Public Entities

Investment in Charter REIT – 2006

The Company completed its first CPC transaction on September 14, 2006, when it acquired 2,500,000 common shares of Charter Realty Holdings Ltd. (“**Charter**”). The Company purchased an additional 9,500,000 common shares of Charter on February 23, 2007, as part of Charter’s qualifying transaction. On May 10, 2007, Charter converted into a Real Estate

Investment Trust (being Charter REIT). As of May 14, 2007, the units of Charter REIT began trading on the TSXV under the symbol CRH.UN. Under a plan of arrangement, every 10 common shares of Charter were exchanged for one unit of Charter REIT. On June 21, 2007, the Company subscribed for 296,000 units of Charter REIT. On August 9, 2007, the Company subscribed for an additional 4,347,826 units of Charter REIT. Commencing in March 2008, the Company elected to participate in Charter REIT's distribution reinvestment and optional unit purchase program with respect to approximately 18% of the Charter REIT units it holds.

The Company currently holds approximately 33% of Charter REIT's issued and outstanding units and has invested a total of approximately \$18 million in Charter REIT. Charter REIT is focused on acquiring a portfolio of retail and mixed-use retail real estate, generally in the mid-market deal size range of \$10 to \$40 million, comprised of stable cash-flow and value added properties from both primary and secondary markets throughout Canada.

Public Portfolio – November 2007

The Company has been gradually liquidating its portfolio of publicly traded securities (excluding Charter REIT, CRFC and the CPCs) from the peak of approximately \$37.5 million reached in the third quarter of 2007 to \$2.0 million as at December 31, 2008. As a result of the historic volatility in the equity markets and the drop in market prices within the Public Portfolio, the Company expedited the liquidation and expects to liquidate the remainder of the Public Portfolio in 2009 with the exception of any investment which the Company has identified as being strategic in nature.

A number of the smaller capitalization income trust names the Company held in its Public Portfolio in 2008 were "toehold" or "event/catalyst" type positions (namely, owning up to 5% of the shares or units of a small capitalization corporation or income trust, in support of a C.A. Bancorp strategy to effect a material change in the direction of the entity, including the possibility of a merger, going-private transaction or a material change in the entity's strategy necessitating a change in the entity's board of directors). The Company also held positions in larger cap high yield investments that were perceived to be lower volatility investments that could continue to produce steady income.

Investment in Universal Infrastructure Corp. – December 2006

Universal Infrastructure Corp. ("**Universal**") has been established by C.A. Bancorp as an investment vehicle to focus on investments in infrastructure businesses, including power generation, transportation systems, railroad and shipping assets and various communication, toll road and utility-based companies. The Company purchased 950,000 common shares of Universal at \$0.10 per share, as founders' capital. Universal closed its IPO on December 4, 2006, raising \$300,000 by issuing 1.5 million common shares at \$0.20 per share. As a result of these transactions, the Company holds 27% of the issued common shares of Universal. Universal was granted a six month extension to the deadline to complete its qualifying transaction pursuant to the TSX Venture Exchange's Notice entitled "Temporary Relief Measures". Universal will be required to complete a qualifying transaction by July 12, 2009. There can be no assurance that Universal will complete a qualifying transaction by this deadline. It is anticipated that the Company will enter into a management agreement with Universal upon completion of its qualifying transaction pursuant to which, among other things, certain investment opportunities identified by the Company that are within Universal's investment mandate will first be offered to Universal.

Investment in Global Alternative Investments Inc. – December 2006

Global Alternative Investments Inc. ("**Global**") has been established by C.A. Bancorp as an investment vehicle to raise equity capital outside of North America to make alternative investments in various offshore asset classes. The Company purchased 950,000 common shares of Global at \$0.10 per share, as founders' capital. Global closed its IPO on December 4, 2006, raising \$300,000 by issuing 1.5 million common shares at \$0.20 per share. As a result of these transactions, the Company holds 27% of the issued common shares of Global. Global was granted a six month extension to the deadline to complete its qualifying transaction pursuant to the TSX Venture Exchange's Notice entitled "Temporary Relief Measures". Global will be required to complete a qualifying transaction by July 12, 2009. There can be no assurance that Global will complete a qualifying transaction by this deadline. It is anticipated that the Company will enter into a management agreement with Global upon completion of its qualifying transaction pursuant to which, among other things, certain investment opportunities identified by the Company that are within Global's investment mandate will first be offered to Global.

Investment in C.A. Bancorp Canadian Realty Finance Corporation – February 2008

CRFC is a mutual fund corporation created to provide its shareholders with exposure to the investment performance of an actively managed portfolio of secured loans and mortgages in the Canadian commercial real estate sector on a tax-efficient basis.

Upon closing of CRFC's IPO in February, 2008 and including the exercise by the agents of their over-allotment option, C.A. Bancorp subscribed for 766,160 Class A shares of CRFC at \$10.25 per share for a total investment of \$7.85 million. On March 20, 2008, upon the exercise by the agents of their over-allotment option, C.A. Bancorp subscribed for an additional 40,000 Class A shares at \$10.00 per share for a total of \$400,000. The net proceeds of the issuance of Class A shares, after deducting expenses of the offering, equalled at least 11.1% of the gross proceeds of the Preferred Shares, Series 1 of CRFC (the "**Preferred Shares**"). At the time and until the Unit Offering described below, C.A. Bancorp was the sole holder of Class A shares of CRFC. Pursuant to a commitment agreement dated January 31, 2008, between the Company and CRFC (the "**Commitment Agreement**"), C.A. Bancorp agreed to subscribe, or arrange subscriptions, for additional Class A shares of CRFC on a quarterly basis such that the net asset value of CRFC less deferred issue expenses plus the original issue price of the outstanding Preferred Shares (the "**Original Preferred Share Issue Price**") would not be less than 111% of the Original Preferred Share Issue Price. See "Material Contracts".

In September 2008, C.A. Bancorp subscribed for an additional 200,000 Class A Shares as well as 200,000 Warrants by subscribing for 200,000 Units under CRFC's September 2008 public offering of Units (the "**Unit Offering**"). Each Unit offered consisted of one Class A Share stapled to one Warrant to purchase a Preferred Shares at a price of \$23.75 up to and including September 11, 2011.

In aggregate C.A. Bancorp holds 966,160 Class A Shares and 200,000 Warrants at a total investment cost of approximately \$9.85 million in CRFC.

Asset Management

The Company believes that establishing funds, raising capital and providing ongoing management are integral components of its business model. This includes public and private funds targeting both retail and institutional investors. The Company continues to explore new fund opportunities that will generate management and performance fees. Managed funds are intended to maintain the Company's typical investment objectives and provide investors with exposure to alternative asset classes.

Sentry Select Total Strategy Fund – July 2006 to March 2009

C.A. Bancorp's first structured product, the Total Strategy Fund was terminated effective as at the date hereof. The Company was the manager of the Total Strategy Fund and earned asset management fees and performance fees. Total Strategy Fund raised net proceeds of \$51.4 million in 2006, up to 25% of which were targeted for investment in private entities. The Company engaged Sentry Select as the investment manager and paid Sentry Select 6/11ths of the management fee the Company earned. On February 29, 2008, 3,889,011 or approximately 71% of Total Strategy Fund's units were redeemed in connection with its annual redemption. As a result, the net assets of the Total Strategy Fund were reduced to approximately \$15.9 million post-redemption.

C.A. Bancorp as manager of the Total Strategy Fund held a special meeting of Total Strategy Fund unitholders in May, 2008 at which unitholders voted to terminate Total Strategy Fund.

The Company then instructed Sentry Select, as investment manager of Total Strategy Fund, to sell and convert to cash, to the extent possible and in an orderly manner, the property of the fund in an attempt to complete the conversion to cash by the termination date. Total Strategy Fund substantially completed the liquidation of its public portfolio in the second quarter of 2008 and paid a special distribution of \$7.00 per unit on August 15, 2008 to unitholders of record on July 31, 2008.

As of December 31, 2008, the Total Strategy Fund was valued at approximately \$5.9 million based on net asset value and had approximately \$3.6 million invested in its private portfolio.

The Company made an offer to purchase the investments in private entities held by Total Strategy Fund (other than AgriFinancial), being Bermingham, High Fidelity and Salbro (the “Offer”). In March 2009, the Company completed the purchase of the investments in private entities pursuant to the Offer. The sale of Total Strategy Fund’s investment in AgriFinancial was completed in January 2009 and the sale of its remaining investment in private entities to the Company pursuant to the Offer was completed in March 2009. See “Conflicts of Interest”.

Total Strategy Fund issued a final distribution immediately prior to winding-up the fund in an amount equal to its remaining net assets which equalled \$3.84 per unit. The liquidation and termination of the Total Strategy Fund were completed effective March 31, 2009.

C.A. Bancorp Canadian Realty Finance Corporation

CRFC completed its IPO of Preferred Shares in February 2008, followed by a subsequent offering of Units in September 2008. See “Investment in C.A. Bancorp Canadian Realty Finance Corporation” above. CRFC was created to provide shareholders with exposure to the investment performance of an actively managed portfolio of secured loans and mortgages in the Canadian commercial real estate sector on a tax-efficient basis.

CAB Ltd. is the manager of CRFC and gross annual management fees of 1.20% on the total assets in CRFC. CAB Ltd. pays Sentry Select a fee for certain administration services in relation to CRFC equal to 0.30% of the total assets in CRFC.

The gross annual management fees earned by CAB Ltd. are provided for pursuant to the terms of an amended and restated management agreement dated September 10, 2008 between CAB Ltd. and CRFC (the “**CRFC Management Agreement**”) whereby CRFC pays CAB Ltd. an annual management fee of 0.60% of the Adjusted Net Asset Value of CRFC (a portion of which is then paid to Sentry Select for sales, marketing, investor relations and administrative services) and pursuant to the terms of an investment advisor agreement among CAB Ltd. and C.A.B. Realty Finance L.P. dated February 22, 2008 (the “**CRFC Investment Advisor Agreement**”) whereby C.A.B. Realty Finance L.P. pays CAB Ltd. an annual management fee of 0.60% of Adjusted Net Asset Value of CRFC plus applicable taxes. See “Material Contracts” below.

Charter Real Estate Investment Trust

Charter REIT is an open-end real estate investment trust focused on acquiring a portfolio of retail and mixed-use retail community and neighbourhood centres, generally in the mid-market deal size range of \$10 to \$40 million, from both primary and secondary markets across Canada. Pursuant to the terms of a management agreement (the “**Charter Management Agreement**”), the Company’s wholly-owned subsidiary, CARM provides management and administrative services to Charter REIT for an annual fee of 0.30% of the adjusted book value of Charter REIT’s assets, paid quarterly in arrears, and an acquisition fee equal to 0.50% of the property cost of all real property acquired by Charter REIT during each calendar quarter. The initial term of the management agreement expires on March 27, 2012, and will renew automatically for successive three year terms, subject to termination by either party as set out in the agreement.

CARM provides the services of Ari Silverberg, President and Chief Operating Officer of Charter REIT, and Floriana Cipollone, Chief Financial Officer of Charter REIT, among others, to Charter REIT. Mr. Silverberg and Ms. Cipollone joined Charter in September 2006 and January 2007, respectively, and were integral to the completion of Charter’s qualifying transaction and conversion into a REIT. Mr. Silverberg has significant experience in negotiating, structuring and managing real estate transactions. These employees are employed by Sentry Select and provided to CARM pursuant to the terms of the Administration Agreement.

The Company, CARM and Charter REIT have entered into a non-competition agreement pursuant to which the Company and CARM have agreed not to, directly or indirectly, create, manage or provide strategic, advisory or management services to another person that carries on the business of (and will not themselves engage in the business of) acquisition, development and/or management of commercial or mixed use real estate property in Canada. The non-competition agreement will terminate at the latest on the date that is one year after the termination of the Charter Management Agreement, and may terminate earlier in certain circumstances.

DESCRIPTION OF THE BUSINESS

Business Overview

C.A. Bancorp's business model is based on two types of revenue generating investment activities:

- (i) direct investing to generate capital gains realized from the sale of investments and interest payments, management fees, syndication fees and dividends paid by portfolio companies; and
- (ii) asset management to generate management fees and performance bonuses paid by alternative asset investment funds managed and/or sponsored by C.A. Bancorp.

C.A. Bancorp's direct investing activities focus on investments in the private and public small- to middle-markets with emphasis on the industrials, real estate, infrastructure and financial services sectors. C.A. Bancorp's management team has developed strategic relationships across these industry segments, having successfully completed over the course of their careers investments in a variety of these industries. It is expected that C.A. Bancorp's dedicated management team will enable it to continue to acquire, develop and manage a portfolio of diverse investments.

C.A. Bancorp's direct investing activities include both longer term, private equity style investments, shorter term toehold investments in public companies (intended to facilitate a potential private equity transaction or activist/catalyst strategy), as well as longer term "platform" investments that are integral to the Company's long term strategy.

C.A. Bancorp's private equity investments may be made to finance buy-outs, growth capital, restructurings, refinancings, privatizations and management buy-outs. C.A. Bancorp seeks to invest between \$500,000 to \$20 million of its own capital in each transaction. C.A. Bancorp pursues investments that it believes will generate a minimum return of 1.5 times invested capital, with a typical range of 1.5 to 3.0 times invested capital (representing approximately 15% to 30% annual returns depending upon the length of time that the investment is held). However, there can be no assurance that such returns will be achieved. In order to finance its direct private equity investing activities, the Company may be required to raise capital from time to time. See "Risk Factors".

Platform investments may include control or minority investments in companies that management believes will provide the Company with both superior returns as well as strategic benefits. These benefits may include access to expertise, access to capital or providing the Company with the ability to leverage its core investment management expertise.

As part of its asset management activities, the Company intends to manage and/or sponsor private equity funds and other alternative asset investment funds for institutional, high net worth and retail investors. It is anticipated that C.A. Bancorp will make investments through or in conjunction with such investment funds. C.A. Bancorp may establish investment funds to complete specific acquisitions or to carry out a specific mandate to seek out investment opportunities.

C.A. Bancorp manages and/or sponsors structured alternative asset investment funds, which have been and may in the future be offered in conjunction with Sentry Select, designed to provide investors with exposure to investments that are not generally available from traditional public markets.

The alternative asset investment funds managed and/or sponsored by C.A. Bancorp will generally follow the same investment strategy and investment process as C.A. Bancorp's direct investing activities.

This combination of direct investing and asset management is designed to leverage: (i) the private equity investment expertise of C.A. Bancorp; (ii) deal flow arising from management's extensive experience and business relationships; (iii) management's experience in structuring and completing investments, and (iv) management's experience in identifying and developing alternative asset investment funds.

Investment Strategy

The Company pursues a strategy of making equity investments principally in small - and middle-market public and private companies, either directly or through funds managed and/or sponsored by it. Such investments, when combined with non-

recourse leverage or capital provided by co-investors, can target companies with enterprise values ranging from \$25 million to \$200 million. These investments will generally focus on:

- (i) investments that exhibit potential for superior returns over a 12 to 48 month period, including proprietary private company opportunities and structured investments in public companies; and
- (ii) longer term investments that may be utilized as platforms that can be grown through mergers or acquisitions. The Company expects that it would typically manage and hold these types of investments for four to seven years in order to realize maximum value.

Sector Focus

C.A. Bancorp is currently focused on investment and acquisition opportunities in the industrials, real estate, infrastructure and financial services sectors. C.A. Bancorp believes these sectors represent attractive investment opportunities as: (i) they often enjoy stable growth rates and sustainable cash flows, are led by proven management teams, and operate within a strategic niche; (ii) consolidation opportunities exist in the small to middle-market segments of these sectors; and (iii) management of C.A. Bancorp and Sentry Select have experience in investing in these sectors. While these sectors have been the Company's initial focus, C.A. Bancorp may also pursue investments in other sectors on an opportunistic basis.

Industrials

C.A. Bancorp selects industrial companies that generate stable and growing cash flows, are led by a proven management team and operate within a strategic niche.

Real Estate

C.A. Bancorp invests in well located real estate assets in the industrial, commercial, healthcare, hospitality, multi-residential and retail sectors.

Infrastructure

The Company targets infrastructure opportunities with significant barriers to competition, tangible assets, sustainable cash flows and predictable long-term rates of return.

Financial Services

The Company seeks Canadian and international financial services businesses that offer the potential for above-average rates of growth and income.

Investment Objectives

C.A. Bancorp targets investment opportunities that exhibit the potential for substantial capital appreciation through improved management, operational performance and enhanced strategic positioning. The Company pursues investments that it believes will generate a minimum return of 1.5 times invested capital, with a typical range of 1.5 to 3.0 times invested capital (representing approximately 15% to 30% annual returns depending upon the length of time that the investment is held). However, there can be no assurance that such returns will be achieved.

Among other strategies, C.A. Bancorp focuses on companies that: (a) present unique growth opportunities; (b) management believes are under-valued and/or under-performing due to poor management execution or inappropriate capital structure; or (c) are undergoing a significant transition, such as change in senior management or succession in ownership.

These strategies will be followed by C.A. Bancorp in its direct investing activities, as well as, generally, by the alternative asset investment funds managed and/or sponsored by it.

Competitive Advantage

C.A. Bancorp combines the private equity/merchant banking capabilities of its management with Sentry Select's investment and advisory expertise and strong relationships within the Canadian public capital markets. This combination provides C.A. Bancorp with a unique and differentiated competitive advantage in the Canadian private equity sector, providing proprietary deal flow together with comprehensive knowledge of a wide variety of sectors and a public market perspective on liquidity strategies. C.A. Bancorp focuses on investments in the small - to middle-market sectors, which management believes are relatively underserved by the Canadian private equity market.

The Company's small- to middle-market private and public market investment focus continues to provide it with a competitive advantage over those investors in the Canadian private equity sector that generally focus on private investment opportunities only. It is the Company's view that the Canadian private equity market is still relatively underserved with regard to small to middle-market investments, where it will be focusing. As a result, the Company believes that the transaction pricing is more favourable in this segment, with higher associated potential returns. As well, it is the Company's view that there are also relatively few private equity firms focused on private investments in public entities ("PIPES") and activist/catalyst investments in Canada.

Additionally, management believes that it has been able to generate significant proprietary deal flow through its own networks, as well as Sentry Select's distribution network.

Direct Investing

C.A. Bancorp focuses on investments of between \$500,000 to \$20 million, in public and private opportunities, which, with the use of non-recourse leverage or capital provided by co-investors, can result in investments in portfolio companies with enterprise values ranging from \$25 million to \$200 million. It is anticipated that prospective portfolio companies will be mature businesses that are supported by underlying tangible assets and cash flows. These opportunities are sourced from both private and public markets. Transaction types include open market purchases and PIPES, management buy-outs, equity investments in private issuers, going-private transactions and restructurings. C.A. Bancorp intends to invest in subordinated debentures, convertible debentures, preferred shares, common shares or similar equity-like instruments of prospective portfolio companies. It is also anticipated that C.A. Bancorp will make activist/catalyst driven investments in public/private entities, such investments to be undertaken with the intention that C.A. Bancorp and/or a third party will work with the entities' boards and management to effect change and create value in such entities. It is expected that C.A. Bancorp will generate revenues through capital gains realized from the sale of its interest in such investments and through interest payments, management fees, syndication fees and dividend payments paid by portfolio companies.

In certain instances, direct investments made by C.A. Bancorp will have greater appeal to strategic buyers or other investors. Such investments may be sold or partially divested over a period of 12 to 48 months. In other instances, portfolio companies may be utilized as platforms for sector consolidation and may be grown through mergers or acquisitions. The Company expects that it would typically manage and hold these types of investments for four to seven years in order to realize maximum value.

C.A. Bancorp may also continue to make investments in TSXV listed CPCs. The Company believes that CPCs offer alternative platforms to finance certain investments, such as real estate and infrastructure, that require significant equity funding and which may not be attractive to larger traditional private equity funds. By investing in a CPC at the founder level, C.A. Bancorp will have the opportunity to generate capital gains on its investment. It is intended that after a CPC acquires its initial assets or business, C.A. Bancorp may enter into a management agreement with the CPC to provide management and administrative services. C.A. Bancorp may also enter into fixed term management contracts to provide strategic and management services to CPCs while they are developing and be paid a management fee based on a predetermined formula commensurate with the size of the CPC.

Asset Management

The Company believes that establishing funds, raising capital and managing funds (public or institutional) are integral components of its business model. The Company plans to offer a variety of private equity funds and alternative asset investment funds to retail, institutional and high net worth investors, effectively leveraging its management's expertise. In these activities, C.A. Bancorp will utilize both the distribution channels and investment advisory expertise of Sentry Select where appropriate. Potential investors in these funds are expected to consider the investment strategy and focus, targeted

returns, experience, expertise and track record of C.A. Bancorp's management team and its affiliates as well as appropriate fund terms and conditions when evaluating a potential investment.

The Company, or a controlled subsidiary, will typically be the general partner of each fund that it establishes. It is anticipated that the typical fee structure will provide that the general partner will be paid up to 1% to 2% annual management fee on committed capital and will be entitled to up to 10 to 20% participation in the realized investment return (i.e. the carried interest), subject to realized returns exceeding a negotiated portfolio hurdle return, typically in the range of 6% to 8% compounded annually. It is intended that such carried interest will be paid on an investment by investment basis but may be subject to a clawback should the overall performance of the portfolio drop below the hurdle return due to subsequent losses. The funds will typically be subject to other terms and conditions relating to the investment term and the realization period, investment focus, dedication of personnel, financial commitments of both the senior management team and the sponsoring entity, and potential exclusivity regarding deal sourcing. However, the terms of each fund will be negotiated when such fund is formed, and the terms of any particular fund may be different than those outlined above. The terms of any fund established to be managed by C.A. Bancorp will be reviewed and approved by the Company's board of directors (the "**Board**").

C.A. Bancorp may sponsor funds with specific mandates to invest in sectors in which C.A. Bancorp has a specific expertise. Where necessary, C.A. Bancorp will acquire the requisite asset specific expertise to allow it to effectively manage funds with specified mandates. Areas of focus for these funds may include infrastructure or real estate related investments.

Licenses

Many of the Company's subsidiaries conduct business activities which are substantially dependent on regulatory licenses. See: "Corporate Structure – C.A. Bancorp Ltd" and "Corporate Structure – C.A. Bancorp Realty Finance Inc." above and "Risk Factors" below. In addition, the Company invests in private entities which operate in highly regulated environments. The loss of a license by any of these entities or the imposition of restrictions on such a license could have a material impact on the Company and/or its investment.

Management and Administration Agreements with Sentry Select

The Company is managed by Sentry Select pursuant to the management and administration agreements described below.

Management Agreement

The Company entered into an amended and restated management agreement (the "**Management Agreement**") with Sentry Select on September 25, 2006, effective as of July 1, 2006, as further amended effective February 1, 2009.

Pursuant to the Management Agreement, Sentry Select has been retained to manage the Company's business, including:

- (a) searching for, identifying, introducing, evaluating and screening investment opportunities;
- (b) conducting due diligence with respect to potential investments;
- (c) structuring, sourcing, negotiating and organizing the financing of investments;
- (d) organizing and co-ordinating the completion of investments, including structuring and negotiating the business terms on which investments are made;
- (e) monitoring investments; and
- (f) negotiating the sale of investments.

These services are provided by Mark Gardhouse (President), a Managing Director, Private Investments (which position is currently vacant), Paolo De Luca (Chief Financial Officer) and Greg Walker (Manager, Equity Investments), who are employees of Sentry Select. Pursuant to the Administration Agreement (described below), these individuals devote all of their time to C.A. Bancorp's business.

In addition, Sentry Select may from time to time identify, develop and, at Sentry Select's sole discretion, present to the Company funds or structured alternative asset investment funds to be managed by the Company. There is no obligation on the part of the Company to manage and/or sponsor such funds or structured alternative asset investment funds. In the event the Company agrees to manage and/or sponsor such funds, the terms of such arrangements will be reviewed and approved by the Board.

Pursuant to the Management Agreement, Sentry Select is paid a quarterly fee (the "**Management Fee**") of 1/4 of 1.50% of the consolidated shareholders' equity of the Company, as determined in accordance with Canadian generally accepted accounting principles, calculated quarterly after adjustments for issuances, redemptions and purchases of shares during such quarter and the deemed conversion of any outstanding convertible debentures. The Management Fee was reduced to 1.1% effective February 1, 2009. C.A. Bancorp estimates that the reduction in the Management Fee will provide a cost savings to the Company of approximately \$300,000 per annum. In addition to the Management Fee, Sentry Select is entitled to be paid an annual performance bonus (the "**Performance Bonus**") equal to 20% of the amount by which the consolidated net income of the Company before income taxes, the Management Fees and the Performance Bonus exceeds an 8% per annum return earned on the consolidated shareholders' equity of the Company calculated in respect of each calendar year, determined in a similar manner as described above. In addition, the Performance Bonus shall be calculated in respect of the period commencing on the date of commencement of each five-year term of the Management Agreement and ending on December 31st of each year during such term and, in the event that the aggregate Performance Bonuses paid to Sentry Select during such period exceeds the Performance Bonus calculated for such period, Sentry Select will repay to the Company the amount of such excess. This structure will ensure that the threshold 8% compounded annual return is exceeded during the entire five-year term before Sentry Select is entitled to be paid and retain a Performance Bonus with respect to such term. No Performance Bonus has been earned or received by Sentry Select to date.

The initial term of the Management Agreement commenced on July 1, 2006 and will expire on December 31, 2011. The Management Agreement will renew automatically for successive five-year terms following the initial term, provided that there has been no breach or material default of the terms of the agreement by Sentry Select, subject to termination on any expiry date upon not less than 180 days prior written notice from the Company or Sentry Select to the other. In the event that the Company terminates the Management Agreement, Sentry Select will be entitled to receive from the Company an amount equal to five times 1.5% of the consolidated shareholders' equity of the Company determined in the foregoing manner, calculated as at the close of business on the last business day of the term of the Management Agreement, plus five times the Performance Bonus paid in respect of the calendar year immediately preceding the date of termination of the Management Agreement. The Management Agreement may be terminated by either party upon the occurrence of certain events.

Administration Agreement

The Company and Sentry Select entered into an amended and restated administration agreement (the "**Administration Agreement**") on September 25, 2006, effective as of July 1, 2006. The Administration Agreement will terminate automatically upon the termination of the Management Agreement.

Pursuant to the Administration Agreement, the Company pays \$40,000 per month to Sentry Select and Sentry Select provides certain management and administrative services to the Company, including record-keeping, filing of tax returns, investor relations services, advice with respect to the Company's obligations as a reporting issuer (including its continuous disclosure obligations), administrative support with respect to the holding of directors' and shareholders' meetings, office space, equipment and personnel, and all accounting, clerical, secretarial, corporate and administrative services as may be reasonably necessary to perform its obligations under the Administration Agreement. Pursuant to the Administration Agreement, Sentry Select has agreed to provide to the Company the full time services of Messrs. Gardhouse, MacDonald, De Luca and Walker, and has agreed not to terminate any of Messrs. Gardhouse, MacDonald, De Luca or Walker as employees of Sentry Select without the prior approval of the independent directors of the Company. Mr. MacDonald was terminated by Sentry Select effective January 27, 2009. In the event that Sentry Select determines that it is necessary or desirable to hire any additional employees to provide full time management or administrative services to the Company, Sentry Select may elect, subject to the approval of the independent directors of the Company, to require the Company to reimburse it for all or part of such employees' respective salaries. In the event that such approval is not given with respect to any prospective employee, Sentry Select may elect not to hire such individual.

In November 2008, the Company announced that, in addition to the Administration Fee it pays to Sentry Select, it will reimburse Sentry Select for the salaries (including benefits and bonuses) of certain Sentry Select employees who provide full

time services to C.A. Bancorp under the terms of the Administration Agreement. As approved by the independent members of C.A. Bancorp's board of directors ("**Independent Directors**"), this change became effective on November 1, 2008. This resulted in an estimated additional \$1.1 million of annual expenses to be invested by C.A. Bancorp going forward which had previously been borne by Sentry Select (the "**C.A. Bancorp Compensation**"). The Company does not have any direct employees. All employees are provided by Sentry Select pursuant to the terms of the Administration Agreement. As at December 31, 2008, 13 employees of Sentry Select provided full time services to the Company.

The decision to reimburse employee salaries was made after C.A. Bancorp received a notice from Sentry Select under the terms of the Administration Agreement. The Administration Agreement provided Sentry Select with the right to request reimbursement for the salaries of certain employees providing services to C.A. Bancorp. Prior to this time, Sentry Select had been paying the salaries of all C.A. Bancorp employees directly since their respective dates of hire.

C.A. Bancorp has grown to a size where it has more employees than the Administration Agreement had envisioned when it was entered into in 2006. Pursuant to the terms of the Administration Agreement, Sentry Select will continue to provide the services of four senior management personnel to C.A. Bancorp on a full-time basis including C.A. Bancorp's President, Chief Financial Officer, Chief Compliance Officer and Managing Director, Private Investments. Currently, there is a vacancy for the position of Managing Director, Private Investments.

Effective February 1, 2009 and as approved by the Independent Directors, C.A. Bancorp commenced reimbursing Sentry Select for the salaries (including bonuses and benefits) of certain individuals whose full-time services are provided to Charter REIT by Sentry Select, on behalf of C.A. Bancorp. As a result of the reimbursement, C.A. Bancorp will have additional expenses of an estimated \$700,000 per annum, which is an estimate based on current data (the "**Charter REIT Compensation**").

C.A. Bancorp, through its wholly-owned subsidiary, CARM, is obligated to provide certain services and personnel to Charter REIT. The salaries (including bonuses and benefits) of such individuals had, prior to February 2009, been borne by Sentry Select under the terms of the Administration Agreement.

The fees paid by the Company to Sentry Select under the terms of the Administration and Management Agreements are summarized in the chart below¹:

Agreement	Fee Item	2008 Actual	2009 Estimate
Management	Management Fee	\$1,191,000	\$ 805,000
Management	Performance Bonus	-	-
Administration	Administration Fee	480,000	480,000
Administration	C.A. Bancorp Compensation	144,000	1,100,000
Administration	Charter REIT Compensation	-	700,000
Total		\$ 1,815,000	\$ 3,085,000

The services provided by Sentry Select under the Management Agreement and the Administration Agreement are not exclusive to the Company. Sentry Select may provide similar services to other clients. The current arrangements between the Company and Sentry Select pursuant to the Management Agreement and the Administration Agreement are currently subject to review by both the Company and Sentry Select and may be revised in the current year.

CONFLICTS OF INTEREST

Given the nature of the business of the Company and its relationship with Sentry Select and the alternative asset investment funds that C.A. Bancorp may manage and/or sponsor in the future, there are a number of conflicts of interest and potential conflicts of interest which may arise, including but not limited to those described below. The Company has established policies

¹ All figures in the table are approximate.

and procedures in order to minimize and/or deal with such conflicts. A committee of the Company's independent directors will monitor and revise these policies when necessary in order to minimize and/or deal with such conflicts.

Sentry Select

John F. Driscoll, the Chairman, Chief Executive Officer and a director of the Company, is the President, Chief Executive Officer and a director of Sentry Select. Sentry Select is a privately held company controlled by John F. Driscoll and his family. John F. Driscoll controls, directly or indirectly approximately 12% of the issued and outstanding Common Shares of the Company. Frank Potter is a director of Sentry Select. All officers of the Company are employees of Sentry Select pursuant to the Management and Administration Agreements described above under "Description of the Business - Management and Administration Agreements with Sentry Select". Certain officers of the Company are also officers of Sentry Select.

Pursuant to the Management Agreement and the Administration Agreement, Sentry Select provides management services to the Company, for which it receives management fees and performance bonuses, and administrative and other services to the Company, for which it receives a monthly fee, respectively. In order to avoid conflicts arising as a result of senior management of the Company being employees of Sentry Select, pursuant to the Administration Agreement, Sentry Select has agreed that Messrs. Gardhouse, De Luca, Lovett and Walker will devote 100% of their time to the business of the Company and that none of Messrs. Gardhouse, De Luca or Walker will be terminated as employees of Sentry Select without the prior approval of the independent directors of the Company. See "Description of the Business - Management and Administration Agreements with Sentry Select".

In the event that Sentry Select presents an investment opportunity to the Company in respect of any portfolio company in which any fund managed by Sentry Select holds securities, and management of the Company decides to make an investment in such portfolio company, such investment must be approved by an independent review committee.

In the event that C.A. Bancorp or any funds managed by it invests in any portfolio company in which any fund managed by Sentry Select holds securities, any conflicts arising between Sentry Select and C.A. Bancorp and their respective funds concerning purchases and/or sales of such securities (including purchases of securities by one group from the other) will be dealt with by the independent review committee of each of the Company and Sentry Select.

Funds

General

C.A. Bancorp may from time to time establish alternative asset investment funds. In such cases, C.A. Bancorp may be required to offer such funds an opportunity to co-invest with C.A. Bancorp in investment opportunities, subject to certain pre-determined limits negotiated with such funds. To the extent that it has such obligations, C.A. Bancorp's ability to directly invest in such opportunities may be reduced. As well, if such funds co-invest with C.A. Bancorp, they may hold different securities or have different investment horizons than C.A. Bancorp, which may cause conflicts of interest to arise between C.A. Bancorp and such entities. In order to address this conflict, C.A. Bancorp will seek to structure its obligations to other funds to minimize conflicts between such funds and C.A. Bancorp and to provide C.A. Bancorp with the opportunity to directly invest a specified minimum amount in any investment opportunity.

The Company, or a controlled subsidiary of the Company, may be the general partner of each fund it establishes. In this capacity, the Company: (i) intends to provide a general partner's commitment to each private equity fund that it establishes of between 2% and 4% of the capital raised by such fund; and (ii) will seek to have the right to invest directly (as a co-investor with the fund) an amount of not less than 5% (and not more than a percentage to be agreed upon with the limited partners of each fund) in each investment made by such fund. This structure is designed to provide the Company with leverage on investments made by such funds through its exposure as general partner (through its capital investment and management and performance fees) and the potential for direct co-investments with such funds, while aligning its interest with those of investors in such funds. It is anticipated that each fund that the Company may establish in the future will have a specific mandate in order to avoid conflicts between such funds during their respective investment periods. However, the terms of each such fund, including the Company's investment and co-investment rights, will be negotiated when each fund is formed and the Company may not receive all of these rights and benefits in every case.

Total Strategy Fund

As of November 1, 2007, National Instrument 81-107 – *Independent Review Committee for Investment Funds* came into force (“**NI 81-107**”). Pursuant to NI 81-107, the Company as a fund manager, must refer any conflicts of interest as between the Company, Total Strategy Fund and/or an entity related to the Company to an independent review committee (“**IRC**”). Similar to other companies that act as investment fund managers, the Company has developed policies and procedures in compliance with NI 81-107. In accordance with the provisions of NI 81-107, the IRC reviewed and provided input with respect to the aforementioned policies and procedures. The Board established an IRC for Total Strategy Fund on April 19, 2007 in compliance with NI 81-107.

In June 2008, the Company made an offer (the “**Offer**”) to purchase the investments in private entities held by Total Strategy Fund (other than AgriFinancial), being Bermingham, High Fidelity and Salbro. As C.A. Bancorp was the Manager of Total Strategy Fund, its Offer was a non-arm's length transaction. Sentry Select as investment manager of Total Strategy Fund retained an independent valuator to prepare a fairness opinion in respect of the Offer. In March 2009, the Company completed the purchase of the investments in private entities pursuant to the Offer.

The independent valuator was of the opinion, based on its scope of review and subject to certain assumptions, restrictions, limitations and qualifications that the offer was fair, from a financial point of view, to the unitholders of Total Strategy Fund. The Offer was also presented to the IRC of Total Strategy Fund for recommendation as it was determined to be a conflict of interest matter pursuant to NI 81-107 under applicable securities laws. The IRC provided a positive recommendation in respect of the Offer. In addition, Sentry Select, in its capacity as Investment Manager, also deemed the Offer to be fair, from a financial point of view, to the unitholders of the Fund.

CRFC

Pursuant to NI 81-107, CAB Ltd. as a fund manager of CRFC, must refer any conflicts of interest as between the Company, CRFC and/or an entity related to CAB Ltd. to an IRC. Similar to other companies that act as investment fund managers, CAB Ltd. has developed policies and procedures in compliance with NI 81-107. In accordance with the provisions of NI 81-107, the IRC did review and provide input with respect to the aforementioned policies and procedures.

Pursuant to an Investment Advisory Agreement dated February 22, 2008 among C.A. Bancorp Realty Finance L.P., C.A. Bancorp GP Inc. and CAB Ltd. (the “**Investment Advisory Agreement**”), C.A. Bancorp GP Inc. appointed CAB Ltd. to provide certain management and investment advisory services for C.A.B. Realty Finance L.P. (the “**Partnership**”). In return for such services, the Partnership pays to CAB Ltd. an annual fee (calculated and payable quarterly in cash) equal to 0.60% of the "Adjusted Net Asset Value" of CRFC plus applicable taxes, calculated and payable quarterly in cash, pro-rated for any partial month. The "Adjusted Net Asset Value" is the Net Asset Value (as defined in the prospectus of CRFC dated January 31, 2008), plus \$25.00 per Preferred Share multiplied by the number of outstanding Preferred Shares.

Pursuant to a Management Agreement dated February 22, 2008 as amended and restated on September 10, 2008, CRFC appointed CAB Ltd. as manager of CRFC to provide certain management and administrative services. CRFC pays a fee to CAB Ltd. at an annual rate (calculated and payable quarterly in cash) of 0.60% of the Adjusted Net Asset Value of CRFC plus an amount equal to the Preferred Share Servicing Fee payable to registered dealers and, effective upon the completion of a public offering of Class A Shares, the Class A Share Servicing Fee payable to registered dealers.

Pursuant to an Administration Agreement dated February 22, 2008 between CAB Ltd. and Sentry Select, CAB Ltd. retained Sentry Select to provide certain support services including sales, marketing, investor relations and administrative services in exchange for payment of (i) one quarter of the quarterly management fee payable to CAB Ltd. by CRFC under the terms of a Management Agreement between those parties of even date and (ii) one quarter of the quarterly management and investment advisory fee payable to CAB Ltd. by C.A.B. Realty Finance L.P. under the terms of the Investment Advisory Agreement.

Charter REIT

John F. Driscoll, the Chairman, Chief Executive Officer and a director of the Company, is the President, Chief Executive Officer and a trustee of Charter REIT. The Company owns approximately 33% of the issued and outstanding units of Charter REIT. John F. Driscoll owns approximately 7.70% of the issued and outstanding units of Charter REIT. Richard Zarzeczny is a trustee of Charter REIT.

The Company, CARM and Charter REIT have entered into a non-competition agreement pursuant to which the Company and CARM have agreed not to, directly or indirectly, create, manage or provide strategic, advisory or management services to another person that carries on the business of (and will not themselves engage in the business of) acquisition, development and/or management of commercial or mixed use real estate property in Canada. See “Description of the Business - Direct Investing.”

Currently, the Company holds approximately 27% of each of Universal and Global. See “General Description of the Business - Direct Investing”. DCT Investment Corp. (a company controlled by John F. Driscoll) owns 27% of each of Universal and Global.

RISK FACTORS

Due to the Company’s present stage of development, nature of operations and certain other factors, the Company is subject to the following risk factors. Additional risks and uncertainties that are not presently known or that are believed to be immaterial may also adversely impact the Company. In the event that any of the following occur, the value of an investment in Common Shares would likely be adversely affected.

Nature of Investments

The Company’s business is to make investments predominantly in a basket of established businesses exhibiting stable growth rates, sustainable cash flows and tangible asset bases. These investments may require a number of years in order to mature and generate the returns expected by the Company. A significant portion of the Company’s investment portfolio may be comprised of investments in private companies. These investments are likely to mature and generate returns at different times, which could create an irregular pattern in the Company’s revenues. In addition, losses on unsuccessful private company investments are often realized before gains on successful private company investments are realized. An investment in the Common Shares is appropriate only for investors who are prepared to hold their investment in the Company for a long period of time.

The Company’s investment portfolio may consist, in part, of investments in under-managed entities, and in securities of distressed companies. Such investments involve substantial risk. The level of analytical sophistication necessary for successful investment in distressed or under-managed entities is particularly high. Operational, capital structure and management issues may be complex and difficult to successfully resolve. In addition, such investments may require active monitoring and direct management of the under-managed portfolio company. Although the Company may make an investment with the expectation that there will be a liquidity event, such as an initial public offering, there can be no assurance that such an event will occur within the expected timeframe or at all.

Dependence on Management of Portfolio Companies

In certain circumstances, the Company may make equity investments in issuers where the Company does not participate in the management or otherwise directly control the business or affairs of such issuers. The Company will typically seek to have board of director’s representation and will monitor the performance of each investment and maintain an ongoing dialogue with each portfolio company’s management team; however, the management of the portfolio company will be primarily responsible for the day-to-day operations. Although the Company intends to invest in portfolio companies with strong operating management with a successful track record, there can be no assurance that a portfolio company’s management team will be able to operate that company successfully. The departure of a member of the management team of a portfolio company may, in certain circumstances, have a material adverse effect on the value of the Company’s investment in such portfolio company.

Limited Operating History

The Company has a limited operating history upon which an investor can base its prediction of future success or failure.

Other than as described in this Annual Information Form, the Company has not entered into any agreements to invest in or acquire businesses or to manage or sponsor private equity funds or alternative asset investment funds.

Available Opportunities and Competition for Investments

The success of the Company's operations will depend on: (i) the ability to raise funds; (ii) the availability of appropriate investment opportunities; and (iii) the ability of the Company to identify, select, acquire, grow and exit those investments. The Company can expect to encounter competition from other entities having investment objectives similar to those of the Company, including private equity funds, institutional investors and strategic investors. These groups may compete for the same investments as the Company, may be better capitalized, have more personnel, have a longer operating history and have different return targets than the Company. As a result, the Company may not be able to compete successfully for investments. In addition, competition for investments may lead to the price of such investments increasing which may further limit the Company's ability to generate desired returns. There can be no assurance that there will be a sufficient number of suitable investment opportunities available to enable the Company to invest in or that such investments can be made within a reasonable period of time. There can be no assurance that the Company will be able to identify suitable investment opportunities, acquire them at a reasonable cost or achieve an appropriate rate of return. Identification of attractive opportunities is difficult, highly competitive and involves a high degree of uncertainty. Potential returns from investments will be diminished to the extent that the Company is unable to find and make a sufficient number of investments.

Concentration of Investments

Although Board approval is required for certain types of investments, there are no specific restrictions on the proportion of the Company's funds and no limit on the amount of funds that may be allocated to any particular investment, industry or sector. The Company may participate in a limited number of investments and, as a consequence, the Company's financial results may be substantially adversely affected by the unfavourable performance of a single investment. Completion of one or more investments may result in a highly concentrated investment by the Company in a particular company, business, industry or sector.

Access to Capital

The managing and/or sponsoring of alternative asset investment funds for retail, institutional and high net worth investors will be an important part of the Company's business model and will affect its ability to generate revenue. There can be no assurance that the Company will be able to raise the required capital to operate its business generally or such alternative asset investment funds at all or at an acceptable level to permit the Company to execute its investment strategy. In addition, the terms pursuant to which the Company will manage and/or sponsor such funds will be negotiated with the lead investors or underwriters of each such fund. There can be no assurance that the terms relating to such funds will be as described in this Annual Information Form.

The Company anticipates ongoing requirements for funds to support its business development and may seek to obtain additional funds for these purposes through public or private equity or debt financing. There are no assurances that additional funding will be available at all, on acceptable terms or at an acceptable level. Any additional equity financing may cause shareholders to experience dilution, and any additional debt financing may result in increased interest expense or restrictions on the Company's operations or ability to incur additional debt. For example, from time to time, the Company may be called upon to provide additional funds to portfolio companies in order to fully implement their business strategies. There is no assurance that the Company will make, or will have sufficient funds available to make, follow-on investments. Any decision by the Company not to make follow-on investments, or the Company's inability to make such investments, may have a substantial negative impact on the portfolio company and the Company's investment therein.

Dependence on Key Personnel and Sentry Select

The success of the Company depends in substantial part upon the skill and expertise of its management. The loss of service to the Company of one or more of its executives could have a material adverse effect on the Company. The Company will be dependent on Sentry Select for management services under the Management Agreement and administration services under the Administration Agreement. The loss of the services provided by Sentry Select to the Company pursuant to such agreements could have a material adverse effect on the Company. The Management Agreement and Administration Agreement each have a term of five years. There can be no assurance that such agreements will be renewed at the conclusion of their respective terms. In addition, the employment agreements between Sentry Select and each of Mark Gardhouse, Mark MacDonald and Michael Lovett contain non-solicitation covenants but do not contain non-competition covenants.

The Company's ability to retain its management group or attract suitable replacements should any members of the management group leave is dependent on the competitive nature of the employment market. The loss of services from key members of the management group or a limitation in their availability could adversely impact the Company's financial condition and cash flow. Further, such a loss could be negatively perceived in the capital markets. The conduct of the Company's business and the execution of its growth strategy relies heavily on teamwork.

Leverage of the Businesses in which the Company is an Investor

To the extent that any investment is made in an issuer with a leveraged capital structure, such investment will be subject to increased exposure to adverse economic factors such as a significant rise in interest rates, a downturn in the economy or deterioration in the condition of such issuer or its industry. If the issuer is unable to generate sufficient cash flow to meet principal and interest payments on its indebtedness, the value of the Company's investment in such issuer could be significantly reduced or even eliminated.

Market for Securities and Volatility of Trading Price

There can be no assurance that an active trading market in the Common Shares will be sustained. The market price for the Common Shares could be subject to wide fluctuations, which could include an adverse affect on the market price of the Common Shares. The stock market has, from time to time, experienced extreme price and volume fluctuations, which have often been unrelated to the operating performance of particular companies.

Trading Price of Common Shares Relative to Net Book Value

Due to the nature of the Company's investment strategy and the composition of its investment portfolio, the market price of the Common Shares may be at a discount from the net book value per share. This risk is separate and distinct from the risk that the market price of the Common Shares may decrease.

Risks of Investments

Investments in equity and debt instruments of small to middle-market private and public companies (including PIPES) are subject to many and various risks, including adverse changes in national or international economic conditions, adverse local market conditions, the financial condition of customers and suppliers, changes in availability of debt financing, changes in interest rates, changes in exchange rates, changes in tariffs and duties, changes in tax rates, environmental laws and regulations, energy prices, risks due to dependence on cash flow, as well as acts of God, uninsurable losses and other factors which are beyond the control of the Company.

The financial condition of the Company will depend, in part, upon the performance of the securities of portfolio companies in which the Company invests. The value of the portfolio of securities in which the Company may invest will be influenced by factors that are largely not within the Company's control, including the financial performance of portfolio companies, operational risks relating to the specific business activities of portfolio companies, the quality of assets owned by portfolio companies, commodity prices, exchange rates, interest rates, environmental risks, political risks, issues relating to government regulation and other financial market conditions.

Economic Recessions or Downturns

The Company may make, directly or indirectly, investments in entities that are susceptible to economic recessions or downturns. During periods of adverse economic conditions, these entities may experience decreased revenues, financial losses, difficulty in obtaining access to financing and increased funding costs. During such periods, these entities may also have difficulty in expanding their businesses and operations and may be unable to meet their debt service obligations or other expenses as they become due. Any of the following could cause the value of the Company's investment in such an entity to decline.

Risks of Investments in Capital Pool Companies

Investments in CPCs are subject to many and various risks, including that such issuers have not commenced commercial operations and typically have no assets, no history of earnings and will not generate earnings or pay dividends until at least

after completion of a qualifying transaction. Until completion of a qualifying transaction, a CPC is not permitted to carry on any business other than the identification and evaluation of potential qualifying transactions. A CPC only has limited funds with which to identify and evaluate potential qualifying transactions and there can be no assurance that it will be able to identify a suitable qualifying transaction or that it will be able to do so by the deadline imposed by the TSXV. Even if a proposed qualifying transaction is identified, there can be no assurance the CPC will be able to successfully complete the transaction. Completion of a qualifying transaction is subject to a number of conditions including acceptance by the TSXV and majority of minority shareholder approval. There can be no assurance that such acceptance or approval will be obtained.

Borrowing

The Company may borrow to invest in securities. The risk to investors may increase if securities purchased with borrowed funds decline in value. The use of leverage may result in capital losses. The Company may be required to sell investments in order to comply with the terms of such borrowing facility and such sales may be required to be completed at prices which may adversely affect the value of the Company's securities portfolio and the return to the Company on such investments. The interest expense and banking fees incurred in respect of any borrowing may exceed the incremental capital gains and income generated by the incremental investment of securities purchased with borrowed funds. In addition, the Company may not be able to establish any borrowing facility on acceptable terms. There can be no assurance that the borrowing strategy employed by the Company will enhance returns.

Private Issuers and Illiquid Securities

Investments in private issuers cannot be resold without a prospectus, an available exemption or an appropriate ruling under relevant securities legislation and there may not be any market for such securities. These limitations may impair the Company's ability to react quickly to market conditions or negotiate the most favourable terms for exiting such investments. Investments in private issuers may offer relatively high potential returns, but will also be subject to a relatively high degree of risk. There can be no assurance that a public market will develop for any of the Company's private company investments or that the Company will otherwise be able to realize a return on such investments.

The value attributed to securities of private issuers will be the cost thereof, subject to adjustment in limited circumstances, and therefore may not reflect the amount for which they can actually be sold. Because valuations, and in particular valuations of investments for which market quotations are not readily available, are inherently uncertain, may fluctuate within short periods of time and may be based on estimates, determinations of fair value may differ materially from the values that would have resulted if a ready market had existed for the investments.

The Company will invest in illiquid securities of public issuers. A considerable period of time may elapse between the time a decision is made to sell such securities and the time the Company is able to do so, and the value of such securities could decline during such period. Illiquid investments are subject to various risks, particularly the risk that the Company will be unable to realize its investment objectives by sale or other disposition at attractive prices or otherwise be unable to complete any exit strategy. In some cases, the Company may be prohibited by contract from selling such securities for a period of time or otherwise be restricted from disposing of such securities. Furthermore, the types of investments made may require a substantial length of time to liquidate.

The Company may also make direct investments in publicly traded securities that have low trading volumes. Accordingly, it may be difficult for the Company to make trades in these securities without adversely affecting the price of such securities.

Unfavourable economic conditions could have a significant impact on the value and liquidity of our investments and the level of investment income.

Regulatory Risk

The Company's business and the businesses of its investee companies are subject to a number of laws and government regulations. Changes in these laws and government regulations, or their interpretation by agencies or the courts could occur. Further, economic and political factors, including governmental changes and restrictions could negatively impact the Company and its investee companies. In addition, the Company business including those of its subsidiaries are subject to a number of licensing requirements. The revocation of any such licenses or the inability of the Company or its subsidiaries to continue to meet the requirements to be licensed could have a material impact on the Company's business.

Joint Investments with Third Parties and Strategic Partners

The Company expects that a number of its investments will be made in the context of co-investments with third-party financial or strategic partners. The Company anticipates that it may acquire interests in certain companies in cooperation with third-party partners or co-investors through jointly owned acquisition vehicles, joint ventures or other structures. In these situations, the ability of the Company to control such equity investments in a manner other than that conferred by negative control rights, including by means of buy/sell rights, will depend upon the nature of the joint arrangements with such partners and the Company's relative ownership stake in the investment. In addition, such arrangements may restrict the ability of the Company to dispose of its investment for potentially significant periods of time. The Company may invest under circumstances where it does not control the investment and where a third party does control the investment. Such arrangements present risks not present with wholly-owned investments, such as the possibility that a co-investor could become bankrupt, develop business interests or goals that conflict with those of the Company and goals in respect of the investment, or acts in a way that results in the triggering of a buy/sell provision at an inopportune time for the Company.

Conflicts of Interest

The Company may make co-investments in opportunities with an entity that is managed by Sentry Select or one of its affiliates utilizing investment structures in which the Company may represent either the majority or the minority position in such investment. Such investments may present all or some of the risks described in the preceding paragraph with respect to co-investments with third parties, including but not limited to limitations on the Company's ability to control the investment, ability to dispose of or realize on such investment and the possibility that such entities may have conflicting investment goals with respect to any such co-investment.

Certain of the officers and directors of the Company are engaged in, and will continue to be engaged in, other business activities on their own behalf and on behalf of other companies and, as a result of these and other activities, such directors and officers of the Company may become subject to conflicts of interest. The Company's governing corporate statute provides that in the event that a director has an interest in a contract or agreement, the director shall refrain from voting on any matter in respect of such contract or agreement unless otherwise provided under the statute. To the extent that conflicts of interest arise, such conflicts will be resolved in accordance with the provisions of the statute and the Company's corporate governance policies and procedures.

No Guaranteed Return

There is no guarantee that an investment in Common Shares will earn any positive return in the short term or long term. The task of identifying investment opportunities, monitoring such investments and realizing a significant return is difficult. Many organizations operated by persons of competence and integrity have been unable to make, manage and realize a return on such investments successfully. The past performance of investment professionals provides no assurance of future success.

Loss of Investment

An investment in Common Shares is appropriate only for investors who have the capacity to absorb a partial or total loss of their investment at any time.

Management of the Company's Growth

Significant growth in the Company's business, as a result of acquisitions or otherwise, could place a strain on the Company's managerial, operational and financial resources and information systems. Future operating results will depend on the ability of senior management to manage rapidly changing business conditions, and to implement and improve the Company's technical, administrative and financial controls and reporting systems. No assurance can be given that the Company will succeed in these efforts. The failure to effectively manage and improve these systems could increase the Company's costs which could have a material adverse effect on the Company.

DIVIDENDS

The Company has not declared or paid any dividends on its Common Shares. The future payment of dividends will be dependent upon the financial requirements of the Company to fund future growth, the financial condition of the Company and other factors which the Board may consider appropriate in the circumstances. The Company may consider paying dividends in the future on its shares when its operational circumstances permit, including earnings, cash flow, financial and legal requirements and business considerations.

DESCRIPTION OF CAPITAL STRUCTURE

The authorized capital of the Company consists of an unlimited number of Common Shares, an unlimited number of Class A preference shares (the “**Class A Shares**”) issuable in series, an unlimited number of Class B preference shares (the “**Class B Shares**”) issuable in series, and an unlimited number of Class C preference shares (the “**Class C Shares**”) issuable in series (collectively the Class A Shares, Class B Shares and Class C Shares are referred to herein as the “**Preference Shares**”), of which approximately 27,217,271 Common Shares and no Preference Shares are issued and outstanding as fully paid and non-assessable as at March 10, 2009.

Common Shares

The holders of the Common Shares are entitled to receive notice of and attend any meeting of the Company’s shareholders and are entitled to one vote for each Common Share held (except at meetings of a class of shares other than the Common Shares). The holders of the Common Shares are entitled to receive dividends if, as and when declared by the Board on the Common Shares as a class, subject to the prior satisfaction of all preferential rights to dividends attaching to all shares of other classes of the Company ranking in priority to the Common Shares in respect of dividends. In the event of any liquidation, dissolution or winding-up of the Company, and subject to the prior satisfaction of all preferential rights, the holders of Common Shares are entitled to share rateably in such assets of the Company as are available for distribution.

Preference Shares

The rights, privileges, restrictions and conditions attaching to the Class A Shares are as follows:

- (i) the Class A Shares may be issued at any time or from time to time in one or more series. The Board will fix the provisions attached to each series from time to time before issuance, including determining entitlements to the payment of dividends, redemptions and any entitlements to receive notice of, to attend or to vote at any meeting of shareholders of the Company; and
- (ii) the Class A Shares of each series will rank on a parity with the Class A Shares of every other series with respect to priority in payment of dividends and in the distribution of assets in the event of liquidation, dissolution or winding up of the Company.

The rights, privileges, restrictions and conditions attaching to the Class B Shares are as follows:

- (i) the Class B Shares may be issued at any time or from time to time in one or more series. The Board will fix the provisions attached to each series from time to time before issuance, including determining entitlements to the payment of dividends, redemptions and any entitlements to receive notice of, to attend or to vote at any meeting of shareholders of the Company;
- (ii) the Class B Shares will rank junior to the Class A Shares as to payment of dividends and return of capital in the event of liquidation, dissolution or winding up of the Company; and
- (iii) the Class B Shares will rank senior to the Common Shares and all other shares ranking junior to the Class B Shares. Each series of the Class B Shares will participate rateably with every other series of Class B Shares in respect of accumulated dividends and return of capital.

The rights, privileges, restrictions and conditions attaching to the Class C Shares are as follows:

- (i) the Class C Shares may be issued at any time or from time to time in one or more series. The Board will fix the provisions attached to each series from time to time before issuance, including determining entitlements to the payment of dividends, redemptions and any entitlements to receive notice of, to attend or to vote at any meeting of shareholders of the Company;
- (ii) the Class C Shares will rank junior to the Class B Shares as to payment of dividends and return of capital in the event of liquidation, dissolution or winding up of the Company; and
- (iii) the Class C Shares will rank senior to the Common Shares and all other shares ranking junior to the Class C Shares. Each series of the Class C Shares will participate rateably with every other series of Class C Shares in respect of accumulated dividends and return of capital.

Stock Option Plan

Upon the listing of the Common Shares on the TSX on April 30, 2007, the new stock option plan (the “**Option Plan**”), which was approved by the shareholders on April 19, 2007, became effective.

The persons eligible to receive options to purchase Common Shares (“**Options**”) under the Option Plan are the directors, senior officers and employees of the Company or affiliates of the Company, and any person or company engaged by the Company to provide consulting services (“**Eligible Individuals**”) and permitted assigns of such persons (“**Permitted Assigns**”). Permitted Assigns include trustees acting on behalf of Eligible Individuals, corporations controlled by Eligible Individuals, registered retirement savings plans or registered retirement income funds of Eligible Individuals and spouses of Eligible Individuals.

The Board may grant Options to any Eligible Individual or Permitted Assign (an “**Eligible Person**”), as determined by the Board in its discretion. At the time of the grant of an Option, the Board, in its discretion, must fix the number of Common Shares being optioned to the Eligible Person (in this capacity, an “**Optionee**”), the exercise price of the Option, the extent to which each Option is exercisable from time to time during the term of the Option and the expiration date of the Option. The Option Plan does not specify a maximum term for Options granted thereunder.

The number of Common Shares which are issuable pursuant to the exercise of Options outstanding at any particular time may not exceed 10% of the number of Common Shares outstanding at such time.

The exercise price of an Option may not be less than the market price of the Common Shares on the date on which the grant of the Option is approved by the Board. For this purpose the market price is the closing sale price of the Common Shares on the last trading day preceding the date of grant on which the Common Shares traded on the TSX or another exchange on which the Common Shares are listed.

The number of Common Shares that may be issued to any one person, under the Option Plan and any other share compensation arrangement of the Company, may not exceed 5% of the outstanding Common Shares.

No Options may be granted by the Board where such grant could result in the number of Common Shares issuable to insiders under all share compensation arrangements exceeding 10% of the issued and outstanding Common Shares or in the issuance to insiders, within a one-year period, of a number of Common Shares exceeding 10% of the issued and outstanding Common Shares.

If the termination date of an Option falls during or within three business days of a black out period, during which the policy of the Company prevents certain persons from trading in the securities of the Company, the expiry date for the Option will be extended for an additional period expiring on the 10th business day following the end of the black out period.

By its terms, the Option Plan may be amended by the Board without the consent of the shareholders, including amending the terms and conditions of Options, amending the categories of persons who are Eligible Persons and entitled to be granted Options, allowing the grant of financial assistance to Optionees for the purpose of exercising Options, authorizing the addition of a cashless exercise feature (payable in cash or securities, which provides for a full deduction of the number of underlying securities from the Option Plan reserve), and amendments of a housekeeping nature. However, pursuant to TSX rules, the extension of the term of an Option for the benefit of an insider must be approved by disinterested shareholders.

Normal Course Issuer Bid and Mandatory Market Purchase Plan

In August 2008, the Company announced that it intended to purchase up to 2,380,853 of its Common Shares for cancellation by way of a normal course issuer bid (“NCIB”) through the facilities of the TSX. The 2,830,853 Common Shares represented approximately 10% of the public float of the Company at the time. The purchases were able to commence on August 18, 2008 and will terminate on August 17, 2009 or such earlier date as the Company may complete its purchase or provide notice of termination. Any such purchases are made by the Company at the prevailing market price at the time of such purchases in accordance with the requirements of the TSX. The Company is not able to make purchases of Common Shares at greater than book value. Purchases of Common Shares at less than book value per share should have the effect of increasing the book value per share. All purchased shares are cancelled. Under the terms of the NCIB, the Company may not purchase in any trading day more than 6,299 shares, being 25% of the average daily trading volume of the shares.

Since inception of the Company’s MMPP and through to March 1, 2009, 921,300 common shares had been repurchased and cancelled through the Company’s MMPP at an average price of \$1.37 per Common Share including commission. See “Corporate Structure” above.

MARKET FOR SECURITIES

The Common Shares are listed and posted for trading on the TSX under the symbol “BKP”.

The following table sets forth the high and low closing trading prices and the aggregate volume of trading of the Common Shares as reported by the TSX from January 1, 2008 to December 31, 2008.

<u>Period</u>	<u>High</u>	<u>Low</u>	<u>Volume</u>
<u>2008</u>	<u>(\$)</u>	<u>(\$)</u>	
January.....	1.99	1.40	771,908
February.....	1.55	1.31	564,780
March.....	1.55	1.17	474,496
April.....	1.75	1.30	440,050
May.....	1.65	1.30	648,747
June.....	1.63	1.40	595,516
July.....	1.61	1.20	507,055
August.....	1.59	1.33	557,271
September.....	1.63	1.11	665,074
October.....	1.31	0.56	910,453
November.....	0.84	0.35	1,210,337
December.....	0.80	0.33	2,072,301

ESCROWED SECURITIES

Pursuant to escrow agreements dated: (i) June 13, 2005 among Masthead, DCT Investment Corp., John Nestor, Richard Zarzeczny and Computershare Trust Company of Canada, as escrow agent; and (ii) January 26, 2006 among the Company, Petro Assets Inc., Driscoll Children's Trust and Computershare Trust Company of Canada, as escrow agent, certain common shares of the Company were deposited in escrow. As at December 31, 2008, 896,157 Common Shares were deposited in escrow. As at the date hereof, no securities of the Company are subject to escrow.

DIRECTORS, EXECUTIVE OFFICERS AND MANAGEMENT

Name, Municipality of Residence and Principal Occupation of Directors and Executive Officers

The following are the names and municipalities of residence of the directors and executive officers of the Company, their positions and offices with the Company and their principal occupations during the last five years. Each director will hold office until the next annual meeting of the Company's shareholders or until a successor is duly elected or appointed, unless his office is earlier vacated in accordance with the Company's by-laws.

<u>Name and Municipality of Residence</u>	<u>Position Held</u>	<u>Director/Officer Since</u>	<u>Principal Occupation During Past 5 Years</u>
John F. Driscoll Toronto, Ontario	Chief Executive Officer, Director and Chairman	Director and Officer since March 29, 2005	President of J.F. Driscoll Investment Corp; President and CEO of Sentry Select Capital Inc.; CEO of the Company.
Frank J. Crothers Nassau, Bahamas	Director	Director since December 1, 2006 Ceased to be a Director effective December 31, 2008	Chairman and Chief Executive Officer of Island Corporate Holdings Limited (a private investment company).
Philip Johnson Toronto, Ontario	Director	Director since August 24, 2006 Ceased to be a Director effective February 11, 2009	President of Pinnacle Reefs Ltd. (a consulting firm) since 1988; Vice-Chairman of the North South Institute (an institute that develops policy on international economic development and conflict resolution) since 2004.
Frank Potter Toronto, Ontario	Director	Director since June 26, 2006	Chairman of Emerging Market Advisors Inc. (consulting firm) since 1995.
Richard J. Zarzeczny Stouffville, Ontario	Director	Director since March 29, 2005	President of Canadian Enerdata Limited (a energy and economic consulting firm) since 1984.
Mark Gardhouse Toronto, Ontario	President and Director	Director and Officer since January 26, 2006	President of the Company since January 26, 2006; Managing Director, Merchant Banking of Sentry Select since July 27, 2006; President of C.A. Bancorp Ltd. since fall 2005; Managing Director, Roynat Capital Inc. (a merchant bank) from 1998 to 2005.
Paul Haggis Toronto, Ontario	Director	Director since February 9, 2009	Chairman of Alberta Enterprise Corporation since February 2009; Corporate Consultant from May 2007 to February 2009; Chief

<u>Name and Municipality of Residence</u>	<u>Position Held</u>	<u>Director/Officer Since</u>	<u>Principal Occupation During Past 5 Years</u>
			Executive Officer of OMERS from 2003 to 2007.
Timothy Unwin Toronto, Ontario	Director	Director since February 27, 2009	Partner Emeritus at Blake, Cassels & Graydon LLP in Toronto. Corporate and securities lawyer. Prior to 2008 U.S. Managing Partner, Blakes, New York office. Previously, Managing Partner of Blakes' office in London, England.
J. Mark MacDonald Toronto, Ontario	Managing Director, Private Investments	Officer since August 28, 2006 Ceased to be an officer effective January 27, 2009	Managing Director, Private Investments of the Company since August 28, 2006; Managing Director, Private Investments of Sentry Select since July 25, 2006; Vice-President, Teachers' Private Capital, Ontario Teachers' Pension Plan Board from 1995 to 2005.
Michael Lovett Mississauga, Ontario	Managing Director, Real Estate Capital	Officer since May 16, 2007	Managing Director, Real Estate Capital of the Company since May 16, 2007; President of Commercial Mortgage & Capital (a private commercial mortgage company) from 2005 to 2007; President and founder of Montrose Mortgage Corporation (Toronto) Ltd. (a private commercial mortgage company) from 2001 to 2005.
Paolo De Luca Woodbridge, Ontario	Chief Financial Officer	Officer since August 28, 2006	Chief Financial Officer of the Company since August 28, 2006; Senior Manager, Internal Audit of TD Bank Financial Group from 2005 to 2006; Senior Manager, Ernst & Young LLP from 2003 to 2005; public accountant with Arthur Andersen LLP and Deloitte & Touche LLP from 1996 to 2003.
Kurt Brands Toronto, Ontario	Vice-President, Corporate Development	Officer since August 7, 2007	Vice-President, Corporate Development of the Company since March 2007; Senior Consultant, Everest Group from 2005 to 2007; Finance Manager, IBM from 1998 to 2005.
Jake Trainor Toronto, Ontario	Vice-President, Corporate Development	Officer since August 7, 2007	Vice-President, Corporate Development of the Company since April 2007; Senior Associate, Mercer Management Consulting from 2003 to 2007.
Kevin Cohen Toronto, Ontario	Vice-President and General Counsel	Officer since April 12, 2006 Ceased to be an officer effective March 11, 2009	Vice-President, Operations and General Counsel of Sentry Select since February 2006; Lawyer, Torys LLP from 2004 to 2006; Lawyer, Macaulay McColl, Barristers & Solicitors from 1998 to 2002.
Helen Martin Toronto, Ontario	General Counsel	Officer since January 20, 2009	General Counsel, C.A. Bancorp Inc. since January 20, 2009; In-House Counsel of C.A. Bancorp Inc. since November, 2008; In House Counsel of Sentry Select since April 2007; Lawyer, Blake, Cassels & Graydon from 2005-2007; Articling Student, Davies Ward Phillips & Vineberg from 2003 to

<u>Name and Municipality of Residence</u>	<u>Position Held</u>	<u>Director/Officer Since</u>	<u>Principal Occupation During Past 5 Years</u>
Ryan Caughey Toronto, Ontario	Corporate Secretary	Officer since August 28, 2006	2004. Associate General Counsel and Corporate Secretary of Sentry Select since February 2008; In-House Counsel and Corporate Secretary of Sentry Select since July 2006; Lawyer. Osler, Hoskin & Harcourt LLP from 2003 to 2006.
Greg Walker Toronto, Ontario	Manager of Equity Investments	Officer since January 25, 2007	Manager, Equity Investments of the Company since January 2006; Research Analyst, Sentry Select from November 2000 to January 2006.

Committees of the Board

As at the date hereof, the committees of the Company's Board of Directors are composed as follows:

Audit Committee: Paul Haggis (Chair), Timothy Unwin and Richard Zarzeczny.

Corporate Governance, Nominating and Compensation Committee: Timothy Unwin (Chair), Paul Haggis and Richard Zarzeczny.

Standing Independent Committee: Richard Zarzeczny (Chair), Paul Haggis and Timothy Unwin.

Biographies of Directors, Executive Officers and Management

John F. Driscoll, Chief Executive Officer, Director and Chairman

John F. Driscoll is the Chairman of the Board of Trustees and Chief Executive Officer of the REIT and the Chairman and Chief Executive Officer of CAB. In 1988, Mr. Driscoll founded Petrofund Energy Trust and was its Chairman from 1988 until it was sold in June 2006 for \$2.99 billion to Penn West Energy Trust to create the largest conventional oil and gas trust in North America with an enterprise value of more than \$11 billion. Mr. Driscoll is the founding President, Chairman and Chief Executive Officer of Sentry Select Capital Inc. and also founded, and has been Chairman of, NCE Resources Group since 1984 and is the Chairman of Inter Pipeline Fund since October 2002. Mr. Driscoll has been the Chairman of Endev Energy Inc., a junior oil and gas exploration and production company, since its founding in 2002. Mr. Driscoll has been President of J.F. Driscoll Investment Corp. since 1981, a company specializing in investment management and related advisory and consulting services. Mr. Driscoll received his Bachelor of Science degree from the Boston College Business School and attended the New York Institute of Finance for advanced business studies. Mr. Driscoll has more than 35 years of diversified business experience. Mr. Driscoll is a member of the CFA Institute and has attained the professional manager designation with the Canadian Institute of Management. He has founded numerous public partnerships as well as public and private energy and investment companies. Mr. Driscoll was a member of the Royal Ontario Museum Foundation Board of Directors from January 2001 to February 2008 and served as Vice-Chair from June 2003 to February 2008.

Frank Crothers, Director (Ceased to be Director effective December 31, 2008)

Mr. Crothers was a Director of the Company until December 31, 2009. Frank Crothers is a corporate executive with extensive business experience. Over the past 35 years, he has served on many public and private sector boards. Mr. Crothers is Chairman and CEO of Island Corporate Holdings Limited, a private Bahamas-based investment company. He is Vice-Chairman of Abaco Markets Limited, Indigo Networks Limited (Bahamas) and former Vice-Chairman of Boschendal Wine Estates (South Africa). He is also a Director of Caribbean Utilities Company Ltd., Nuinsco Resources Limited, CIC Energy Corp., BrazMin Corp., Franklin Templeton Resource Corporations, and Victory Nickel Ltd. For more than a decade, he was on the board of Harvard

University Graduate School of Education and recently served a three-year term as Chairman of CARILEC, the Caribbean Association of Electrical Utilities.

Philip Johnson, Director (Ceased to be a Director effective February 11, 2009)

Mr. Johnson was a Director of the Company until February 11, 2009. Philip Johnson has been President of Pinnacle Reefs Ltd., a private consulting company that provides management consulting and financial services largely to emerging and senior oil and gas companies, since 1988. From 1972 to 1988, Mr. Johnson held various coordination and management capacities at Imperial Oil Limited, including Vice-President of the Commercial Department. Mr. Johnson's responsibilities included wholesale petroleum product sales, acquisition of crude oil for refineries, scheduling of refineries, product pipeline operations and the lubricants business. During his tenure he was seconded to Exxon Mobil Corporation as Coordinator of World Petroleum Product Sales and then Coordinator of World Downstream Strategic Planning. Mr. Johnson serves as a director of European Goldfields Limited, CAPVEST Income Corp., Canadian Income Management CIM Limited, Sentry Select Primary Metals Corp., Universal Infrastructure Corp. and Global Alternatives Inc. as well as several private corporations. Mr. Johnson is Vice-Chairman of the North South Institute, an institute that develops policy on international economic development and conflict resolution. Mr. Johnson has been a member of the CJCF Charitable Corporation, a fund that provides seed capital to charitable ventures, since 1973 and served as its Chairman for five years. Mr. Johnson received a Master of Arts (International Relations) degree in 1970 from the Patterson School of International Affairs at Carleton University where Lestor B. Pearson was his thesis advisor.

Frank Potter, Director

Frank Potter is Chairman of Emerging Markets Advisors Inc. in Toronto. He has an extensive background in international banking and is a former Executive Director of The World Bank. More recently he was senior advisor at the Department of Finance in Ottawa. He sits on a number of boards, both corporate and not-for-profit, including Canadian Tire Corporation Limited and Penn West Energy Trust.

Richard J. Zarzeczny, Director

Mr. Zarzeczny is president of Canadian Enerdata Limited, an energy and economic consulting firm specializing in oil and gas industry analysis and price forecasting. He is publisher/editor of the Canadian Gas Price Reporter, the industry benchmark for Canadian natural gas prices and price indices. Mr. Zarzeczny graduated from Simon Fraser University in 1980 with a Master of Arts degree in Economics specializing in econometrics and in 1975 received a Master of Arts degree in Mathematics from the University of Regina.

Paul Haggis, Director (Effective February 9, 2009)

Mr. Haggis was President and Chief Executive Officer of OMERS (Ontario Municipal Employees Retirement System) for three and a half years, concluding in March 2007. Previously, Mr. Haggis was interim Chief Executive Officer of the Public Sector Pension Investment Board (PSPIB) where he also served as a director. Mr. Haggis also held the position of Executive Vice President, Business Development and Chief Credit Officer at Manulife Financial and also served as Chief Executive Officer of Princeton Developments Ltd. Mr. Haggis began his financial career in the banking sector. Following nine years in corporate banking, he joined Metropolitan Life in 1988 as Vice President and Treasurer and held various executive positions in the United States and Canada, finishing as Chief Operating Officer of Canadian operations in September 1996. He then was named President and Chief Executive Officer for Alberta Treasury Branches (ATB). During his five years in this role, he led ATB to record profitability and market share growth. Mr. Haggis was also Chairman of the Board of Directors for Borealis Infrastructure and Oxford Properties Group Inc. He currently serves as Director and Chair of the Investment Committee of the Insurance Corporation of British Columbia, is a Director of Advantage Energy Income Fund of Calgary, is a Trustee and Chair of the Finance Committee of the Royal Ontario Museum in Toronto and is on the Board of Canadian Tire Bank.

Timothy Unwin, Director (Effective February 27, 2009)

Mr. Unwin is a partner Emeritus at Blake, Cassels & Graydon LLP in Toronto. He has worked as a corporate and securities lawyer. Prior to 2008 he was the firm's U.S. Managing Partner, working out of its New York office. Previously, Mr. Unwin was the Managing Partner of Blakes' first international office in London, England. Mr. Unwin is a graduate of the director's education program at the Institute of Corporate Directors at the Rotman School of Management, University of Toronto and is

an institute certified director (ICD.D). Mr. Unwin holds a Bachelor of Commerce degree from Dalhousie University and a Bachelor of Laws degree from the University of Toronto. Mr. Unwin is a member and immediate past Chairman of the board of directors of the Toronto Community Foundation. Mr. Unwin was a trustee of Charter REIT until February 27, 2009.

Mark Gardhouse, President and Director

Mark Gardhouse is the President and a director of the Company. Mr. Gardhouse has over 24 years experience as a merchant banker both at financial institutions and as a principal. From 1998 to 2005, Mr. Gardhouse was Managing Director of Corporate Finance of Roynat Capital Inc.'s buyout group (Roynat is a subsidiary of Scotiabank). In this position, he headed a team of professionals located in Toronto, Calgary and Montreal to lead majority investments and acquisitions in the Canadian middle-market sector. In a number of investments, the group led or partnered with other private equity groups to purchase companies such as Liberty Brand Products Inc, AG Growth Inc and MTB Industries Inc. Mr. Gardhouse has experience in various industries including distribution, auto parts manufacturing, heavy industrial products and food manufacturing and wholesaling. Prior to his tenure at Roynat Capital Inc., Mr. Gardhouse negotiated and structured financial investments and acquisitions for different firms and banks, including National Bank of Canada, Lincoln Capital Corp. and First Chicago Inc. He received a Bachelor of Arts (Honours) degree in Economics from the University of Toronto and a Masters of Business Administration degree from the Richard Ivey School of Business at the University of Western Ontario in 1983.

J. Mark MacDonald, Managing Director, Private Investments (Ceased to be an officer January 27, 2009)

J. Mark MacDonald was the Managing Director, Private Investments of C.A. Bancorp until January 27, 2009. Mr. MacDonald has over 25 years experience in the financial services industry, with broad experience in private equity investment management. Prior to joining the Company, Mr. MacDonald was Vice-President, Teachers' Private Capital, the private equity arm of Ontario Teachers' Pension Plan Board, co-managing its private equity and mezzanine portfolio during the 10 year period that it grew from \$750 million to over \$4.5 billion. Mr. MacDonald joined Ontario Teachers' Pension Plan Board in 1995 and was responsible for starting up and managing Teachers' Private Capital mezzanine program and he co-managed several successful private to public investments and mezzanine investments involving companies such as Sun Media Corporation, Osprey Media Group Inc., AT&T Canada Inc. and Shoppers Drug Mart Corp. Prior to joining Ontario Teachers' Pension Plan Board, Mr. MacDonald held senior investment management and advisory positions, focused on investment management, corporate development, restructuring and lending, and project finance, with organizations such as Citibank Canada, Morgan Financial Corporation and a Canadian chartered bank. Mr. MacDonald has extensive board of directors experience on both private and public boards in Canada and the United States, having served on the boards of Trimac Corporation, AT&T Canada Inc., Osprey Media Group Inc. and Sun Media Corporation, amongst others. He received a Bachelor of Arts degree (Honours) in Economics from Queen's University in 1979 and a Master of Business Administration degree from the Schulich School of Business at York University in 1982. Mr. MacDonald is also a graduate of the ICD Corporate Governance College, Directors Education Program and holds the ICD.D professional designation.

Michael Lovett, Managing Director, Real Estate Capital

Michael Lovett joined C.A. Bancorp as Managing Director, Real Estate Capital in May 2007. Mr. Lovett has over 24 years of experience in the commercial real estate lending industry most recently as the President of Commercial Mortgage & Capital, a private commercial mortgage company controlled by Avison Young Commercial Real Estate Inc., which originated and placed commercial real estate loans and mortgages. He was the co-founder of Montrose Mortgage Corporation (Toronto) Ltd. from 2001 to 2005, where he was responsible for opening the Toronto office and originating and structuring commercial real estate loans. Mr Lovett has been involved in placing loans on all major asset classes, including term loans, construction financing and mezzanine facilities. Mr. Lovett has also held senior real estate related positions in origination, risk assessment and special loans with CIBC Mortgages Inc. (National Sales Manager), National Trust (VP, Risk Management), Citibank (Assistant Vice-President) National Bank (Senior Manager, Corporate Real Estate) and Swiss American Bank of Antigua (General Manager).

Paolo De Luca, Chief Financial Officer

Paolo De Luca joined the Company as its Chief Financial Officer in the summer of 2006. Prior to joining the Company, Mr. De Luca was a Senior Manager at TD Bank Financial Group. He worked in a risk management capacity, focusing on derivatives, structured products and other trading business lines within the securities division. Prior to that, Mr. De Luca was a Senior Manager at the public accounting firm of Ernst & Young LLP. He specialized in accounting for complex transactions, derivatives, securitizations and long-term investments including private equity transactions. Mr. De Luca began his career at

Arthur Andersen LLP before moving to Deloitte & Touche LLP, where he was engaged in various assurance and business advisory capacities, serving primarily financial institutions including large Canadian, United States and international banks and investment dealers. Mr. De Luca earned a Bachelor of Business Administration degree from the Schulich School of Business at York University. In addition, he holds a Chartered Accountant designation and is a CFA Charterholder. Mr. De Luca is a member of the Institute of Chartered Accountants of Ontario as well as the CFA Institute.

Kurt Brands, Vice-President, Corporate Development

Kurt Brands joined the Company as Vice-President, Corporate Development in the spring of 2007. Prior to joining the Company, Mr. Brands was a Senior Consultant at Everest Group, a global outsourcing advisory firm. He was engaged in a variety of client assignments, developing sourcing strategies for non-core business operations and negotiating commercial outsourcing agreements. Prior to that, Mr. Brands worked in finance and corporate development at IBM. Mr. Brands received a Masters of Business Administration degree from the Richard Ivey School of Business at the University of Western Ontario and a Bachelor of Commerce degree from Royal Roads University. In addition, he holds a CMA designation and is a member of the Society of Management Accountants of Ontario.

Jake Trainor, Vice-President, Corporate Development

Jake Trainor joined the Company as Vice-President, Corporate Development in April 2007. Prior to joining the Company, Mr. Trainor was Senior Associate at Mercer Management Consulting, a consulting firm. He has experience gained from client engagements spanning the transportation, infrastructure and retail sectors. Most recently, Mr. Trainor was seconded to a leading Middle Eastern airline where he managed their cargo division for 14 months. Mr. Trainor received a Masters of Business Administration degree from the Richard Ivey School of Business at the University of Western Ontario and a Bachelor of Electrical Engineering degree from the Royal Military College of Canada. Mr. Trainor's previous experience also includes serving in the Canadian Forces as a Special Operations Pilot.

Kevin Cohen, Vice-President and General Counsel (Ceased to be an officer effective March 11, 2009)

Kevin Cohen was Vice-President and General Counsel of the Company until January 20, 2009, following which he was Vice-President, Legal until March 11, 2009. Mr. Cohen was also Vice-President Operations and General Counsel of Sentry Select and General Counsel - Corporate of Charter REIT until February 18, 2009. Prior to joining Sentry Select in February 2006, Mr. Cohen practised corporate and securities law with Torys LLP from 2004 to 2006. From 2002 to 2004, Mr. Cohen attended the Richard Ivey School of Business at the University of Western Ontario, graduating in 2004 with a Master of Business Administration degree. From 1994 to 2002, Mr. Cohen practised law in Vancouver after obtaining his Bachelor of Laws degree in 1994 from the University of British Columbia.

Helen Martin, General Counsel (Effective January 20, 2009)

Helen Martin is General Counsel of the Company. Ms. Martin was In-House Counsel of C.A. Bancorp since November 2008. Previously, she was In-House Counsel of Sentry Select since April 2007. Prior to that, Ms. Martin worked as an associate with Blake, Cassels & Graydon from 2005 to 2007 where she practiced securities law. She worked with Davies Ward Phillips & Vineberg as an articling and summer student from 2002 to 2004. Ms. Martin received her call to the Bar of Ontario in 2004, after she earned her Bachelor of Laws degree from the University of Toronto in 2003. She earned a Bachelor of Arts (Honours) degree from the University of Victoria in 2000.

Ryan Caughey, Corporate Secretary

Ryan Caughey is the Corporate Secretary of the Company. Mr. Caughey joined Sentry Select in July 2006 and was appointed Corporate Secretary of Sentry Select on December 18, 2006 and Associate General Counsel in February 2008. Mr. Caughey is also the Corporate Secretary of Charter REIT. He practised corporate and securities law with Osler, Hoskin & Harcourt LLP from 2003 to 2006. He obtained a Bachelor of Laws degree in 2002 from Queen's University and his Honours Bachelor of Arts degree in 1998 from the University of Western Ontario.

Greg Walker, Manager, Equity Investments

Greg Walker is the Manager, Equity Investments of C.A. Bancorp. Mr. Walker joined C.A. Bancorp as Senior Associate in January 2006 and was a Research Analyst with Sentry Select from November 2000 to January 2006. He has 13 years of experience in the financial industry. Mr. Walker held numerous positions in the financial services industry, including sales, marketing and operations roles. He has completed his CFA Level II and is currently working on obtaining his Chartered Business Valuators designation. In addition, Mr. Walker holds a Bachelor of Arts degree in Economics from the University of Western Ontario.

SIGNIFICANT ACQUISITIONS

On January 26, 2006, the Company completed the Qualifying Transaction pursuant to TSXV Policy 2.4. The Company was exempt from filing a business acquisition report in respect of the Qualifying Transaction pursuant to Part 8 of National Instrument 51-102 – *Continuous Disclosure Obligations*.

Details of the Qualifying Transaction

Purchase Agreements

Pursuant to the Fund Acquisition Agreement, the Company acquired all of the assets of the Fund in exchange for 451,638 Common Shares and 451,638 Warrants. Pursuant to the Bancorp Share Purchase Agreement, the Company purchased all of the issued and outstanding shares of C.A. Bancorp Ltd. in exchange for 339,991 Common Shares and 339,991 Warrants. The Common Shares issued pursuant to the Bancorp Share Purchase Agreement are held in escrow pursuant to the policies of the TSX. See “Escrowed Securities”.

Businesses Acquired

Prior to the Qualifying Transaction, the Fund was a mutual fund trust established under the laws of the Province of Ontario by declaration of trust dated July 14, 2000. The investment objective of the Fund was to provide long-term capital appreciation by investing primarily in common shares of the companies operating in the financial services industry, including commercial and investment banks, insurance providers, brokerages and investment management companies.

Prior to the Qualifying Transaction, C.A. Bancorp Ltd. carried on business as a merchant bank focused on the Canadian middle-market sector. C.A. Bancorp Ltd.’s investment strategy was to make equity investments in Canadian small and middle-market public and private companies that exhibit the potential for substantial capital appreciation through improved management, financial performance and enhanced strategic positioning. Among other strategies, C.A. Bancorp Ltd. targeted under-valued companies that were under-performing due to poor management execution or inadequate capital structure or were undergoing a significant transition, such as a change in senior management or succession in ownership. C.A. Bancorp Ltd. also carried on a limited market dealer business by finding equity and/or debt funding for junior and middle-market public and private issuers in various industries including the oil and gas and mining sectors.

Material Changes in the Company’s Business Following the Qualifying Transaction

Following the Qualifying Transaction, the Company commenced carrying on the business of a merchant bank and a limited market dealer, through its wholly-owned subsidiary, CAB Ltd., the Board was reconstituted and the Company expanded its management team with individuals having expertise in the merchant bank business. CAB Ltd. also received approval from the Ontario Securities Commission registering CAB Ltd. as an ICPM. With its ICPM registration, C.A. Bancorp Ltd. is able to act as an investment manager for public investment vehicles it manages.

Non-Arm’s Length Transaction

The Qualifying Transaction was a non-arm’s length transaction because John F. Driscoll, the President and Chief Executive Officer of Sentry Select, the manager of the Fund, was also an officer and director of the Company. As well, a corporation beneficially owned by Driscoll Children’s Trust (a trust of which John F. Driscoll is the trustee and beneficiary) beneficially owned 54.29% of the outstanding Common Shares prior to the date of the Qualifying Transaction. Driscoll Children’s Trust also owned 15,000 trust units (3.92%) of the Fund. Additionally, C.A. Bancorp Ltd., prior to the Qualifying Transaction, was beneficially owned by John F. Driscoll and his family.

Exemption from Formal Valuation Requirement

The Company was exempt from the formal valuation requirement under securities laws in respect of the Qualifying Transaction pursuant to the exemption in section 5.5(3) of Ontario Securities Commission Rule 61-501. In addition, the Company applied for and was granted a similar exemption by the Autorité des Marchés Financiers under the laws of the Province of Quebec.

Acquisition of AgriFinancial Canada Corp.

On October 12, 2007, the Company, through its subsidiary, AgriFinancial acquired the businesses of AgriCard and Agrifinance through a purchase of all of the assets of Canadian Cooperative Agricultural Financial Services. See “Development of the Business – Acquisition of AgriFinancial Canada Corp.” The Company filed a business acquisition report in respect of this acquisition, a copy of which is available on SEDAR at www.sedar.com. On January 30, 2009, the Company sold the AgriFinancial through a sale of all of the shares of AgriFinancial’s parent company, C.A. Bancorp Financial Corp.

PROMOTER

John F. Driscoll may be considered to be the promoter of the Company as he took the initiative in founding and organizing the Company. John F. Driscoll’s shareholdings as at March 10, 2009 are disclosed below. Except as described above under “Management and Administration Agreements with Sentry Select” and as set forth elsewhere in this Annual Information Form and in the Company’s Management Information Circular which is incorporated herein by reference, no assets, services or other considerations have been received or are presently contemplated to be received by John F. Driscoll from the Company.

<u>Name</u>	<u>Total Voting and Equity Securities</u>	<u>Percentage of Class</u>
John F. Driscoll ⁽¹⁾⁽²⁾ Toronto, Ontario	3,278,276 Common Shares	12%

Notes:

- (1) John F. Driscoll and his family control the Common Shares through J.F. Driscoll Investment Corp. (2,283,158 Common Shares), DCT Investments Corp. (231,500 Common Shares), Petro Assets Inc. (339,991 Common Shares), Driscoll Children’s Trust (57,447 Common Shares), Merrilyn Driscoll (131,300) and John F. Driscoll (234,880 Common Shares).
- (2) John F. Driscoll holds stock options to purchase up to 347,500 Common Shares (17,500 at a price of \$2.00 exercisable until Sep. 15, 2010, 155,000 at \$3.10 exercisable until Dec. 22, 2011 and 175,000 exercisable until August 21, 2012 at \$3.30 per Common Share).

AUDIT COMMITTEE

Multilateral Instrument 52-110-*Audit Committees* (“**MI 52-110**”) requires the Company to disclose certain information concerning the constitution of the audit committee of the Board (the “**Audit Committee**”) and its relationship with its independent auditor, as set forth below.

Charter

The Audit Committee is governed by its mandate. A copy of the text of the Audit Committee’s mandate, established in accordance with MI 52-110, is included in Appendix “A” attached hereto.

Composition of the Audit Committee

Messrs. Haggis, Unwin and Zarzeczny are current members of the Audit Committee. Mr. Haggis is the Chairman of the Audit Committee. Each member of the Audit Committee is “independent” and “financially literate” within the meaning of MI 52-110.

Education and Experience

Mr. Haggis was President and Chief Executive Officer of OMERS (Ontario Municipal Employees Retirement System) for three and a half years, concluding in March 2007. Previously, Mr. Haggis was interim Chief Executive Officer of the Public Sector Pension Investment Board (PSPIB) where he also served as a director. Mr. Haggis also held the position of Executive

Vice President, Business Development and Chief Credit Officer at Manulife Financial and also served as Chief Executive Officer of Princeton Developments Ltd. Mr. Haggis began his financial career in the banking sector. Following nine years in corporate banking, he joined Metropolitan Life in 1988 as Vice President and Treasurer and held various executive positions in the United States and Canada, finishing as Chief Operating Officer of Canadian operations in September 1996. He then was named President and Chief Executive Officer for Alberta Treasury Branches (ATB). During his five years in this role, he led ATB to record profitability and market share growth. Mr. Haggis was also Chairman of the Board of Directors for Borealis Infrastructure and Oxford Properties Group Inc. He currently serves as Director and Chair of the Investment Committee of the Insurance Corporation of British Columbia, is a Director of Advantage Energy Income Fund of Calgary, is a Trustee and Chair of the Finance Committee of the Royal Ontario Museum in Toronto and is on the Board of Canadian Tire Bank.

Mr. Unwin is a partner Emeritus at Blake, Cassels & Graydon LLP in Toronto. He has worked as a corporate and securities lawyer. Prior to 2008 he was the firm's U.S. Managing Partner, working out of its New York office. Previously, Mr. Unwin was the Managing Partner of Blakes' first international office in London, England. Mr. Unwin is a graduate of the director's education program at the Institute of Corporate Directors at the Rotman School of Management, University of Toronto and is an institute certified director (ICD.D). Mr. Unwin holds a Bachelor of Commerce degree from Dalhousie University and a Bachelor of Laws degree from the University of Toronto. Mr. Unwin is a member and immediate past Chairman of the board of directors of the Toronto Community Foundation. Mr. Unwin was a trustee of Charter REIT until February 27, 2009.

Mr. Zarzeczny is principal and founder of Canadian Enerdata Limited, an energy and economic consulting firm specializing in oil and gas industry analysis and forecasting. He publishes The Natural Gas Market Report, the leading Canadian newsletter covering natural gas markets, including regular price and market activity surveys. He is currently Chairman of the audit committee of CAPVEST Income Corp. and serves as a member of the audit committee of Strategic Energy Fund. He graduated from Simon Fraser University in 1980 with a Master of Arts Degree in Economics specializing in econometrics and in 1975 received a Master of Arts Degree in Mathematics from the University of Regina.

Each member of the Audit Committee has acted as a director or audit committee member of a number of public issuers in the past and as such obtained experience in performing his responsibilities as a member of the Audit Committee. In such capacity, each member of the Audit Committee has experience in the preparation, analysis and/or evaluation of financial statements generally and an understanding of internal controls and procedures for financial reporting. Given the scope and nature of the Company's business, its financial statements and the accounting issues arising therefrom are relatively uncomplicated. Based on the foregoing, it is the Board's conclusion that each of the members of the Audit Committee has an understanding of the accounting principles used to prepare the financial statements of the Company, the ability to assess the general application of such accounting principles in connection with the accounting for estimates, accruals and reserves and experience in evaluating financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the Company's financial statements.

Pre-Approval Policies and Procedures

In the event that the Company wishes to retain the services of the Company's external auditors for such services as tax compliance, tax advice, tax planning or other non-audit services, such services in excess of \$25,000 must be pre-approved by the Audit Committee.

External Auditor Service Fees

The following chart summarizes the aggregate fees billed by the external auditors of the Company for professional services rendered to the Company during the fiscal years ended December 31, 2007 and 2008, for audit and non-audit related services:

Type of Work	Year Ended December 31, 2008	Year Ended December 31, 2007
Audit Fees ¹	\$181,755	\$82,100
Audit-Related Fees	--	---
Tax Fees	\$78,292	---
All Other Fees	\$32,485 ²	\$128,400 ³

REGULATORY ACTIONS AND LEGAL PROCEEDINGS

The Company, its subsidiaries and the private companies in which the Company invests may be subject to certain claims and lawsuits from time to time in the course of carrying on business. Management is not aware of any material litigation outstanding, threatened or pending as of the date of this Annual Information Form by or against the Company or its subsidiaries.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

The acquisition on January 26, 2006 by the Company of the assets of the Fund and of C.A. Bancorp Ltd. were non-arm's length party transactions. See "Significant Acquisitions" for further information regarding the transactions and insider participation in the transactions.

On September 13, 2006, the Company acquired 2,500,000 common shares of Charter, representing approximately 42% of Charter's issued and outstanding common shares. At the time of the above investment, John F. Driscoll, the Chief Executive Officer and a director of the Company, was the President, Chief Executive Officer and a director of Charter. DCT Investment Corp. (a company controlled by John F. Driscoll) owned 54.2% of the outstanding common shares of Charter. The Company purchased an additional 9,500,000 common shares of Charter on February 23, 2007, as part of Charter's qualifying transaction. Charter subsequently converted to a REIT (i.e. Charter REIT). Under a plan of arrangement, every 10 common shares of Charter were exchanged for one unit of Charter REIT. On June 21, 2007, the Company subscribed for 296,000 units of Charter REIT. On August 9, 2007, the Company subscribed for an additional 4,347,826 units of Charter REIT. As of the date hereof, the Company holds approximately 33% of the outstanding units of Charter REIT. The Company has provided a \$14 million non-recourse subordinate loan facility to Charter REIT, none of which was drawn as of December 31, 2008 or the date hereof. The facility expires on April 1, 2009. See "Development of the Business - Direct Investing".

In February 2008, the Company sold its investments in certain real estate loans to a related party. See "General Development of the Business – Investment in and Subsequent Sale of Commercial Real Estate Loans – February 2008".

In July, 2008, the Company acquired an 85% interest in Barlow, an investment counsel and portfolio manager. Following the acquisition of Barlow, the Company is the principal shareholder of two registrants with the Ontario Securities Commission, being Barlow and CAB Ltd. Both Barlow and CAB Ltd. have adopted policies and procedures to minimize any potential conflict of interest resulting from this relationship.

In October 2008, in accordance with the Administration Agreement, the Company agreed to reimburse Sentry Select for the costs of certain salaries (including bonuses and benefits) of employees of the Company and in February 2009, the Company agreed to reimburse Sentry Select for the costs of certain salaries (including bonuses and benefits) of employees of Charter REIT. John F. Driscoll is the Chairman and Chief Executive Officer of the Company, Sentry Select and Charter REIT. See "Management and Administration Agreements with Sentry Select".

¹ Aggregate fees billed for the Company's annual and quarterly financial statements for the periods ended March 31st, June 30th, September 30th and December 31st and services normally provided by the auditor in connection with the Company's statutory and regulatory filings.

² Includes audit related services in connection with the Company's due diligence and tax structuring for private equity transactions.

³ Includes audit related services in connection with the Company's offering of common shares in June 2007, a potential acquisition and the acquisition of AgriFinancial.

In March, 2009, the Company purchased the private company investments held by Total Strategy pursuant to a non-arm's length transaction. See "General Development of the Business – Sentry Select Total Strategy Fund".

As at March 10, 2009, the directors and executive officers and management of the Company as a group beneficially own or exercise control or direction over approximately 3,495,176 Common Shares being approximately 12.85% of the issued and outstanding Common Shares.

TRANSFER AGENT AND REGISTRAR

Computershare Investor Services Inc. through its principal office in Toronto, Ontario at 9th Floor, 100 University Ave, Toronto Ontario M5J 2Y1, is the transfer agent and registrar for the Common Shares.

MATERIAL CONTRACTS

Except for contracts entered into by the Company in the ordinary course of business, the only material contracts entered into or to be entered into by the Company which can reasonably be regarded as presently material are the following:

- (1) the Management Agreement, as discussed under the heading "General Description of the Business - Management and Administration Agreements";
- (2) the Administration Agreement, as discussed under the heading "General Description of the Business - Management and Administration Agreements";
- (3) the Charter Management Agreement dated March 27, 2007 among CARM and Charter Realty, which was subsequently assigned to Charter REIT as discussed under the heading "General Development of the Business – Charter REIT";
- (4) the CRFC Management Agreement as discussed under the heading "General Development of the Business – C.A. Bancorp Canadian Realty Finance Corporation";
- (5) the CRFC Investment Advisor Agreement as discussed under the heading "General Development of the Business – C.A. Bancorp Canadian Realty Finance Corporation"; and
- (6) the Commitment Agreement as discussed under the heading "General Development of the Business – Investment in C.A. Bancorp Canadian Realty Finance Corporation".

Copies of the above agreements are available on SEDAR at www.sedar.com and may be inspected during regular business hours at the head office of the Company in Toronto, Ontario.

INTERESTS OF EXPERTS

The Company's auditors are Deloitte & Touche LLP, Chartered Accountants, who have prepared an independent auditors' report dated March 7, 2009 in respect of the Company's consolidated financial statements with accompanying notes as at and for the year ended December 31, 2008. Deloitte & Touche LLP is independent in accordance with the auditors' rules of professional conduct in Ontario. The "designated professionals" of Deloitte & Touche LLP beneficially own or control, directly or indirectly no securities or other property of the Company.

Cole & Partners prepared a fairness opinion in connection with the evaluation of the fairness of C.A. Bancorp's Offer to Total Strategy Fund to purchase its private company investments as described above under "Description of the Business – Asset Management – Sentry Select Total Strategy Fund". The "designated professionals" of Cole & Partners beneficially own or control, directly or indirectly no securities or other property of the Company.

ADDITIONAL INFORMATION

Additional information regarding the Company may be found on SEDAR at www.sedar.com. Additional information, including directors' and officers' remuneration and indebtedness to the Company, principal holders of securities of the Company and securities authorized for issuance under equity compensation plans, if applicable, is contained in the Company's most recent Management Information Circular filed on SEDAR and will be contained in the Company's Management Information Circular prepared in connection with the annual and special meeting of shareholders to be held in June 2009. Additional financial information is provided in the Company's financial statements for its financial year ended December 31, 2008, together the accompanying report of the auditor, and management's discussion and analysis filed on SEDAR.

APPENDIX "A"

Mandate of the Audit Committee

Approved: March 8, 2007

Purpose

The Audit Committee (the "Committee") is appointed by the Board of Directors (the "Board") of C.A. Bancorp Inc. (the "Corporation") at the Corporation's first Board meeting held subsequent to the Annual General Meeting. Committee members are elected to serve for a period of one year. Members may be replaced at any time at the discretion of the Board.

The purpose of the Committee is to assist the Board in fulfilling its oversight responsibilities relating to the financial accounting and reporting process, its audit process, disclosure procedures and internal controls of the Corporation.

The Committee's primary duties and responsibilities are to:

- Review the annual and interim financial statements of the Corporation, management's discussion and analysis (the "MD&A") and report thereon to the Board for approval of, or amendment to, same;
- Conduct such reviews and discussions with management and the independent auditors of the Corporation (the "Independent Auditors") relating to the audit and financial reporting as deemed appropriate by the Committee;
- Review and approve all non-arms' length transactions involving the Corporation; and
- Monitor the independence and performance of the Independent Auditors.

It is not the responsibility of the Committee to determine that the Corporation's financial statements are complete and accurate and in accordance with generally accepted accounting principles or to plan or to conduct audits. The financial statements are the responsibility of management. The Independent Auditors are responsible for planning and conducting an audit and expressing an opinion on the fair presentation of the financial statements of the Corporation in accordance with generally accepted accounting principles.

The Committee has the authority to conduct any investigation appropriate to its responsibilities, and it may request the Independent Auditors as well as any officer of the Corporation, or the Corporation's outside counsel, to attend a meeting of the Committee or to meet with any members of, or consultants to, the Committee. The Committee shall have unrestricted access to the Corporation's books and records and has the authority to retain, at the Corporation's expense, special legal, accounting, or other consultants or experts to assist in the performance of the Committee's duties. The Chairman or other member of the Committee so designated by the Committee may represent the Committee to the extent permitted by applicable legal and listing requirements.

Composition and Meetings

- a. The Audit Committee shall be comprised of at least three directors, one of whom shall serve as the Chair;
- b. A majority of the members of the Audit Committee shall be independent non-executive directors, free from any relationship that, in the opinion of the Board, could reasonably be expected to interfere with the exercise of his or her independence from management, the Corporation, the Independent Auditors or outside counsel. The definition of “independent” shall have the meaning ascribed thereto under applicable legislation;
- c. Notwithstanding the above, provided a majority of the Audit Committee is independent, an individual with a material relationship to the Corporation may sit on the Audit Committee for up to 2 years if, (a) such individual does not chair the Audit Committee, and, (b) the Board determines in its reasonable judgment that the individual is able to exercise impartial judgment and the appointment is in the best interests of the Corporation and its shareholders;
- d. All members of the Committee shall be, or within a reasonable time after appointment, shall become financially literate as determined by the Board, and at least one member of the Committee shall have accounting or related financial management expertise as determined by the Board. The Board shall determine the definition of and criteria for financial literacy which shall, at a minimum, include the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Corporation’s financial statements.
- e. The Committee shall meet, at the discretion of the Chair or a majority of its members but at least quarterly and as circumstances dictate or as may be required by applicable legal or listing requirements upon 48 hours notice, which notice period may be waived by a quorum of members of the Committee. A quorum shall be a majority of the members of the Committee. The Chief Executive Officer of the Corporation and, to the extent the Chair of the Board is not otherwise a member of the Committee, the Chair, and all other directors who are not members of the Committee may be invited to attend all or any part of meetings of the Committee in an ex officio capacity and shall not vote
- f. If and whenever a vacancy shall exist, the remaining members of the Committee may exercise all of its powers and responsibilities so long as a majority of Committee members remains in office; and
- g. Any matters to be determined by the Committee shall be decided by a majority of votes cast at a meeting of the Committee called for such purpose. Actions of the Committee may be taken by an instrument or instruments in writing signed by all of the members of the Committee, and such actions shall be effective as though they had been decided by a majority of votes cast at a meeting of the Committee called for such purpose.

To fulfill its responsibilities and mandates, the Committee shall review its mandate annually and make amendments thereto, as deemed appropriate.

Responsibilities

Financial Accounting, Reporting Process and Internal Controls

- a. The Committee shall review the annual audited financial statements and the interim financial statements of the Corporation and report thereon to the Board for approval of same prior to

their being filed with the appropriate regulatory authorities and publicly dissemination. With respect to the annual audited financial statements, the Committee shall discuss significant issues regarding accounting principles, practices and judgments of management with management and the Independent Auditors as and when the Committee deems it appropriate to do so;

- b. The Committee shall review the post-audit or management letter containing the recommendations of the Independent Auditors and management's response and subsequent follow-up to any identified weaknesses;
- c. The Committee shall review MD&A relating to annual and interim financial statements and any other public disclosure documents that are required to be reviewed by the Committee under any applicable laws prior to their being filed with the appropriate regulatory authorities;
- d. The Committee shall meet *in camera* with the Independent Auditors routinely to review the Corporation's accounting practices, internal controls and such other matters as the Committee deems appropriate;
- e. The Committee shall monitor procedures pursuant to which individuals may submit complaints or report violations of applicable laws, rules, regulations or the Corporation's Code of Business Conduct in confidence. The Committee shall confirm that procedures exist to prevent retaliation, in any form, against any individual for complaints or reports made in good faith; and
- f. To perform such other functions as may from time to time be assigned to the committee by the Board.

Independent Auditors

- a. The Independent Auditors are directly accountable, and shall report, to the Committee. The Committee has the ultimate authority and responsibility to select, evaluate and, where appropriate, make suggestions to replace the Independent Auditors;
- b. The Committee shall be responsible for overseeing the work of the Independent Auditors, and the Committee shall be responsible for resolving any disagreement between management and the Independent Auditors;
- c. The Committee shall annually recommend to the Board the nomination, appointment or re-appointment of the Independent Auditors, as the case may be, or, as appropriate, recommend the discharge or replacement of the Independent Auditors when circumstances warrant. The Committee shall review the compensation of the Independent Auditors and report to the Board if necessary;
- d. The Committee shall be responsible for ensuring that the Independent Auditors submit on a periodic basis to the Audit Committee a formal written statement delineating all relationships between the Independent Auditors and the Corporation. The Committee is responsible for discussing with the Independent Auditors any disclosed relationships or services that may impact the objectivity and independence of the Independent Auditors and for recommending that the Board take appropriate action in response to the Independent Auditor's report to satisfy itself of the Independent Auditors' independence.
- e. The Committee shall review and pre-approve, in accordance with applicable law, any non-audit services (over \$25,000) to be provided to the Corporation by the Independent Auditor,

with reference to compatibility of the service with the Independent Auditor's independence. The Chairman has the authority to approve all such services, and has the responsibility to inform the Committee of all pre-approved services at its next meeting

- f. The Committee shall review the Independent Auditors' Audit Plan, including scope, procedures and timing of the audit.
- g. The Committee shall review the results of the annual audit with the Independent Auditors, including matters related to the conduct of the audit.

General

- a. The Committee shall develop an Annual Audit Committee Work Plan for the work of the Committee;
- b. A copy of the minutes of each meeting of the Committee shall be provided to each director; and
- c. At the Committee's discretion, it shall report to the Board.

Disclaimer as to the Committee's Responsibilities

In contributing to the Committee's discharging of its duties under this mandate, each member of the Committee shall be obliged only to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. Nothing in this mandate is intended, or may be construed, to impose on any member of the Committee a standard of care or diligence that is in any way more onerous or extensive than the standard to which all Board members are subject. The essence of the Committee's duties is monitoring and reviewing to gain reasonable assurance (but not to ensure) that the financial accounting functions are being conducted effectively and that the corporation's financial reporting and disclosure objectives are being met and to enable the Committee to report thereon to the Board.