

This document is important and requires your immediate attention. If you are in doubt as to how to respond to the Century Offer, you should consult with your investment dealer, stockbroker, lawyer or other professional advisor. Inquiries concerning the information in this document should be directed to Georgeson Shareholder Communications Canada Inc., the Information Agent retained by C.A. Bancorp, at the telephone numbers listed on the back page of this Directors' Circular.

| C | A | B A N C O R P

DIRECTORS' CIRCULAR

**Relating to the Offer by 1535633 Alberta Ltd.,
an affiliate of Century Services LP
dated June 3, 2010
to purchase all of the issued and outstanding Common Shares of

C.A. Bancorp Inc.**

THIS DIRECTORS' CIRCULAR DOES NOT CONTAIN A RECOMMENDATION FROM THE C.A. BANCORP INC. BOARD OF DIRECTORS AS TO WHETHER SHAREHOLDERS SHOULD ACCEPT OR REJECT THE CENTURY OFFER.

NOTICE TO UNITED STATES HOLDERS

The tender offer referred to herein is made for securities of a Canadian issuer and while the issuer and the Century Offer are subject to Canadian disclosure requirements, security holders should be aware that these requirements are different from those of the United States. The enforcement by United States security holders of civil liabilities under United States federal securities laws may be affected adversely by the fact that the issuer is established under the laws of, and its business offices are located in, a foreign country and that all of its directors and officers are residents of a foreign country.

June 3, 2010

June 3, 2010

Dear Fellow Shareholder:

Re: Take-over Bid by 1535633 Alberta Ltd. (the “Offeror”), an affiliate of Century Services LP (“Century”)

You have received an offer from Century to purchase all of your Common Shares of C.A. Bancorp Inc. (“C.A. Bancorp”) for \$1.50 per Common Share (the “Century Offer”).

Your Board of Directors, after receiving the recommendation of its Special Committee and the advice of its financial and legal advisors, has unanimously determined that it is in the best interests of the Company for the Shareholders to have the opportunity to choose between two options, specifically:

(i) acceptance of the Century Offer, or

(ii) maintenance of their interests in the Company with the Board’s commitment that it will implement a realization strategy under which the Company’s assets will be monetized and the proceeds will be distributed to Shareholders.

Additional information about the choices available to you is contained in the enclosed Directors’ Circular.

The Special Committee, and the Board, make no recommendation to Shareholders as to whether they should choose (i) or (ii) above.

In reaching its conclusion, the Board of Directors, assisted by its financial and legal advisors, carefully considered all aspects of the Century Offer and alternatives thereto, including the factors described in the enclosed Directors’ Circular. In making your decision, you should consider the discussion provided under the heading “Determination of the Special Committee” in the enclosed Directors’ Circular.

John F. Driscoll, the Chairman of the Board, has entered into an agreement with the Offeror to tender the Common Shares that he has control or direction over to the Century Offer. See the discussion under the heading “Intention With Respect to Century Offer” below.

Please read the enclosed material carefully; you are encouraged to read the full explanation of the reasons for our determination in the enclosed Directors’ Circular. If you have any questions concerning our analysis regarding the Century Offer, please call Georgeson using the contact information on the back page of the enclosed Directors’ Circular.

Sincerely,

On behalf of the Board of Directors:

John F. Driscoll
Chairman of the Board of Directors

Timothy Unwin
Chairman of the Special Committee of the Board of Directors

QUESTIONS AND ANSWERS ABOUT THE CENTURY OFFER

What are my options with respect to the Century Offer?

You can accept or not accept the Century Offer. The Board of Directors, after receiving the recommendation of its Special Committee and the advice of its financial and legal advisors, has unanimously determined that it is in the best interests of the Company for the Shareholders to have the opportunity to choose between two options, specifically:

(i) acceptance of the Century Offer; or

(ii) maintenance of their interests in the Company with the Board's commitment that it will implement a realization strategy (the "Realization Strategy") under which the Company's assets will be monetized and the proceeds will be distributed to Shareholders (as more fully described in the enclosed Directors' Circular).

The Board makes no recommendation whether the Shareholders should accept or reject the Century Offer. John F. Driscoll, the Chairman of the Board, who owns approximately 13% of the Common Shares, has agreed to tender his Common Shares to the Century Offer. Of the remaining directors who hold Common Shares, Richard Zarzeczny has also indicated that he intends to tender his Common Shares to the Century Offer, and Tim Unwin and Frank Potter have indicated that they do not intend to tender their Common Shares to the Century Offer. See the discussion under the heading "Intention With Respect to Century Offer" below.

How do I accept or reject the Century Offer?

To accept the Century Offer, follow the directions provided in the Century Circular. It is important to note that the Century Offer is subject to a minimum tender condition; generally speaking if less than 66⅔% of the Common Shares are tendered then the Century Offer will terminate and not proceed (such that no Shareholder would be able to receive the offer consideration).

To reject the Century Offer and not tender your Common Shares, do nothing.

What will happen to C.A. Bancorp if the Century Offer is not successfully completed?

The Company's Board has determined that, if the Century Offer is not successfully completed, C.A. Bancorp's interests would be best served through the realization of the Company's assets and the distribution of the proceeds to the Company's Shareholders. In many cases, asset realization dates are supported by contractual liquidity rights. The Company expects that it would pursue opportunities to accelerate the realization dates for its assets where it is in the best interests of the Company to do so. Discussions concerning certain assets are ongoing. Pending completion or termination of the Century Offer, consummation of any such transactions would be subject to Century's approval.

What if I prefer the Realization Strategy?

You should not tender your Common Shares to the Century Offer.

What are the factors to be considered in making this choice?

As discussed in the enclosed Directors' Circular, the Board and the Special Committee of the Board, in determining to make the choice available to Shareholders, considered the following:

- the Century Offer provides Shareholders the current opportunity to receive cash consideration of \$1.50 per Common Share;
- the Realization Strategy *should* potentially lead to long-term value for Shareholders that exceeds the amount being offered to Shareholders pursuant to the Century Offer (the Company's most recent assessment indicated a net book value of \$2.53 per Common Share), though there is no assurance that the Realization Strategy would achieve that or any similar value;
- there are risks, uncertainties and costs associated with the Realization Strategy. It will take a period of time before some of the assets of the Company could be realized upon in a manner that best serves the interests of the Company. The Board expects that an initial distribution of the majority of the Company's available cash, net of reserves deemed necessary by the Board to operate the business, would be made during fiscal 2010.

When do I have to decide?

Not immediately, although there is a time deadline. The Century Offer is scheduled to expire at 5:00 p.m. (Toronto time) on July 9, 2010, though it may be extended as set out in the Century Circular. Shareholders may take any action with respect to the Century Offer at any time prior to the Expiry Time.

Who do I ask if I have more questions?

The C.A. Bancorp Board recommends that you read the information contained in this Directors' Circular. You should contact Georgeson, the Information Agent retained by C.A. Bancorp, with any questions or requests for assistance that you might have.

CONTACT INFORMATION FOR GEORGESON, INFORMATION AGENT FOR C.A. BANCORP

North American Toll-Free Number:1-866-676-3003

Email:askus@georgeson.com

TABLE OF CONTENTS

FORWARD-LOOKING INFORMATION	i
GLOSSARY OF TERMS	i
CURRENCY	i
SUMMARY	1
DIRECTORS' DETERMINATION	1
C.A. BANCORP INC. DIRECTORS' CIRCULAR	2
THE CENTURY OFFER	2
DETERMINATION OF THE SPECIAL COMMITTEE	2
RECENT DEVELOPMENTS AND BACKGROUND TO THE CENTURY OFFER	7
PRE-ACQUISITION AGREEMENT	8
LOCK-UP AGREEMENT	12
DIRECTORS AND OFFICERS OF C.A. BANCORP AND OWNERSHIP OF SECURITIES OF C.A. BANCORP	13
INTENTION WITH RESPECT TO CENTURY OFFER	14
OWNERSHIP OF SECURITIES OF CENTURY SERVICES LP	14
ARRANGEMENTS AND AGREEMENTS OF DIRECTORS AND OFFICERS WITH CENTURY	14
ARRANGEMENTS AND AGREEMENTS OF DIRECTORS AND OFFICERS WITH C.A. BANCORP	14
INTERESTS OF DIRECTORS AND OFFICERS IN MATERIAL TRANSACTIONS WITH CENTURY	15
TRADING IN SECURITIES OF C.A. BANCORP	15
ISSUANCES OF SECURITIES OF C.A. BANCORP	16
MATERIAL CHANGES IN THE AFFAIRS OF C.A. BANCORP	16
OTHER TRANSACTIONS	16
ENGAGEMENT OF INDEPENDENT FINANCIAL ADVISOR	17
LEGAL MATTERS	17
OTHER INFORMATION AND MATTERS	17
STATUTORY RIGHTS	17
APPROVAL OF DIRECTORS' CIRCULAR	17
CERTIFICATE	18
APPENDIX A GLOSSARY OF TERMS	1-A

FORWARD-LOOKING INFORMATION

Certain information in this Directors' Circular (including, for the purposes of this "Forward-Looking Information" disclaimer, the accompanying letter to the holders of Common Shares (the "**Shareholders**")) constitutes "forward-looking information" (within the meaning of applicable Canadian securities laws) regarding the business and affairs of C.A. Bancorp Inc. ("**C.A. Bancorp**" or the "**Company**"). Such information ("**forward-looking statements**") is generally identifiable by the terminology used, such as "anticipate", "believe", "intend", "potential", "plan", "expect", "estimate", "budget", "may", "might", "will", "outlook" or other similar words.

These statements are subject to known and unknown risks, uncertainties and other factors that could cause actual results to differ materially from anticipated future results, performance or achievements expressed or implied by such forward-looking statements. There can be no assurance that the plans, intentions or expectations upon which these forward-looking statements are based will occur. Factors which could cause actual results to differ materially from those set forth in the forward-looking statements include (but are not limited to): risks associated with general economic conditions; the nature of the Company's investments; the Company's dependence on management of portfolio companies; the Company's limited operating history; the available opportunities and competition for investments; the concentration of the Company's investments; the Company's dependence on key personnel; leverage of the businesses in which the Company invests; the market for the Company's securities and volatility of trading price; the trading price of the Company's common shares relative to the net book value (net asset value); risks affecting the Company's investments; the need for the Company to make follow-on investments in portfolio companies; investments by the Company in private issuers and illiquid securities; joint investments with third parties; conflicts of interest; no guaranteed returns; the potential loss of investment in common shares; the Company's additional financing requirements; the management of the growth of the Company; shifts in target exit dates and IRR for investments in private entities, and other risks detailed from time to time in the Company's continuous disclosure documents. By their nature, forward-looking statements involve numerous assumptions, inherent risks and uncertainties, both general and specific, that contribute to the possibility that the predictions, forecasts, projections and various future events will not occur. Unless otherwise stated, all forward-looking statements speak only as of the date of this Directors' Circular. The Company undertakes no obligation to update publicly or otherwise revise any forward-looking statements whether as a result of new information, future events or other such factors which affect this information, except as required by law. Additional information relating to the Company, including the Company's annual information form, is available on SEDAR at www.sedar.com.

GLOSSARY OF TERMS

Certain terms used in this Directors' Circular have the meanings set forth in Appendix A hereto, unless such terms are defined elsewhere in this Directors' Circular.

CURRENCY

Unless otherwise specified, all dollar amounts contained in this Directors' Circular are expressed in Canadian dollars and references to "dollars" or "\$" are to Canadian dollars.

SUMMARY

The information set out below is intended as a summary only and is qualified in its entirety by the more detailed information appearing elsewhere in this Directors' Circular. This Directors' Circular should be read carefully and in its entirety by Shareholders as it provides important information regarding C.A. Bancorp, Century, the Century Offer and the Realization Strategy. All capitalized terms in this summary have the meanings ascribed to such terms elsewhere in this Directors' Circular.

DIRECTORS' DETERMINATION

THIS DIRECTORS' CIRCULAR DOES NOT CONTAIN A RECOMMENDATION FROM THE C.A. BANCORP INC. BOARD OF DIRECTORS AS TO WHETHER SHAREHOLDERS SHOULD ACCEPT OR REJECT THE CENTURY OFFER.

See "Considerations of the Special Committee and the Board" on pages 2 - 7 of this Directors' Circular.

Determination by Directors and Officers:

John F. Driscoll, Chairman of the Board of Directors, who owns approximately 13% of the Common Shares of the Company, has entered into an agreement with the Offeror to tender the Common Shares that he has control or direction over to the Century Offer.

Of the remaining directors who hold Common Shares, Richard Zarzeczny has also indicated that he intends to tender his Common Shares to the Century Offer, and Tim Unwin and Frank Potter have indicated that they do not intend to tender their Common Shares to the Century Offer.

Alternatives to the Century Offer:

The Board of Directors, after receiving the recommendation of its Special Committee and the advice of its financial and legal advisors, has unanimously determined that it is in the best interests of the Company for the Shareholders to have the opportunity to choose between two options, specifically (i) acceptance of the Century Offer, or (ii) maintenance of their interests in the Company with the Board's commitment that it will implement a realization strategy (the "**Realization Strategy**") under which the Company's assets would be monetized and the proceeds distributed to Shareholders (as more fully described in the enclosed Directors' Circular). The Board has determined that, if the Century Offer is not successfully completed, C.A. Bancorp's interests would be best served through the realization of the Company's assets and the distribution of the proceeds to the Company's Shareholders. See "Alternative to the Century Offer", beginning on page 3 of this Directors' Circular.

The Century Offer is open until 5:00 p.m. (Toronto time) on July 9, 2010 (unless extended or withdrawn). Shareholders may take any action with respect to the Century Offer at any time prior to the Expiry Time.

CONTACT INFORMATION FOR GEORGESON, INFORMATION AGENT FOR C.A. BANCORP

North American Toll-Free Number: 1-866-676-3003
Email: askus@georgeson.com

**C.A. BANCORP INC.
DIRECTORS' CIRCULAR**

This Directors' Circular is issued by the C.A. Bancorp Board in connection with the offer made by Century to purchase, at a price of \$1.50 in cash per Common Share, all of the outstanding Common Shares, upon the terms and subject to the conditions of the Century Offer set forth in the Century Circular dated June 3, 2010.

THE CENTURY OFFER

The consideration under the Century Offer consists of \$1.50 in cash for each Common Share. The Century Offer is subject to the minimum condition that at least 66 $\frac{2}{3}$ % of the Common Shares, on a Fully Diluted Basis, be tendered to the Century Offer and that certain other conditions listed in the Century Circular be satisfied.

The Century Offer also includes a proposal to acquire any untendered Common Shares by way of a compulsory acquisition, should the conditions for such acquisition be met. If a compulsory acquisition transaction is unavailable or Century elects not to proceed in that manner, the Century Offer contemplates a subsequent acquisition transaction or another transaction to permit Century to acquire 100% of the Common Shares.

The expiry time of the Century Offer is 5:00 p.m. (Toronto time) on July 9, 2010, unless the Century Offer is extended or withdrawn. Reference is made to the Century Circular for details of additional terms and conditions of the Century Offer.

DETERMINATION OF THE SPECIAL COMMITTEE

The Board established the Special Committee to oversee the Strategic Process.

The Special Committee has unanimously determined that it is in the best interests of the Company for the Shareholders to have the opportunity to choose between two options, specifically:

- (i) acceptance of the Century Offer; or
- (ii) maintenance of their interests in the Company with the Board's commitment that it will implement the Realization Strategy under which the Company's assets will be monetized and the proceeds will be distributed to Shareholders (as more fully described in this Directors' Circular).

The Special Committee made no recommendation to the Board that the Shareholders accept or reject the Century Offer. Correspondingly, the Board has made no recommendation to the Shareholders with respect to the Century Offer.

John F. Driscoll, the Chairman of the Board, who owns approximately 13% of the Common Shares, has entered into an agreement with the Offeror to tender his Common Shares to the Century Offer. Of the remaining directors who hold Common Shares, Richard Zarzeczny, has also indicated that he intends to tender his Common Shares to the Century Offer and Tim Unwin and Frank Potter have indicated that they do not intend to tender their Common Shares to the Century Offer. See the discussion under the heading "Intention With Respect to Century Offer" below.

Considerations of the Special Committee and the Board

Factors Considered

In evaluating whether it would be in the Company's best interests to enter into the Pre-Acquisition Agreement to permit the Century Offer to proceed, each of the Special Committee and the Board considered a number of factors. In view of the variety of factors considered, the Special Committee and the Board did not find it practicable to, and did not, quantify or otherwise assign relative weights to the specific factors considered in reaching their determinations. The factors considered by the Special Committee and the Board in this regard included:

- the consideration offered under the Century Offer is payable entirely in cash and represents a premium over the trading price of the Common Shares prior to the public announcement of the Maxam Offer, which announcement resulted in the commencement of the Strategic Process undertaken by the Board. Specifically, the Century Offer price of \$1.50 represents an approximate 35.14% premium over the closing trading price of the Common Shares on the TSX on December 2, 2009, the last trading day on the TSX prior to the announcement of the Maxam Offer and an approximate 45.82% premium over the volume-weighted average price for the 30 days prior to such announcement. The Century Offer represents a premium of approximately 8.7% over the last trading price of the Common Shares on the TSX prior to the May 13, 2010 public announcement of Century's intention to make the Century Offer, and a premium of approximately 9.6% over the volume weighted average closing price of the Common Shares on the TSX for the 30 trading days preceding and including May 12, 2010;
- the Century Offer represents an opportunity for Shareholders to dispose of all of their Common Shares for cash consideration of \$1.50 per Common Share whereas alternative strategic paths are subject to risks and uncertainties and will take a period of time before they can be implemented in a manner that best serves the interests of the Company;
- the Company has undertaken an exhaustive sale process over the last five months with the assistance of CIBC. The sale process was adversely affected by the inability of the Company to provide confidential information with respect to certain of its investee companies due to contractual restrictions;
- an assessment of the Company's business, assets, financial condition, results of operations and future prospects, including the potential significant benefits to Shareholders of the Realization Strategy (discussed further below), as well as the risks and uncertainties associated with that strategy;
- interested third parties have, under the terms of the Pre-Acquisition Agreement, an opportunity to make a Superior Proposal (subject to the obligation of the Company to make a Termination Payment); and
- the Century Offer is subject to a minimum condition of 66 2/3% of the Common Shares outstanding, on a Fully Diluted Basis, being tendered to the Century Offer.

Alternative to the Century Offer

In its deliberations respecting the Century Offer and throughout the Strategic Process, the Board considered various strategic alternatives for the Company. In addition to the Century Offer and other proposals for the acquisition of the Company, the alternatives considered included proposals made concerning the acquisition of certain assets of the Company, continuation of the Company's business plan, and the realization of the Company's assets on various timetables, together with combinations of various of these alternative courses.

Consideration of these opportunities resulted in the Company's recently announced agreement to sell its ownership interests in Charter REIT for gross proceeds of approximately \$8.77 million or \$1.45 per unit of Charter REIT. The Charter transaction, which is scheduled to be completed after business hours on June 3, 2010, was permitted under the Company's agreements with the Offeror.

The Board determined, with the benefit of advice from its financial advisors, that:

- i. if a change of control transaction does not proceed, the Company's interests would be best served through the realization of the Company's assets and the distribution of the proceeds to the Company's Shareholders; and
- ii. the Shareholders should have the opportunity to consider *both* the Century Offer, which offers immediate cash consideration on the terms and subject to the conditions outlined in the Century Circular, and the Realization Strategy described herein, which should potentially lead to long-term value for Shareholders that exceeds the amount being offered to Shareholders pursuant to the Century Offer but the implementation of which is subject to risks and uncertainties and will take a period of time before it can be completed in a manner that best serves the interests of the Company.

The Board concluded that it would be in the Company's interests to proceed with either a change of control transaction or a realization of assets plan on the basis of various factors, including the challenges in achieving the objectives of the Company's business plan resulting from current market conditions for raising additional capital, the discount at which the Common Shares have consistently traded relative to the Company's net book value, and the values that the Company may be able to achieve through an orderly realization of its interests.

The Realization Strategy

The realization strategy discussed below (the "**Realization Strategy**") is distinct from a formal wind-up or dissolution of the Company. The most significant difference is that, in certain instances, the Company's interests may be better served by realizing on a given asset through a process, or on or about its scheduled realization date, as compared to an immediate compelled liquidation. In respect of many of its equity interests in private companies C.A. Bancorp has contractual liquidity rights, and its debt interests in those entities have scheduled maturities. The Board expects that the Company would pursue opportunities to accelerate the realization dates for the Company's assets, where possible, and to explore and develop further opportunities to do so.

The Company has most recently disclosed its net book value, the carrying values of its various interests and the expected realization dates of those interests, in its management's discussion and analysis for the fiscal quarter ended March 31, 2010, released and filed on May 14, 2010 (the "**Q1 MD&A**"). That analysis has been adjusted in the table below only to reflect the repayment of the High Fidelity debenture plus payment-in-kind interest and the completion of the Charter REIT sale transaction as referenced above and related costs. The analysis reflects a net book value per Common Share of \$2.53.

(in 000's of \$)

Asset/Liability	Carrying Value	Value per share	Est. 2010 cash flows	Expected realization date ¹				
				2010	2011	2012	2013	n/a ¹¹
<i>Liquid Net Assets (Working Capital)</i>								
Cash and cash equivalents ²	\$ 19,700	\$ 0.74	\$ -	√				
Accounts receivable	1,727	0.06	-	√				
Loans	49	0.00	-	√				
Publicly traded investments	1,781	0.07	85	√				
Accounts payable and accruals	(1,686)	(0.06)	-	√				
Debt to CRFC (due within the year)	(332)	(0.01)	-	√				
<i>Sub-Total</i>	\$ 21,239	\$ 0.79	\$ 85					
<i>Investments in Private Entities</i>								
High Fidelity (debenture & payment-in-kind interest) ³	\$ -	\$ -	\$ 25	√				
High Fidelity (equity & convert. debenture)	4,287	0.16	105			√		
DPT (debenture & payment-in-kind interest)	5,579	0.21	480		√			
DPT (25% to 35% equity interest)	2,300	0.09	-			√		
Kingswood ⁴ (80% LP equity interest)	6,900	0.26	-		√			

Asset/Liability	Carrying Value	Value per share	Est. 2010 cash flows	Expected realization date ¹				
				2010	2011	2012	2013	n/a ¹¹
Everus (now a convertible note of Barrett Xplore Inc. –)	1,120	0.04	-		√			
Salbro (debenture)	3,667	0.14	480			√		
Salbro (12.5% equity interest) ⁵	498	0.02	-			√		
Windward (35% equity interest)	395	0.01	-			√		
Birmingham (33-45% equity interest)	11,970	0.45	860				√	
Sub-Total	\$ 36,716	\$ 1.37	\$ 1,950					
Investments in Managed Entities								
Charter REIT ⁶	\$ -	\$ -	\$ 586					√
CRFC ⁷	8,801	0.33	1,600					√
Sub-Total	\$ 8,801	\$ 0.33	\$ 2,186					
Debt owing to CRFC	(1,464)	\$ (0.05)	-		√	√	√	
All other ⁸	2,379	0.09	236					√
GRAND TOTAL ^{9,10}	\$ 67,671	\$ 2.53	\$ 4,457					

1. See “Summary of Investments” beginning on page 6 of the Q1 MD&A for additional information regarding realization dates.
2. Pro-forma based on repayment of High Fidelity debenture plus payment-in-kind interest and the completion of the Charter REIT sale transaction.
3. Debenture and all interest owed was repaid in April 2010. Cash interest received in respect of the debenture was less than the amount previously forecasted in the Q1 MD&A, as a result of prepayment of the debenture in April 2010.
4. An additional \$0.6 million has been committed to Kingswood in the form of a mortgage investment bearing interest at a rate of 10% which is expected to be advanced in Q2 or Q3 of 2010.
5. Equity interests has a minimum “put” value back to Salbro of approximately \$1.9 million in February 2012.
6. Charter REIT sale transaction scheduled to be completed after business hours on June 3, 2010
7. The Company’s interests in CRFC can be marketed for sale at any time.
8. Primarily intangible asset related to the management contract of CRFC.
9. Carrying Value equals the Company’s shareholders’ equity under GAAP.
10. Excludes the Company’s tax loss carryforwards of \$10.6 million which would be available to offset future taxable income.
11. Where “n/a” is indicated for a particular investment, there is no contractual maturity date or liquidity right in respect of such investment.

Factors to be considered in assessing the value of the Company’s assets in the context of the Realization Strategy include the following:

1. **Valuation Methodology:** The Company’s net book value per Common Share of \$2.53 as outlined in the table above is dependent, in significant measure, on the value of the Company’s investments in private entities. As previously publicly disclosed, the Company’s private investments are valued using a customary valuation approach commonly referred to as an “earnings approach”, where the Company applies multiples to current and recent historical measures of financial performance. The multiples used are typically below the average of the market comparables to recognize the Company’s minority and illiquid position. Additionally, multiples and the financial performance measures used to determine the

carrying value of the Company's private investments do not take into account current or expected rates of revenue and earnings growth up to the expected realization date of the relevant investment.

2. Timing Considerations: Some of the Company's assets consist of interests that can be easily and quickly distributed to shareholders (such as surplus cash) or which the Company expects can be monetized relatively quickly (such as the Company's investments in publicly-traded securities). The Company's other interests are less liquid. During the course of the Strategic Process, the Board received numerous proposals to acquire certain of the Company's assets (including the proposal that led to the Charter REIT sale transaction referenced above). As part of the Realization Strategy, the Board would expect to consider such opportunities, relative to the benefits of maintaining the relevant interests through their scheduled realization times (as reflected in the table above). The Company expects that it might be able to develop and implement strategies to accelerate the realization dates of some of its interests, but can provide no assurance in that regard; the amounts realized on such accelerated timetables might be lower than net asset values or the amounts due or expected on the assets' normal realization schedules. Distributions of proceeds would be made periodically as and when assets were monetized; the manner and timing of such distributions would be determined by the Board from time to time. The Board's expectation is that an initial distribution of the majority of the Company's available cash, net of reserves deemed necessary by the Board to operate the business, would be made during fiscal 2010.
3. Expenses: The table above does not reflect the costs of executing on the Realization Strategy, consisting of management of operations through the realization period and the negotiation, completion of realization transactions themselves and the costs associated with the wind-up of the Company (though the table also does not reflect cash income from investments over the period). The Board would expect to reduce the scale of the Company's operations to reflect the adoption of the Realization Strategy through the course of its implementation and would actively seek and exploit any other opportunities to reduce costs as the scale of operations is reduced, in order that the stakeholders might benefit from expense reductions; such expense reduction initiatives may themselves require expenditures to implement.
4. Risks: Any realization strategy is subject to many risks. These include many of the risks generally applicable to investments in the common shares, including the risks normally associated with investments in illiquid private issuers (reference should be made to the risk factors disclosed in the Company's 2009 AIF, including in particular those described under the headings "Nature of Investments", "Risks of Investments", "Private Issuers and Illiquid Securities" and "No Guaranteed Return"). Additionally, efforts to dispose of interests in illiquid private issuers to third parties may be adversely affected by the nature of those interests; to date, the Company has been unable and it may continue to be unable to provide information concerning certain investments to prospective purchasers due to confidentiality constraints, the private issuers themselves may be unprepared to facilitate such transfers and there is no liquid market or publicly available information to support early realization.

For the reasons expressed above, if the Realization Strategy alternative is pursued, there is no assurance with respect to the Company's ability to realize on its interests, the value that might be obtained or distributed (and in particular there is no assurance that the values in the table above, or values within those ranges, will be achieved), or as to the timing of same.

Notwithstanding the risks described above, the Century Circular contains certain statements under the heading "Reasons to Accept the Century Offer" which the Board believes overstate certain risks with respect to the Realization Strategy and believes the following factors serve to mitigate such risks:

- a significant portion of the Company's investments in private companies are in the nature of debt instruments with fixed maturities; and
- in respect of many of its equity interests in private companies, the Company has contractual liquidity rights, which serve to substantially address or eliminate the effect of potential "minority discounts" and provide timelines with respect to realization.

Furthermore, notwithstanding the references in the Century Circular to the recent departures of the Company's President and Chief Financial Officer, the Board believes that the existing management structure is well-placed to perform the duties required and fulfill the objectives of the Company in respect

of either the Century Offer or the Realization Strategy. The Board determined that the future of the Company does not require the depth of business building and management skills of those former officers.

Conclusion

In making its decision that the Shareholders should have the opportunity to accept the Century Offer or to reject the Century Offer on the understanding that the Company will pursue the Realization Strategy, the Board, with its financial and legal advisors, considered the following:

- the Century Offer provides Shareholders the current opportunity to receive cash consideration of \$1.50 per Common Share;
- the Realization Strategy *should* potentially lead to long-term value for Shareholders that exceeds the amount being offered to Shareholders pursuant to the Century Offer; and
- there are risks, uncertainties and costs associated with the Realization Strategy and it will take a period of time before some of the assets of the Company can be realized upon in a manner that best serves the interests of the Company.

In summary, there are persuasive merits to both options. After carefully considering all of the foregoing, each of the Special Committee and the Board unanimously determined (i) to facilitate the making of the Century Offer so that Shareholders would have an opportunity to accept same, without making a recommendation that Shareholders accept or reject the Century Offer, and (ii) to outline for Shareholders the alternative that the Company intends to pursue if the Century Offer is not successfully completed, specifically the immediate implementation of a Realization Strategy to undertake an orderly realization of the Company's interests and assets and distributions of the net proceeds resulting from that process to Shareholders.

RECENT DEVELOPMENTS AND BACKGROUND TO THE CENTURY OFFER

On December 3, 2009, Maxam Opportunities Fund Limited Partnership and Maxam Opportunities Fund (International) Limited Partnership (collectively, "**Maxam Funds**") announced their intention to commence an all-cash offer, through an acquisition entity, to acquire the Company at a price of \$1.22 per Common Share. The offer commenced on December 7, 2009. The expiration of the offer was originally January 12, 2009, but was later extended to February 2, 2010 concurrent with an increased offer price of \$1.45 per share (the "**Maxam Offer**"). Maxam later disclosed that it had been prepared to increase its offer to \$1.48 subject to various conditions, most notably an "open-ended" due diligence condition. The Maxam Offer was unsuccessful and expired.

The Company implemented a shareholder rights plan (the "**Rights Plan**") in response to the Maxam Offer which was effectively terminated on March 15, 2010.

Strategic Process

The Company initiated a strategic review process (the "**Strategic Process**") in response to the Maxam Offer. As part of the Strategic Process the Company engaged CIBC as an independent financial advisor to help the Company evaluate the various available value-maximizing alternatives. The Strategic Process included an exhaustive sale process over the last five months which involved discussions with numerous potential acquirors of the Company, as well as the consideration of other potential value-maximizing alternatives. Confidentiality agreements, containing conventional "standstill" provisions, were executed with each of the potential acquirors of the Company. The Special Committee and the Board, with the assistance of CIBC and legal counsel, undertook a process whereby interested counterparties submitted non-binding expressions of interest, those parties with proposals determined to offer an opportunity for a transaction in the best interests of the Company were provided with access to more detailed non-public information and access to the Company's management, and final binding offers were requested. The efforts of the Board and the Committee in that regard were adversely affected by the failure to obtain consent from certain of the Company's investees to share confidential information with potential acquirors. Since December, 2009, the Special Committee and/or the Board met over 40 times (excluding meetings not directly related to the Strategic Process) and on many other occasions on an informal basis to discuss the Company's various alternatives through the Strategic Process.

Of the proposals submitted as part of the second round of the Strategic Process, the Special Committee and the Board determined that the proposal by Century most warranted further discussion. On or about March 23, 2010 the Company submitted a letter agreement to Century pursuant to which the Company agreed that it would not negotiate with any party other than Century in respect to a proposed transaction until March 30, 2010 (the “**Exclusivity Agreement**”). Century executed the Exclusivity Agreement to the Company on or about March 26, 2010. On or about March 30, 2010 the Exclusivity Agreement was extended.

Between March 23 and May 12, 2010 Century, the Company, John F. Driscoll (in his capacity as shareholder), and their respective advisors, negotiated the terms of the Pre-Acquisition Agreement and the Lock-Up Agreement. These agreements were finalized and executed after close of business May 12, 2010, and promptly thereafter the Century Offer was publicly announced by a press release issued by the Company. A copy of the Pre-Acquisition Agreement was filed with the Canadian securities regulatory authorities on May 17, 2010 and is available on www.sedar.com.

Pursuant to the Pre-Acquisition Agreement, Century agreed to make an offer to acquire all of the issued and outstanding shares of the Company at a cash offer price of \$1.50 per Common Share. It was agreed that the Century Offer would be subject to certain terms and conditions, including acceptance by holders of not less than 66⅔% of the outstanding Common Shares calculated on a Fully Diluted Basis. John F. Driscoll, the Chairman of the Company exercises control or direction over approximately 13% of the outstanding Common Shares, and has agreed to tender those Common Shares to the Century Offer.

As noted above, the Board does not intend to make, and the terms of the Pre-Acquisition Agreement contemplate that it will not make, any recommendation concerning the Century Offer. The Board has determined that, if the Century Offer is not successfully completed, C.A. Bancorp’s interests would be best served through the realization of the Company’s assets and the distribution of the proceeds to the Company’s Shareholders.

Under the Pre-Acquisition Agreement, the Company has agreed not to solicit competing transactions to the Century Offer, and has agreed to pay a termination fee of \$1.5 million in certain circumstances including if a Superior Proposal is recommended by the Company’s Board. The Company has also agreed to reimburse Century for certain expenses if the Century Offer is not successfully completed in certain circumstances. Please refer to the discussion under the heading “Pre-Acquisition Agreement” for a more detailed description of the terms of the Pre-Acquisition Agreement.

Management Changes

On May 18, 2010, C.A. Bancorp announced that Mark Gardhouse, its President, and Paolo De Luca, its Chief Financial Officer, left the Company, and their respective positions with the Company’s subsidiaries and investee companies to pursue other opportunities. Paul Haggis, a Director of the Company, was appointed to serve as interim Chief Executive Officer during the phase pending the outcome of the Century Offer.

PRE-ACQUISITION AGREEMENT

On May 12, 2010, Century and C.A. Bancorp entered into the Pre-Acquisition Agreement. The Pre-Acquisition Agreement sets forth the terms and conditions under which Century agreed to make the Century Offer and the agreement by the Company to take, or refrain from taking, certain actions in response to the Century Offer. The Pre-Acquisition Agreement also establishes the conditions of the Century Offer, which are set out in the Century Circular under the heading “Conditions of the Offer”. The following is a summary of the principal terms and conditions of the Pre-Acquisition Agreement. This summary is qualified in its entirety by the full text of the Pre-Acquisition Agreement, which is available at www.sedar.com.

Modification or Waiver of Terms of Offer

Century and the Company have agreed in the Pre-Acquisition Agreement that Century may not modify any term or condition of the Century Offer without the prior written consent of the Company, such consent not to be unreasonably withheld or delayed; provided that Century may, without the prior consent of the Company: (i) extend the Expiry Date if, on the Expiry Date, any of the conditions to the Century Offer shall not be satisfied or waived by Century; (ii) modify any term or condition of the Century Offer to comply with applicable laws; (iii) waive any

condition of the Century Offer for the benefit of Century, or (iv) increase the consideration per Common Share (provided the form of consideration is not changed).

Designation of Directors

The Company has agreed that immediately following the acquisition by Century pursuant to the Century Offer of at least 66 2/3% of the outstanding Common Shares (on a Fully Diluted Basis), if so requested by Century, the Company shall use its commercially reasonable efforts to facilitate: (a) the reconstitution of the Board through resignations of some or all, as applicable, of the members thereof (upon receipt by each member of a full release and discharge of him or her from the Company and evidence of certain insurance coverage of him or her as contemplated by the Pre-Acquisition Agreement and execution by such members of a reciprocal release and discharge in favour of the Company) and the appointment of nominees of Century in their stead, and (b) the replacement of the Company's nominees (if any at the relevant time) on the boards of directors of Charter REIT and/or CRFC.

Conduct of Business by C.A. Bancorp

Pursuant to the Pre-Acquisition Agreement, the Company has agreed that it will, and will cause its Subsidiaries to, conduct its and their respective businesses only in, and not take any action except in, the ordinary course of business, unless Century shall otherwise consent in writing, such consent not to be unreasonably withheld or delayed, and except (i) as otherwise expressly permitted or contemplated by the Pre-Acquisition Agreement, (ii) as otherwise required by applicable law, or (iii) as otherwise disclosed in the Disclosure Letter. The Company has also agreed to use commercially reasonable efforts to maintain and preserve its business organization, goodwill and assets and to keep available the services of its officers and employees subject to the foregoing exceptions. In addition, the Company has agreed not to, and to cause its Subsidiaries not to: (a) amend the Constatng Documents; (b) issue, sell or pledge or agree to issue, sell or pledge any shares or other securities, or securities convertible into or exchangeable or exercisable for, or otherwise evidencing a right to acquire shares; (c) redeem, purchase or otherwise acquire any of its outstanding Common Shares or other securities; (d) split, combine or reclassify any of its shares; (e) adopt a plan of liquidation or resolutions providing for liquidation, dissolution, merger or consolidation of the Company; (f) amalgamate or merge with any other Person; (g) reduce its stated capital; (h) declare or make any distribution (in cash, securities or other property) in respect of any securities; (i) enter into or modify any contract to do any of the foregoing; or (j) terminate the employment of any executive of the Company or of a Material Subsidiary of the Company.

The Pre-Acquisition Agreement also precludes the Company and its Subsidiaries from directly or indirectly doing any of the following except in the ordinary course: (a) sell, pledge, dispose of or encumber any assets with a value, individually or in the aggregate, of more than \$250,000 except as previously disclosed in writing to Century; (b) acquire (by merger, amalgamation, consolidation, acquisition of shares or assets or otherwise) another Person or division thereof or make any investment, whether by purchase of shares or securities, contribution of capital (other than to wholly-owned Subsidiaries), property transfer or purchase of any property or assets of any other Person or division thereof, in each case, with a market price of, individually or in the aggregate, more than \$250,000; (c) incur any indebtedness for borrowed money or any other material liability or obligation, or issue any debt securities or assume, guarantee, endorse or otherwise become responsible for, the obligations of any other Person (other than C.A. Bancorp or one of its Subsidiaries) or make any loans or advances, except (i) in the ordinary course of business; or (ii) with respect to any extension, renewal, replacement (or successive extensions, renewals or replacements) in whole or in part of any existing indebtedness; (d) expend or commit to expend any amounts with respect to capital expenditures except as required or recommended by a Governmental Authority; (e) pay, discharge or satisfy any material claims, liabilities or obligations other than any payment, discharge or satisfaction reflected or reserved against in the Financial Statements; (f) except as disclosed to Century prior to the execution and delivery of the Pre-Acquisition Agreement, enter into or modify any Contract to do any of the foregoing.

The Company also agreed to: (a) not take any action that would, or would reasonably be expected to, render untrue any representation or warranty made by it in the Pre-Acquisition Agreement; (b) subject to compliance with its obligations under applicable laws or with third parties, promptly notify Century orally and in writing of any material change in the normal course of the business, operations or properties of it or any of its Subsidiaries and of any material complaints, investigations or hearings (or communications indicating that the same may be contemplated) that, individually or in the aggregate, could result in a Materially Adverse Effect on the Company or any of its Subsidiaries, (c) cause the current insurance policies of the Company not to be cancelled or terminated or any of the

coverage thereunder to lapse, unless concurrently with such termination, cancellation or lapse, replacement policies are obtained providing coverage similar to or greater than the coverage under the cancelled, terminated or lapsed policies for substantially similar premiums, (d) not create any Officer Obligations and the Company and its Subsidiaries shall not grant to any Director, officer, director or Employee an increase in compensation in any form, make any loan to any Director, officer, or Employee, or take any action with respect to the grant of any severance or termination pay arising from the Century Offer or a change of control of the Company or enter into any employment agreement with, any Director, officer, director or Employee, or enter into any other agreement with respect to any increase of benefits payable under its current severance or termination pay or any other policies, and (e) not adopt or amend or make any contribution to any bonus, profit sharing, option, pension, retirement, deferred compensation, insurance, incentive compensation, other compensation or other similar plan for the benefit of Employees or consultants to the Company or its Subsidiaries.

Non-Solicitation

The Company has agreed, pursuant to the Pre-Acquisition Agreement that except as otherwise provided in the Pre-Acquisition Agreement, the Company (or, in the case of (i), the Board) shall not, directly or indirectly, (i) recommend acceptance or approval of an Alternative Transaction, (ii) solicit or initiate any inquiries or proposals regarding an Alternative Transaction, (iii) participate in any discussions or negotiations with any Person regarding an Alternative Transaction, (iv) provide any confidential information relating to the Company or any of its Subsidiaries to any Person in connection with an Alternative Transaction, (v) approve or recommend, or propose publicly to approve or recommend, any Alternative Transaction, or (vi) accept or enter into any agreement, understanding or arrangement in respect of an Alternative Transaction.

The Company has also agreed not amend, modify or waive any provisions of any confidentiality and/or standstill agreement, including standstill provisions, entered into by the Company with any other Person, and to take commercially reasonable steps to enforce the said standstill commitments.

Notwithstanding the foregoing or any other provision of the Pre-Acquisition Agreement, if the Company receives a request for material non-public information from a Person(s) who propose(s) a *bona fide* Alternative Transaction that was not solicited after the date of the Pre-Acquisition Agreement in contravention of the aforementioned non-solicitation provisions, the Company may (directly or through its agents): (a) contact the Person(s) making such proposal and its agents for the purpose of clarifying such proposal and any material terms thereof and the conditions to and likelihood of consummation so as to determine whether such proposal is, or is reasonably likely to lead to, a Superior Proposal; and (b) if, in the opinion of the board of directors of the Company, the proposal is, or is reasonably likely to lead to, a Superior Proposal: (i) furnish information with respect to the Company and its Subsidiaries to such Person(s) only after such Person(s) enter(s) into a confidentiality agreement (if one has not already been entered into); provided that (A) such confidentiality agreement may not include any provision calling for an exclusive right to negotiate with the Company and may not prohibit the Company from providing the information required by the Pre-Acquisition Agreement to be provided to Century regarding any Alternative Transaction; and (B) the Company promptly provides access to Century to all non-public information delivered to such Person(s) that has not previously been made available to Century; (ii) consider and/or participate in discussions or negotiations with such Person(s) regarding such Alternative Transaction; and (iii) subject to the provisions of the Pre-Acquisition Agreement relating to the receipt of a Superior Proposal, including providing Century with a copy of the Superior Proposal, accept, approve, recommend or enter into any agreement, understanding or arrangement in respect of a Superior Proposal.

The Board is not prohibited from responding through a directors' circular or otherwise as required by applicable law to an Alternative Transaction proposal provided that Century and its counsel are given a reasonable opportunity to review and comment on the form and content of such disclosure.

Superior Proposal

The Company is required to promptly notify Century, at first orally and then in writing, of any Superior Proposal received by it, of which any of its Directors or officers are or become aware, or any amendments thereto and a description of the material terms and conditions together with a copy thereof.

The Company has agreed that it will not accept, approve, recommend or enter into any agreement, understanding or arrangement in respect of a Superior Proposal (other than a confidentiality agreement permitted by the Pre-Acquisition Agreement) unless: (a) the Company has complied with its covenants under the Pre-Acquisition Agreement and has provided Century with a copy of the Superior Proposal; and (b) a period (the “**Response Period**”) of five Business Days shall have elapsed from the date on which Century received written notice from the board of directors of the Company that the Board has determined, subject only to compliance with the agreements described in this paragraph, to accept, approve, recommend or enter into a binding agreement to proceed with the Superior Proposal.

Right to Match Superior Proposal

During the Response Period, Century will have the right, but not the obligation, to offer to amend in writing the terms of the Century Offer. The Board will review any such written amendment to determine whether the Alternative Transaction to which Century is responding would continue to be a Superior Proposal when assessed against the Century Offer as it is proposed by Century as amended. If the Board does not so determine, the Board will cause the Company to enter into an amendment to the Pre-Acquisition Agreement reflecting the offer by Century to amend the terms of the Century Offer. If the Board does so determine, the Company may approve, recommend, accept or enter into an agreement, understanding or arrangement to proceed with the Superior Proposal. Each successive amendment to any Alternative Transaction that results in an increase in, or modification of, the consideration (or value of such consideration) to be received by the Shareholders shall constitute a new Alternative Transaction and Century shall be afforded a new Response Period in respect of each such Alternative Transaction.

Termination of the Pre-Acquisition Agreement and Termination Expense

The Pre-Acquisition Agreement (other than certain provisions which survive termination) may be terminated as follows:

- (a) by mutual consent of Century and the Company;
- (b) by the Company: (i) if Century shall not have performed any covenant to be performed by it under the Pre-Acquisition Agreement (unless such non-performance or breach, if capable of being remedied, is remedied by Century within the lesser of 10 days from the date of notice of termination from the Company and the number of days remaining before the Outside Date) or if any representation or warranty of Century shall have been or become untrue to the extent that the failure of such representation or warranty to be true or correct shall have a material adverse effect on Century and/or Century’s ability to consummate the Century Offer; (ii) if (A) the Century Offer has not been made by the Initial Mailing Time or the Extended Mailing Time, as the case may be; (B) the Century Offer (or any amendment thereto other than as permitted under the Pre-Acquisition Agreement or any amendment thereof that has been mutually agreed to by the Parties) does not conform in all material respects with the Pre-Acquisition Agreement, including the conditions which are contained in Schedule “B” thereto (see the heading “Conditions of the Offer” in the Century Circular) to the Pre-Acquisition Agreement or any amendment thereof that has been mutually agreed to by the Parties; or (C) the Century Offer has been terminated, withdrawn or expires without the Common Shares being taken up thereunder; or; (iii) in order to enter into a binding written agreement with respect to a Superior Proposal (other than a confidentiality agreement permitted by the Pre-Acquisition Agreement);
- (c) by Century: (i) prior to the mailing of the Century Circular, if any condition contained in Section 2.2 (Conditions to Making of the Offer) of the Pre-Acquisition Agreement is not satisfied or waived by Century; (ii) if the Company shall not have performed any covenant to be performed by it under the Pre-Acquisition Agreement (unless such non-performance or breach, if capable of being remedied, is remedied by the Company within the lesser of 10 days from the date of notice of termination from Century and the number of days remaining before the Outside Date) or if any representation or warranty of the Company shall have been or become untrue to the extent that the failure of such representation or warranty to be true or correct shall have a material adverse effect on Century and/or Century’s ability to consummate same; or (iii) if the Board shall have approved or recommended an Alternative Transaction or accepted or entered into a binding agreement, understanding or arrangement in respect of an Alternative Transaction (other than a confidentiality agreement permitted by the Pre-Acquisition Agreement);

- (d) by either the Company or Century: (i) if any court of competent jurisdiction or other Governmental Authority of competent jurisdiction shall have issued an order or taken any other action permanently enjoining or otherwise prohibiting the making or completion of the Century Offer or the consummation of the transactions contemplated by the Century Offer and such order or other action shall have become final and non-appealable; (ii) if the Expiry Date does not occur on or prior to the Outside Date (including as a consequence of the failure of one or more conditions to the Century Offer being satisfied or waived), provided that the failure of the Expiry Date to so occur is not the result of the breach of a representation, warranty, agreement or covenant by the Party terminating the Pre-Acquisition Agreement; in each case prior to the Effective Time.

If the Pre-Acquisition Agreement has been terminated: (a) by the Company in order to enter into a binding written agreement with respect to a Superior Proposal; (b) by the Offeror if the Board has approved or recommended an Alternative Transaction or entered into a binding agreement, understanding or arrangement in respect of an Alternative Transaction; (c) a Superior Proposal is publicly disclosed prior to the termination of the Pre-Acquisition Agreement; or (d) by the Offeror if the Company shall not have performed any material covenant under the Pre-Acquisition Agreement or if the Expiry Date does not occur on or prior to the Outside Date due to the failure of the Century Offer to meet the Minimum Condition, in either case in circumstances where the Board of Directors has issued a directors' circular, or an amendment thereto, or made any public disclosure, recommending rejection of the Century Offer, then the Company will pay the Offeror a break fee of \$1,500,000 (which includes the Offeror's out-of-pocket expenses including due diligence consultants, legal and investment banking fees) within 5 business days.

If the Pre-Acquisition Agreement is terminated (a) because the Expiry Date did not occur on or before the Outside Date due to the failure of the Century Offer to meet the Minimum Condition (other than in the circumstances where the Board has recommended the rejection of the Century Offer), (b) due to non-performance by the Company of a material covenant, or (c) on the basis of certain breaches of any representation or warranty of the Company then, subject to certain exceptions, the Company shall pay to the Offeror the sum of \$250,000 in immediately available funds (the "Expense Reimbursement Amount"), provided that if the Agreement is terminated because the Expiry Date did not occur on or before the Outside Date.

Officers' and Directors' Insurance: Indemnification

Century has agreed that for the period from the Effective Time until six years after the Effective Time, Century shall use commercially reasonable efforts to cause the Company and its Subsidiaries (or any successors thereof) to maintain the current directors' and officers' insurance policies or policies reasonably equivalent thereto, provided that without detracting from the foregoing, the insurance shall contain terms and conditions no less advantageous to the directors and officers of the Company and its Subsidiaries than those contained in the policies in effect on the date of the Pre-Acquisition Agreement, for all directors and officers of the Company and its Subsidiaries at the Effective Time and former directors and officers of the Company and its Subsidiaries, covering claims made prior to or within six years after the Expiry Time. Alternatively, the Company may purchase as an extension to the Company's current insurance policies, pre-paid non-cancellable run-off directors' and officers' liability insurance providing such coverage for such Persons on terms comparable to those contained in the current insurance policies. Century also agreed that after the expiration of such six-year period, it will use reasonable efforts to cause such Directors, directors and officers to be covered under its then existing directors' and officers' insurance policies.

Century also agreed that, from and after the Effective Time, it shall, and shall cause the Company and its Subsidiaries (or any successors thereof) to keep the current indemnity agreements in place for all Directors and officers of the Company and its Subsidiaries at the Effective Time and former Directors and officers of the Company and its Subsidiaries (or any successors thereof), and Century shall cause the Company and its Subsidiaries (or any successors thereof) jointly and severally to indemnify such directors and officers to the fullest extent to which Century and the Company are permitted to indemnify them under their respective constating documents and applicable law, from all claims in connection with any transactions or matters contemplated under the Pre-Acquisition Agreement or otherwise in connection with the Company, its Subsidiaries and their respective businesses and properties.

LOCK-UP AGREEMENT

The Offeror entered into a Lock-Up Agreement with John F. Driscoll (the "**Locked-Up Shareholder**"), a director and Chairman of the Board, pursuant to which Mr. Driscoll agreed to irrevocably tender all Common Shares held by

him, and over which he exercised control or direction, directly or indirectly, to the Century Offer (the “Subject Shares”).

Pursuant to the Lock-Up Agreement, the Locked-Up Shareholder has agreed with the Offeror that he will irrevocably deposit or cause to be deposited under the Century Offer all of Common Shares that the Locked-Up Shareholder owns or over which he exercises control or direction and that he may come to own or over which he may exercise control or direction, on or before the 15th Business Day following the date on which the Century Offer is publicly announced (being the date that the Century Offer is mailed to shareholders). Century Services LP has guaranteed the performance of the obligations of the Offeror pursuant to the Lock-Up Agreement. The Locked-Up Shareholder has agreed to exercise or surrender for cancellation all stock options, and any other rights, warrants, and entitlements to purchase or otherwise acquire any Common Shares. The Locked-Up Shareholder has also agreed that, except as permitted by the Lock-Up Agreement, he will not withdraw his Common Shares from the Century Offer.

The Locked-Up Shareholder (in his capacity as shareholder only) also provided certain covenants in favour of the Offeror, including a covenant not to, directly or indirectly, (i) solicit, initiate, facilitate or encourage the initiation of any inquiries or proposals regarding an Acquisition Proposal, (ii) participate in any discussions or negotiations regarding an Acquisition Proposal, (iii) furnish to any other person any information with respect to an Acquisition Proposal, or (iv) otherwise co-operate in any way with any effort or attempt by any other person or group to do or seek to do any of the foregoing.

The Lock-Up Agreement may be terminated by either the Locked-Up Shareholder or the Offeror in certain circumstances including in the event that (a) the Pre-Acquisition Agreement is terminated in accordance with the provisions thereof; or (b) the Effective Time has not occurred by August 31, 2010.

DIRECTORS AND OFFICERS OF C.A. BANCORP AND OWNERSHIP OF SECURITIES OF C.A. BANCORP

The following tables set out the names of each of the insiders of C.A. Bancorp and the number of outstanding Common Shares and Options beneficially owned as at May 31, 2010, directly or indirectly, or over which control or direction may be exercised by each such person and, where known after reasonable enquiry, by each associate or affiliate of C.A. Bancorp, any insider of C.A. Bancorp and such insider’s associates and affiliates, and any person or company acting jointly or in concert with C.A. Bancorp.

Securities of C.A. Bancorp⁽¹⁾

<u>Director’s Name</u>	<u>Position with C.A. Bancorp</u>	<u>Common Shares</u>	<u>% Common Shares Outstanding</u>	<u>Options</u>	<u>% Options Outstanding</u>
John F. Driscoll	Chairman of the Board	3,467,176	12.97%	347,500	30%
Timothy Unwin	Director	30,000	0.11%	—	—
Richard Zarzeczny	Director	5,000	0.02%	60,000	5.18%
Frank Potter	Director	10,000	0.04%	60,000	5.18%

<u>Officer’s Name</u>	<u>Position with C.A. Bancorp</u>	<u>Common Shares</u>	<u>% Common Shares Outstanding</u>	<u>Options</u>	<u>% Options Outstanding</u>
Paul Haggis	Director and Interim CEO	—	—	—	—
Michael Lovett	Managing Director, Real Estate Capital	15,000	0.06%	80,000	6.91%
Kurt Brands	Principal	21,100	0.08%	50,000	4.31%
Helen Martin	General Counsel and Corporate Secretary	—	—	20,000	1.72%

<u>Insider Name</u>	<u>Relationship to C.A. Bancorp</u>	<u>Common Shares</u>	<u>% Common Shares Outstanding</u>	<u>Options</u>	<u>% Options Outstanding</u>
Weiss Asset Management	Holds more than 10% of	3,767,700	14.09%	—	—

Insider Name	Relationship to C.A. Bancorp	Common Shares	% Common Shares Outstanding	Options	% Options Outstanding
LP	Common Shares				

Notes:

- (1) The information as to securities of C.A. Bancorp beneficially owned, directly or indirectly, or over which control or direction is exercised, not being within the knowledge of C.A. Bancorp, has been furnished by the respective insiders.

INTENTION WITH RESPECT TO CENTURY OFFER

Pursuant to the Lock-Up Agreement dated May 12, 2010 between Century and John F. Driscoll, Mr. Driscoll has agreed to tender the Common Shares he has control or direction over to the Century Offer. Of the remaining directors who hold Common Shares, Richard Zarzeczny has also indicated that he intends to tender his Common Shares to the Century Offer, and Tim Unwin and Frank Potter have indicated that they do not intend to tender their Common Shares to the Century Offer. To the knowledge of the Directors and officers of C.A. Bancorp, after making reasonable enquiries, no other associate or affiliate of C.A. Bancorp, no insider of C.A. Bancorp nor any of such insider's associates or affiliates, and no person or company acting jointly or in concert with C.A. Bancorp, has indicated that they have tendered or currently intend to tender any of their Common Shares to the Century Offer.

OWNERSHIP OF SECURITIES OF CENTURY SERVICES LP

None of C.A. Bancorp, the Directors or the officers of C.A. Bancorp, and to the knowledge of the Directors and officers of C.A. Bancorp, after reasonable enquiry, no associate or affiliate of C.A. Bancorp, no insider of C.A. Bancorp nor any of such insider's associates or affiliates, and no person or company acting jointly or in concert with C.A. Bancorp, owns, or exercises control or direction over, any securities of Century Services Inc. or 1535633 Alberta Ltd.

ARRANGEMENTS AND AGREEMENTS OF DIRECTORS AND OFFICERS WITH CENTURY

Other than the Lock-Up Agreement, there are no agreements, commitments or understandings made or, to the knowledge of the Directors or the officers of C.A. Bancorp, proposed to be made between Century and any of the Directors or the officers of C.A. Bancorp including any agreement, commitment or understanding pursuant to which a payment or other benefit is proposed to be made or given by way of compensation for loss of office or as to any such person remaining in or retiring from office if the Century Offer is successful. No Director or officer of C.A. Bancorp is a director or officer of Century Services Inc. or of any affiliate or subsidiary of Century Services Inc.

ARRANGEMENTS AND AGREEMENTS OF DIRECTORS AND OFFICERS WITH C.A. BANCORP

Except as disclosed below there are no material agreements, commitments or understandings made or proposed to be made between C.A. Bancorp and any of its Directors or officers including any agreement, commitment or understanding pursuant to which payment or other benefit is proposed to be made or given by way of compensation for loss of office or as to any such person remaining in or retiring from office if the Century Offer is successful. In the case of each plan or agreement discussed below in which the term "change of control" applies, the consummation of the Century Offer would constitute a change of control.

The employment agreements of the senior officers of the Company, which agreements include entitlements in the event of termination without cause, were supplemented following the Maxam Offer to provide (among other things) that such entitlements be triggered following a change of control if the senior officer is constructively dismissed. Additionally, it was agreed that, in certain circumstances (which are applicable), senior officers continuing to be employed shall receive an additional retention bonus of one-third of annual base salary to be paid on the earlier of the date of a change of control or June 6, 2010 (the approximate eight month anniversary of the date of the unsolicited Maxam Offer).

If the Directors and officers of C.A. Bancorp were to tender any Common Shares they own to the Century Offer, they would receive cash consideration on the same terms and conditions as the other Shareholders. As at May 31,

2010, the Directors and officers of C.A. Bancorp owned or had control or direction over an aggregate of 3,548,276 Common Shares (excluding Common Shares underlying unexercised Options). For a chart detailing the ownership of Common Shares and other securities of C.A. Bancorp held by the Directors and officers of C.A. Bancorp see the section of this Directors' Circular entitled "Directors and Officers of C.A. Bancorp and Ownership of Securities of C.A. Bancorp".

INTERESTS OF DIRECTORS AND OFFICERS IN MATERIAL TRANSACTIONS WITH CENTURY

Other than pursuant to the Lock-Up Agreement, no Director or officer of C.A. Bancorp or any associate thereof, and to the knowledge of the Directors and the officers of C.A. Bancorp, after reasonable enquiry, no person or company who owns more than 10% of any class of equity securities of C.A. Bancorp for the time being outstanding has any interest in any material transaction to which Century Services Inc. or 1535633 Alberta Ltd. is a party.

CLARIFICATION OF DISCLOSURE IN CENTURY CIRCULAR

Notwithstanding the risks described herein in connection with the Realization Strategy, the Century Circular contains certain statements under the heading "Reasons to Accept the Offer" which the Board believes overstate certain risks with respect to the Realization Strategy and believes the following factors serve to mitigate such risks:

- the Realization Strategy is distinct from a "liquidation" in that, as described under the heading "Alternatives to the Century Offer," the Company is not compelled to liquidate its interests on an accelerated schedule and where the Company's interests are better served by realizing on a given asset through a process, or on or about its scheduled realization date, the Company will proceed in that manner. The Board has not stated that its objective is to pursue an accelerated liquidation of assets; the Board has stated only that as part of the Realization Strategy it would expect to consider such opportunities;
- the Company's investments in debt instruments of private companies have fixed maturities; and
- in respect of many of its equity interests in private companies the Company has contractual liquidity rights, which should help to reduce or eliminate the effect of potential "discounts" and provide timelines with respect to realization.

Furthermore, notwithstanding the references in the Century Circular to the recent departures of the Company's President and Chief Financial Officer, the Board believes that the existing management structure is well-placed to perform the duties required and fulfill the objectives of the Company in respect of either the Century Offer or the Realization Strategy. The Board determined that the future of the Company does not require the depth of business building and management skills of those former officers.

TRADING IN SECURITIES OF C.A. BANCORP

During the six months preceding the date hereof, none of C.A. Bancorp, the Directors or the officers of C.A. Bancorp or other insiders of C.A. Bancorp nor, to the knowledge of the Directors and the officers of C.A. Bancorp, after reasonable enquiry, any of their respective associates or affiliates, or any person or company acting jointly or in concert with C.A. Bancorp, has traded any Common Shares, except as follows:

<u>Insider's Name⁽¹⁾</u>	<u>Nature of Trade</u>	<u>Date of Trade</u>	<u>Number of Common Shares</u>	<u>Price Per Common Share (\$)⁽²⁾</u>
Weiss Asset Management LP	Acquisition in the public market	April 27, 2010	3,800	1.36
Weiss Asset Management LP	Acquisition in the public market	April 28, 2010	17,500	1.33
Weiss Asset Management LP	Acquisition in the public market	April 29, 2010	12,000	1.36
Weiss Asset Management LP	Acquisition in the public market	April 30, 2010	6,000	1.40

Insider's Name⁽¹⁾	Nature of Trade	Date of Trade	Number of Common Shares	Price Per Common Share (\$)⁽²⁾
Weiss Asset Management LP	Acquisition in the public market	May 3, 2010	2,000	1.38
Weiss Asset Management LP	Acquisition in the public market	May 4, 2010	2,300	1.38
Weiss Asset Management LP	Acquisition in the public market	May 5, 2010	44,100	1.39
Weiss Asset Management LP	Acquisition in the public market	May 6, 2010	69,100	1.37
Weiss Asset Management LP	Acquisition in the public market	May 10, 2010	60,300	1.35
Weiss Asset Management LP	Acquisition in the public market	May 11, 2010	20,900	1.35
Weiss Asset Management LP	Acquisition in the public market	May 12, 2010	40,950	1.35
Weiss Asset Management LP	Acquisition in the public market	May 12, 2010	17,550	1.35
Weiss Asset Management LP	Acquisition in the public market	May 13, 2010	795,000	\$1.48
Weiss Asset Management LP	Acquisition in the public market	May 17, 2010	26,500	1.48
Weiss Asset Management LP	Acquisition in the public market	May 18, 2010	2,670	1.45
Weiss Asset Management LP	Acquisition in the public market	May 19, 2010	18,900	1.42
Weiss Asset Management LP	Acquisition in the public market	May 19, 2010	5,800	1.43
Weiss Asset Management LP	Acquisition in the public market	May 19, 2010	2,300	1.40
Weiss Asset Management LP	Acquisition in the public market	May 19, 2010	6,230	1.45
Weiss Asset Management LP	Acquisition in the public market	May 20, 2010	36,900	1.42
Weiss Asset Management LP	Acquisition in the public market	May 21, 2010	41,000	1.43

Notes:

(1) The information provided in this table is based on publicly available information and, in certain circumstances, information provided by third parties.

(2) Represents the average approximate price for all Common Shares purchased by Weiss Asset Management LP through the facilities of the TSX on the applicable date.

ISSUANCES OF SECURITIES OF C.A. BANCORP

No Common Shares or other securities convertible or exchangeable into Common Shares have been issued by C.A. Bancorp to the Directors or officers of C.A. Bancorp or other insiders of C.A. Bancorp during the two-year period preceding the date of this Directors' Circular.

MATERIAL CHANGES IN THE AFFAIRS OF C.A. BANCORP

Except as publicly disclosed or otherwise described above or elsewhere in this Directors' Circular, none of the Directors or officers of C.A. Bancorp is aware of any information that indicates any material change in the affairs or prospects of C.A. Bancorp since the date of its last published financial statements, being its interim unaudited consolidated financial statements for three months ended March 31, 2010, and management's discussion and analysis thereon, each of which is available on www.sedar.com.

OTHER TRANSACTIONS

As disclosed above, under its Strategic Process the Company has engaged, and continues to engage, in discussions, which are at various stages of advancement, with third parties concerning possible dispositions of assets. Any such disposition during the term of the Pre-Acquisition Agreement may require the consent of the Offeror. There are at present no unconditional binding agreements between the Company and any party as to any such transactions. Except as referenced in this paragraph, C.A. Bancorp is not aware of any negotiations currently being undertaken by

C.A. Bancorp that relate to or would result in: (i) an extraordinary transaction such as a merger or reorganization involving C.A. Bancorp or any of its subsidiaries; (ii) the purchase, sale or transfer of a material amount of assets by C.A. Bancorp or any of its subsidiaries; (iii) a competing take-over bid; (iv) a bid by C.A. Bancorp for its own securities or for those of another issuer; or (v) any material change in the present capitalization of C.A. Bancorp. On May 27, 2010, the Company entered into a non-binding letter of intent to sell its interest in Kingswood Drive Limited Partnership.

ENGAGEMENT OF INDEPENDENT FINANCIAL ADVISOR

CIBC was engaged by C.A. Bancorp as independent financial advisor effective December 9, 2009, to provide the C.A. Bancorp Board with various financial advisory services.

C.A. Bancorp has agreed to indemnify CIBC against certain liabilities, including under applicable securities laws, and to reimburse CIBC for reasonable expenses incurred by CIBC in performing the financial advisory services, including, without limitation, travel and communication expenses, courier charges and the reasonable fees and disbursements of counsel and other advisors retained by CIBC.

CIBC is one of Canada's largest investment banking firms with operations in all facets of corporate and government finance, mergers and acquisitions, equity and fixed income sales and trading and investment research. In the ordinary course of these activities, CIBC and its affiliates may at any time hold long or short positions in securities or instruments (including bank loans and other obligations) of C.A. Bancorp, for their own account or for the accounts of their customers. CIBC and its affiliates may have in the past provided, and/or may in the future provide, banking, financial advisory and investment banking services to C.A. Bancorp or any of its associates or affiliates.

LEGAL MATTERS

Certain Canadian legal matters relating to this Directors' Circular have been reviewed by Goodmans LLP, Toronto, independent legal counsel to C.A. Bancorp.

OTHER INFORMATION AND MATTERS

There is no information or matter not disclosed in this Directors' Circular but known to the C.A. Bancorp Board that would reasonably be expected to affect the decision of Shareholders to accept or reject the Century Offer.

STATUTORY RIGHTS

Securities legislation in the provinces and territories of Canada provides security holders of C.A. Bancorp with, in addition to any other rights they may have at law, one or more rights of rescission, price revision or to damages, if there is a misrepresentation in a circular or notice that is required to be delivered to those security holders. However, such rights must be exercised within prescribed time limits. Security holders should refer to the applicable provisions of the securities legislation of their province or territory for particulars of those rights or consult a lawyer.

APPROVAL OF DIRECTORS' CIRCULAR

The contents of this Directors' Circular have been approved and the delivery thereof has been authorized by the C.A. Bancorp Board.

CERTIFICATE

Dated: June 3, 2010

The foregoing contains no untrue statement of a material fact and does not omit to state a material fact that is required to be stated or that is necessary to make a statement not misleading in the light of the circumstances in which it was made.

On behalf of the Board of Directors of C.A. Bancorp Inc.

(Signed) "*John F. Driscoll*"

(Signed) "*Timothy Unwin*"

APPENDIX A

GLOSSARY OF TERMS

In the Directors' Circular, the following terms shall have the meanings set forth below, unless the subject matter or context is inconsistent therewith or such terms are otherwise defined in the Directors' Circular:

“**2009 AIF**” means the Company’s annual information form for the fiscal year ended December 31, 2009, released and filed March 31, 2010;

“**ABCA**” means the *Business Corporations Act* (Alberta), R.S.A. 2000, c. B-9, as amended, including the regulations promulgated thereunder;

“**affiliate**” has the meaning ascribed to that term in MI 62-104;

“**Alternative Transaction**” has the meaning set out in the Pre-Acquisition Agreement;

“**associate**” has the meaning ascribed to that term in MI 62-104;

“**Board**” or the “**C.A. Bancorp Board**” means the board of directors of C.A. Bancorp, comprised of Mr. John F. Driscoll, Mr. Paul Haggis, Mr. Frank Potter, Mr. Timothy Unwin and Mr. Richard Zarzeczny;

“**Break Fee**” has the meaning set out in the Pre-Acquisition Agreement;

“**C.A. Bancorp**” or the “**Company**” means C.A. Bancorp Inc., a corporation amalgamated under the ABCA;

“**CARM**” means C.A. Realty Management Inc., a wholly owned subsidiary of the Company;

“**Century**” means Century Services LP;

“**Century Circular**” means the Century Offer and the accompanying take-over bid circular of Century dated June 3, 2010;

“**Century Offer**” or “**Offer**” means the formal take-over bid by Century dated June 3, 2010, as set forth in and forming part of the Century Circular, for all of the Common Shares at a price of \$1.50 in cash for each Common Share;

“**Charter REIT**” means Charter Real Estate Investment Trust;

“**Charter REIT Management Agreement**” means the management agreement between the CARM and Charter REIT, dated March 27, 2007;

“**CIBC**” means CIBC World Markets Inc., independent financial advisor to C.A. Bancorp;

“**Common Shares**” means all of the issued and outstanding common shares of C.A. Bancorp;

“**Contract**” has the meaning set out in the Pre-Acquisition Agreement;

“**Constating Documents**” has the meaning set out in the Pre-Acquisition Agreement;

“**CRFC**” means C.A. Bancorp Canadian Realty Finance Corporation;

“**Director**” means a director of C.A. Bancorp;

“**Directors’ Circular**” means this directors’ circular of C.A. Bancorp;

“**Disclosure Letter**” has the meaning set out in the Pre-Acquisition Agreement;

“**Employees**” has the meaning set out in the Pre-Acquisition Agreement;

“**Expiry Date**” means the date on which the Expiry Time occurs;

“**Expiry Time**” means 5:00 p.m. (Toronto time) on July 9, 2010, unless the Century Offer is withdrawn or is extended (pursuant to Section 5 of the Century Offer, “Extension, Variation or Change of the Offer”), in which case the Expiry Time shall mean the latest date and time on which the Century Offer as so extended expires;

“**Extended Mailing Time**” has the meaning set out in the Pre-Acquisition Agreement;

“**Financial Statements**” has the meaning set out in the Pre-Acquisition Agreement;

“**Fully Diluted Basis**” has the meaning given to it in the Pre-Acquisition Agreement;

“**Georgeson**” means Georgeson Communications Canada Inc.;

“**Governmental Authority**” has the meaning set out in the Pre-Acquisition Agreement;

“**Information Agent**” means Georgesonwa, the information agent retained by C.A. Bancorp in connection with the Century Offer;

“**Initial Mailing Time**” has the meaning set out in the Pre-Acquisition Agreement;

“**insider**” means an insider as defined in the Securities Act (Ontario) R.S.O. 1990, c. S.5 as amended, including the regulations promulgated thereunder;

“**Lock-Up Agreement**” means the lock-up agreement between John F. Driscoll, certain companies directly holding Common Shares of the Company and Century, dated May 12, 2010;

“**Locked-Up Shareholder**” means John F. Driscoll;

“**Material Adverse Effect**” has the meaning set out in the Pre-Acquisition Agreement;

“**Material Subsidiary**” has the meaning set out in the Pre-Acquisition Agreement;

“**Maxam Funds**” means, collectively, Maxam Opportunities Fund Limited Partnership and Maxam Opportunities Fund (International) Limited Partnership;

“**Maxam Offer**” means the offer, as more fully described under the heading “Recent Developments and The Response To The Century Offer” above.

“**MI 62-104**” means *Multilateral Instrument 62-104 – Take-Over Bids and Issuer Bids*;

“**Minimum Tender Condition**” has the meaning set out in the Pre-Acquisition Agreement;

“**Offeror**” means 1535633 Alberta Ltd.;

“**Officer Obligations**” has the meaning set out in the Pre-Acquisition Agreement;

“**Option Plan**” means the stock option plan of C.A. Bancorp, as amended from time to time;

“**Options**” means options to purchase Common Shares granted pursuant to the Option Plan;

“**Outside Date**” has the meaning set out in the Pre-Acquisition Agreement;

“**Pre-Acquisition Agreement**” means the pre-acquisition agreement entered into between 1535633 Alberta Ltd. and C.A. Bancorp. Inc., dated May 12, 2010;

“**Q1 MD&A**” means the management’s discussion and analysis for the first quarter of the Company’s fiscal year 2010 ended March 31, 2010 released and filed on May 14, 2010;

“**Realization Strategy**” has the meaning set out above under the heading “*Realization Strategy*” above;

“**Rights Plan**” means the shareholder rights plan agreement dated as of December 14, 2009, between C.A. Bancorp and Computershare Investor Services Inc., which was effectively terminated on March 15, 2010;

“**Shareholder**” means a holder of Common Shares;

“**Special Committee**” means the special committee established by the C.A. Bancorp Board, comprised of Mr. Timothy Unwin (Chairman), Mr. John F. Driscoll and Mr. Paul Haggis;

“**Strategic Process**” has the meaning given to it as described under the heading “*Strategic Process*”;

“**Subsidiary**” has the meaning set out in the Pre-Acquisition Agreement;

“**Superior Proposal**” has the meaning given to it in the Pre-Acquisition Agreement;

“**Termination Payment**” has the meaning given to it in the Pre-Acquisition Agreement; and

“**TSX**” means the Toronto Stock Exchange.

Words importing the singular include the plural and vice versa and words importing any gender include all genders.

**QUESTIONS OR REQUESTS FOR ASSISTANCE CONCERNING THE INFORMATION
IN THIS DOCUMENT SHOULD BE DIRECTED TO THE INFORMATION AGENT:**

**Any questions and requests for assistance may be directed to
Georgeson Communications Canada Inc.
at the telephone numbers and location set out below:**

Georgeson

**100 University Avenue
11th Floor, South Tower
Toronto, Ontario
M5J 2Y1**

**North American Toll Free Number: 1-866-676-3003
Email: askus@georgeson.com**