

First Quarter 2009 Report to Shareholders

Three months ended March 31, 2009

C.A. Bancorp Inc. Reports First Quarter 2009 Results

All amounts in Canadian thousands of dollars except per share amounts or unless otherwise stated.

C.A. Bancorp is listed on the Toronto Stock Exchange (TSX) under the symbol “BKP”.

FIRST QUARTER 2009 HIGHLIGHTS

TORONTO, ONTARIO, May 7, 2009 – C.A. Bancorp Inc. (C.A. Bancorp or the Company) today announced its financial results for the first quarter ended March 31, 2009. The Company reported:

- **Net earnings of \$6.0 million** (Q1 2008 – net loss of \$2.1 million) **or \$0.22 per share** (Q1 2008 – net loss of \$0.07 per share) **on a basic and fully diluted basis.**
- **A net book value of \$2.67 per share** (Q4 2008 – \$2.44 per share) **compared to the Company’s closing share price on the TSX on March 31, 2009 of \$0.71 per share** (Q4 2008 – \$0.65 per share).
- **Revenues of \$1.3 million** (Q1 2008 – \$1.8 million).
- **An \$8.6 million (pre-tax) gain on the sale of AgriFinancial Canada Corp.**
- **Net loss from results of investments of \$0.3 million** (Q1 2008 – net loss of \$3.2 million).

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Caution Regarding Forward-Looking Information

This MD&A and other public announcements by the Company contain information that is forward-looking and is subject to risks and uncertainties. Forward-looking information includes information concerning the Company's future financial performance, business strategy, plans, goals, and objectives. Often, but not always, forward-looking statements can be identified by the use of forward-looking words such as "will", "expect", "intend", "plan", "estimate", "anticipate", "believe" or "continue", similar words or the negative thereof, or variations of words and phrases that certain actions, events or anticipated outcomes "may", "would" or "might" be taken, occur or be achieved. 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 access to capital for fund management; the Company's dependence on key personnel and Sentry Select; 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; risks affecting the Company's investments in capital pool companies; 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 investment rates of return ("IRR") for investments in private entities, and other risks detailed from time to time in the Company's continuous disclosure documents. By its nature, forward-looking information involves 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 MD&A. The Company undertakes no obligation to update publicly or otherwise revise any forward-looking information 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.

MANAGEMENT'S DISCUSSION AND ANALYSIS

This Management's Discussion and Analysis (MD&A) dated May 7, 2009 presents material information and a discussion and analysis of the consolidated results, financial condition and future prospects of C.A. Bancorp Inc. for the three month period ended March 31, 2009 which includes the accounts of C.A. Bancorp, its subsidiaries and variable interest entities where the Company is deemed to be the primary beneficiary under Canadian generally accepted accounting principles (GAAP). This MD&A should be read in conjunction with the unaudited consolidated financial statements and the notes thereto of the Company for the quarter ended March 31, 2009 and the audited consolidated financial statements and the notes thereto of the Company for the year ended December 31, 2008, and the related MD&A. These documents and additional information relating to the Company, including the Company's 2008 Annual Information Form (AIF) dated March 31, 2009 can be accessed on SEDAR at www.sedar.com.

All amounts in this MD&A are expressed in Canadian thousands of dollars (except per share amounts or unless otherwise indicated) and have been primarily derived from the Company's unaudited consolidated financial statements prepared in accordance with Canadian GAAP. Additionally, and where applicable, the financial results of the Company have been reclassified as required under Canadian GAAP such that the net impact of the discontinued operations of AgriFinancial is captured as one line-item on the statement of operations.

COMPANY OVERVIEW

The following provides a brief overview of the Company, its subsidiaries, and its operations.

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 other 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 an emphasis on the industrials, real estate, infrastructure and financial services sectors.

The Company's common shares trade on the Toronto Stock Exchange (TSX) under the symbol **BKP**.

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 entities. These diversified and recurring revenue streams have been designed with a view to minimizing volatility, reducing risk and maximizing return on shareholders' equity.

As at March 31, 2009, the Company had five principal and wholly-owned operating subsidiaries: C.A. Bancorp Ltd. (CAB Ltd.), C.A. Bancorp Realty Finance Inc. (Realty Finance), C.A. Realty Management Inc. (Realty Management), C.A.B. Barlow Holdings Corp. (Barlow Holdings), and C.A. Bancorp Telecom Inc. (Telecom Inc.). Effective January 30, 2009, the Company exited its first Direct Investment selling its interest in C.A. Bancorp Financial Corp. (Financial Corp.). Financial Corp. owned 100% of AgriFinancial Canada Corp. (AgriFinancial). See "Investments in Private Entities and Managed Entities – Investments in Private Entities Exited" and "Significant Events – Sale of AgriFinancial Canada Corp. to Western Financial Group Inc." below.

In addition, the Company is a significant unitholder of Charter Real Estate Investment Trust (Charter REIT) and is a significant shareholder of C.A. Bancorp Canadian Realty Finance Corporation (CRFC). See "Investments in Private Entities and Managed Entities – Managed Entities – Charter REIT" and "Investments in Private Entities and Managed Entities – Managed Entities – CRFC" below.

The Company consolidated the accounts of its subsidiary AgriFinancial up to January 30, 2009 and AgriFinancial has been reclassified (including retroactively for 2008) as a discontinued operation as a result of the sale to a third party. See “Significant Events – Sale of AgriFinancial Canada Corp. to Western Financial Group Inc.” and “Investments in Private Entities and Managed Entities – Investments in Private Entities Exited – AgriFinancial Canada Corp.” below. In addition, the Company consolidated the accounts of CRFC for the period from February 22, 2008 to September 12, 2008 (when the Company held 100% of CRFC’s Class A Shares) and consolidated the accounts of Charter REIT (formerly Charter Realty Holdings Ltd.) for the period from February 23, 2007 to August 9, 2007 (when the Company held greater than 50% of Charter REIT’s equity).

For a more comprehensive review of the Company, its subsidiaries, and its operations, please refer to the Company’s AIF.

FINANCIAL HIGHLIGHTS

The following is a summary of (a) the Company's unaudited consolidated financial statements for the quarter ended March 31, 2009 compared to the same periods ended December 31, 2008 and March 31, 2008 and (b) the Company's financial position as at March 31, 2009 compared to December 31, 2008 and March 31, 2008.

	Mar 31 2009	Dec 31 2008	Mar 31 2008
Results from Operations for Quarter ending:			
Total revenues	\$ 1,348	\$ 1,696	\$ 1,779
Net results of investments ¹	(349)	(11,246)	(3,179)
Expenses	(1,566)	(1,674)	(1,464)
Taxes and non-controlling interest	(417)	(81)	552
Net loss from continuing operations	(984)	(11,305)	(2,312)
Net earnings from discontinued operations	6,963	438	212
Net earnings (loss) earnings	\$ 5,979	\$ (10,867)	\$ (2,100)
Earnings Per Common Share (EPS) for Quarter ending:			
EPS from continuing operations – basic	\$ (0.04)	\$ (0.41)	\$ (0.08)
EPS from discontinued operations – basic	0.26	0.02	0.01
Net earnings (loss) per common share	\$ 0.22	\$ (0.39)	\$ (0.07)
EPS from continuing operations – diluted	\$ (0.04)	\$ (0.41)	\$ (0.08)
EPS from discontinued operations – diluted	0.26	0.02	0.01
Net earnings (loss) per common share	\$ 0.22	\$ (0.39)	\$ (0.07)
Financial Position as at:			
Cash and cash equivalents	\$ 12,597	\$ 1,245	\$ 29,173
Total assets as reported	\$ 76,171	\$ 147,778	\$ 206,258
Total assets (adjusted) ²	\$ 76,171	\$ 72,684	\$ 86,722
Total debt (adjusted) ³	\$ 2,687	\$ 5,178	\$ 5,743
Total shareholders' equity	\$ 72,489	\$ 66,719	\$ 80,008
Number of common shares outstanding	27,133	27,345	28,338
Per Common Share as at:			
Net book value	\$ 2.67	\$ 2.44	\$ 2.82
Closing market price	\$ 0.71	\$ 0.65	\$ 1.30
Market price discount to net book value	(73%)	(73%)	(54%)

¹ Includes unrealized and realized gains/losses on publicly traded investments and investments in private entities, equity participation in Charter REIT and CRFC and other corporate investments. Q4 2008 also includes an impairment loss on Charter REIT.

² Excludes the discontinued operations of AgriFinancial in Q4 2008 and Q1 2008 and the operations of CRFC in Q1 2008. AgriFinancial (Financial Corp.) was sold on January 30, 2009 to a third party.

³ Debt excludes (i) the discontinued operations of AgriFinancial in all Q4 2008 and Q1 2008; and (ii) preferred shares associated with CRFC in Q1 2008.

Results of Operations Highlights

The Company's operating results reflect (i) revenue recognized primarily from the income generated from the Company's investments in private entities and the management fees from the Company's managed entities and (ii) the expenses required to manage the Company's portfolio of invested capital. The Company's operations have increased over previous quarters as the Company has substantially invested the capital from its two previously completed common share offerings in private entities and off-balance sheet entities the Company manages (managed entities).

Q1 2009	Q4 2008	Q1 2008
<ul style="list-style-type: none"> • Total revenues for the quarter ended March 31, 2009 were \$1.3 million. \$0.8 million generated from interest and investment income, \$0.4 million from asset management fees and \$0.1 million from other fees and commissions. 	<ul style="list-style-type: none"> • Total revenues for the quarter ended December 31, 2008 were \$1.7 million. \$0.9 million generated from interest and investment income, \$0.6 million from asset management fees and \$0.2 million from other fees and commissions. 	<ul style="list-style-type: none"> • Total revenues for the quarter ended March 31, 2008 were \$1.8 million. \$1.4 million generated from interest and investment income, \$0.3 million from asset management fees and \$0.1 million from other fees and commissions.
<ul style="list-style-type: none"> • The Company did not consolidate the operations of any significant entity in Q1 2009. 	<ul style="list-style-type: none"> • The Company did not consolidate the operations of any significant entity in Q4 2008. 	<ul style="list-style-type: none"> • The Company consolidated the accounts of CRFC for the period of February 22, 2008 to September 12, 2008 (when the Company held 100% of CRFC's Class A Shares).
<ul style="list-style-type: none"> • Net results of investments representing a loss of \$0.3 million consisting of \$0.8 million in realized losses on the sale of publicly traded investments, \$0.8 million in the change in unrealized gains on publicly traded investments, and \$0.4 million change in unrealized losses on investments in private entities. 	<ul style="list-style-type: none"> • Net results of investments representing a loss \$11.2 million primarily as a result of \$5.7 million in realized losses on the sale of publicly traded investments, \$2.5 million in the change in unrealized gain on publicly traded investments, \$1.3 million change in unrealized losses on investments in private entities and \$6.6 million unrealized impairment loss on the Company's investment in Charter REIT. 	<ul style="list-style-type: none"> • Net results of investments representing a loss \$3.2 million primarily as a result of \$2.8 million in the change in unrealized losses on publicly traded investments.
<ul style="list-style-type: none"> • Net earnings from discontinued operations of \$7.0 million which is primarily realized gains from the sale of AgriFinancial 	<ul style="list-style-type: none"> • Net earnings from discontinued operations (AgriFinancial) of \$0.4 million. 	<ul style="list-style-type: none"> • Net earnings from discontinued operations (AgriFinancial) of \$0.2 million
<ul style="list-style-type: none"> • Net earnings of \$6.0 million or \$0.22 per share on a basic and fully diluted basis. 	<ul style="list-style-type: none"> • Net loss of \$10.9 million or \$0.39 per share on a basic and fully diluted basis. 	<ul style="list-style-type: none"> • Net loss of \$2.1 million or \$0.07 per share on a basic and fully diluted basis.

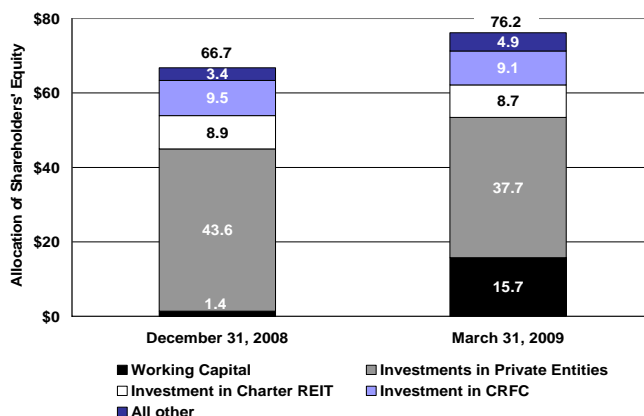
Balance Sheet Highlights

The Company's core assets are its investments in private entities and its investments in managed entities. These investments generate the majority of the Company's revenues and have an objective of generating expected investment rates of return of approximately 15% to 25% over the investment hold period. With the sale of AgriFinancial in January 2009, the Company now has working capital of approximately \$15.3 million on its balance sheet available for expected future commitments, new investments and general working capital purposes.

March 31, 2009	December 31, 2008	March 31, 2008
<ul style="list-style-type: none"> Total assets at March 31, 2009 were \$76.2 million. The increase in assets compared to December 31, 2008 is primarily a result of the Company's proceeds from the sale of its investment in AgriFinancial. 	<ul style="list-style-type: none"> Total assets excluding the discontinued operations of AgriFinancial at December 31, 2008 were \$72.7 million (\$147.8 million including the discontinued operations of AgriFinancial). 	<ul style="list-style-type: none"> Total assets excluding the discontinued operations of AgriFinancial and the operations of CRFC at March 31, 2008 were \$86.7 million (\$206 million including AgriFinancial and CRFC).
<ul style="list-style-type: none"> Total debt at March 31, 2009 of \$2.7 million (excluding short-term payables and the discontinued operations of AgriFinancial). The Company had \$0.2 million that was due to broker and a \$2.5 million unsecured note payable to CRFC that is payable over six years. 	<ul style="list-style-type: none"> Total debt at December 31, 2008 of \$5.2 million (excluding short-term payables and the discontinued operations of AgriFinancial). The Company had \$2.6 million that was due to broker and a \$2.6 million unsecured note payable to CRFC. 	<ul style="list-style-type: none"> No debt at March 31, 2008 (excluding short-term payables and the discontinued operations of AgriFinancial).
<ul style="list-style-type: none"> Total shareholders' equity at March 31, 2009 of \$72.5 million. The increase in shareholders' equity compared to December 31, 2008 is primarily as a result of the Company's gain on sale from its investment in AgriFinancial. 	<ul style="list-style-type: none"> Total shareholders' equity at December 31, 2008 of \$66.7 million. 	<ul style="list-style-type: none"> Total shareholders' equity at March 31, 2008 of \$80.0 million.

Breakdown of the Company's Shareholders' Equity (Non-Consolidated)

The following is a breakdown of the Company's shareholders' equity as at March 31, 2009 compared to December 31, 2008 (in \$millions).



Summary of Investments in Private Entities at March 31, 2009

The following is a summary of the Company's investments in private entities.

Investment in Private Entity	Invested Capital	Carrying Value
Birmingham Foundation Solutions ¹	\$ 10,000	\$ 10,000
Kingswood Estates	6,000	6,000
Digital Payment Technologies Corp. ²	5,250	5,319
Everus Communications Inc. ³	5,000	3,665
High Fidelity HDTV Inc. ⁴	4,000	4,892
Salbro Bottling Group ⁵	4,000	4,095
Barlow Capital Management Inc. ⁶	2,890	2,800
Windward Telecom Limited	710	976
Total	\$ 37,850	\$ 37,747

Summary of Managed Entities at March 31, 2009

The following is a summary of the Company's investments in managed entities.

Managed Entity	Invested Capital	Carrying Value	Fee Generating Assets
Charter REIT	\$ 18,849	\$ 8,713	\$ 146,200
CRFC	9,850	9,131	70,500
Total	\$ 28,699	\$ 17,844	\$ 216,700

¹ In March 2009, C.A. Bancorp acquired Sentry Select Total Strategy Fund's (Total Strategy Fund) investment in Birmingham for \$0.81 million.

² In February 2009, C.A. Bancorp advanced an additional \$1.75 million to Digital. Additional advances at the option of the Company are expected to total \$0.75 million.

³ During the first quarter 2009, C.A. Bancorp advanced the final \$0.6 million of capital to Everus in the form of a debenture.

⁴ In March 2009, C.A. Bancorp acquired Total Strategy Fund's investment in High Fidelity for \$1.36 million.

⁵ In March 2009, C.A. Bancorp acquired Total Strategy Fund's investment in Salbro for \$0.4 million.

⁶ Barlow is presented differently than the other investments in private entities and consolidated for financial reporting purposes.

INVESTMENTS IN PRIVATE ENTITIES AND MANAGED ENTITIES

The following is a summary of the Company's investments in private entities and managed entities as at March 31, 2009. The Company targets an internal rate of return (IRR) of between 15% and 25% on its invested capital in private entities and on its sponsor capital with the intent of doubling invested capital over the expected investment holding period. The range of targeted IRR is case specific and dependent upon the nature and risk profile of each investment.

For a more comprehensive review of the Company's previously exited and current investments in private entities and managed entities, please refer to the Company's 2008 Annual MD&A dated as at March 10, 2009 filed under the Company's SEDAR profile at www.sedar.com.

Investments in Private Entities Exited

Industry	Company, Investment Overview and Rationale	Hold Period	Ownership Percentage	Cost of Investment	Gain on Investment
Agriculture	<p>AgriFinancial Canada Corp., (AgriFinancial) through its operating businesses, Agrifinance and AgriCard, is a leading independent provider of financing solutions to the Canadian agricultural sector.</p> <p>Investment Rationale: Platform investment in the financial services sector to capitalize on the significant growth in financing opportunities present in the Canadian agricultural marketplace.</p> <p>Investment Exit: AgriFinancial was sold to Western Financial Group Inc. (TSX: WES).</p>	<p>Investment Date: October 2007</p> <p>Exit Date: January 2009</p>	90%	\$9.5 million	<p>\$9.6 million (Proceeds on sale equalled 2x invested capital).</p> <p>Internal Rate of Return : 75%</p>

Current Portfolio of Investments in Private Entities

Currently, the Company has eight investments in private entities across various industry sectors that are at different stages of maturity. Each investment in the portfolio had a specific investment thesis at the time of investment and the C.A. Bancorp management team continued during the first quarter 2009 to actively work with each portfolio company/investment on their specific growth and operational improvement objectives.

In conjunction with the liquidation of the Total Strategy Fund effective March 31, 2009, the Company acquired the minority investments in private entities (Birmingham, High Fidelity and Salbro) held by Total Strategy Fund at cost plus any accrued distributions on account of interest/dividends. See "Significant Events – Wind-up of Sentry Select Total Strategy Fund" below.

Industry	Company and Investment Overview	Investment Date	Investment Cost	Carrying Value
Media	High Fidelity HDTV Inc. (High Fidelity) creates specialty television channels in digital high-definition format and distributes its programming through major cable and satellite companies such as Rogers Cable, Bell ExpressVu, SaskTel, Canadian Cable Systems	July 2007	\$4.0 million	\$4.9 million

Industry	Company and Investment Overview	Investment Date	Investment Cost	Carrying Value
	<p>Alliance and Aurora Cable.</p> <p>Ownership Percentage: 10-25% based on financial performance and an option to purchase an additional 5% of equity.</p> <p>Investment Update: Refer to the Company's 2008 Annual MD&A</p>			
Equipment Manufacturing and Construction	<p>Birmingham Foundation Solutions (Birmingham) builds customized pile driving equipment for sale or lease in 49 countries around the world, and provides foundation construction services for large infrastructure projects.</p> <p>Ownership Percentage: 33% to 45% based on financial performance on a fully diluted basis.</p> <p>Investment Update: Refer to the Company's 2008 Annual MD&A</p>	November 2007	\$10.0 million	\$10.0 million
Multi-Residential Real Estate	<p>Kingswood Estates consists of eight garden-style apartment buildings containing a total of approximately 360 units. The property is strategically located in the south-end of Kitchener, Ontario with excellent access to major malls, the downtown area and highways.</p> <p>Ownership Percentage: 80% limited partnership interest in a partnership that acquired the property.</p> <p>Investment Update: Refer to the Company's 2008 Annual MD&A</p>	January 2008	\$6.0 million	\$6.0 million
Packaging	<p>Salbro Bottling Group (Salbro) is an established designer, manufacturer and distributor of packaging components, specializing in glass and plastic bottles.</p> <p>Ownership Percentage: 12.5% equity interest with increases subject to financial performance and contractual rates of return.</p> <p>Investment Update: Refer to the Company's 2008 Annual MD&A</p>	February 2008	\$4.0 million	\$4.1 million
Telecom	<p>Windward Telecom Limited (Windward) is a telecommunications company providing Caribbean markets with long distance phone and data infrastructure services.</p> <p>Ownership Percentage: 10% equity interest plus an additional 25% upon conversion of preferred shares.</p> <p>Investment Update: Refer to the Company's 2008 Annual MD&A</p>	February 2008	\$0.7 million	\$1.0 million
Telecom	<p>Everus Communications Inc. (Everus) is the largest wireless broadband internet service provider to rural communities in Southwestern Ontario.</p> <p>Ownership Percentage: 22% to 47% based on financial performance on a fully diluted basis.</p> <p>Investment Update: See "Results of Operations for First Quarter 2009 – Net Results of Investments"</p>	June 2008	\$5.0 million	\$3.7 million
Investment Management	<p>Barlow Capital Management Inc. (Barlow) is a fee-for-service boutique investment counsel and portfolio</p>	July 2008	\$2.9 million	\$2.9 million

Industry	Company and Investment Overview	Investment Date	Investment Cost	Carrying Value
	<p>manager with an exclusive focus on providing endowment style investment management services to high net worth Canadian investors.</p> <p>Ownership Percentage: 85% equity interest</p> <p>Investment Update: Refer to the Company's 2008 Annual MD&A</p>			
Parking Solutions	<p>Digital Payment Technologies Corp. (DPT) develops, sells and supports electronic parking solutions for the collection of parking revenues and management of parking operations in on-street and off-street parking.</p> <p>Ownership Percentage: 22% to 35% based on C.A. Bancorp's total invested capital and DPT's financial performance on a fully diluted basis.</p> <p>Investment Update: Refer to the Company's 2008 Annual MD&A</p>	November 2008	\$5.3 million	\$5.3 million

Managed Entities

Currently, the Company is actively managing two entities: C.A. Bancorp Canadian Realty Finance Corporation and Charter REIT. The entities combined have raised approximately \$120 million of investable capital and have approximately \$217 million in assets as March 31, 2009. The entities generate management fees for the Company as well as distributions on the sponsorship capital that the Company invested. The entities provide the Company with a platform for future growth and are expected to generate increased fees and subsequently a higher rate of return on the Company's sponsor capital.

Sector	Industry	Fund/Entity
Financial Services	Commercial Real Estate	<p>C.A. Bancorp Canadian Realty Finance Corporation (CRFC) is a publicly traded mutual fund corporation that provides investment exposure to a highly diversified portfolio of commercial real estate mortgages and loans with attractive yields.</p> <p>Assets under Management: CRFC issued 1,540,000 Preferred Shares, Series 1 for aggregate gross proceeds of \$38.5 million providing investors with tax-efficient fixed cash distributions of \$1.69 or 6.75% per annum on a \$25.00 maturity value. CRFC has also issued approximately 3,666,000 subordinate Class A Shares for aggregate gross proceeds of \$36.9 million providing investors with tax-efficient cash distributions of 7.6% (yield is indicative and may vary over time) per annum on a \$10.00 issue price. CRFC also has 2,900,000 warrants outstanding, each of which entitles the holder to purchase one Preferred Share, Series 1 at a subscription price of \$23.75 at any time on or before 4:00 p.m. (Toronto time) on September 30, 2011.</p> <p>C.A. Bancorp Investment: \$9.85 million in Class A shares carried on the Company's balance sheet at \$9.1 million with an estimated fair value of \$5.3 million based on the closing bid price of \$5.50 per Class A share on March 31, 2009. The Company also holds 200,000 warrants.</p> <p>Ticker Symbols: Preferred Shares, Series 1 (RF.PRA on the TSX); Class A Shares (RF.A on the TSX) and Warrants to purchase Preferred Shares, Series 1 (RF.WT on the TSX).</p> <p>Preferred Shares, Series 1 Book Value: \$25.00 per share</p> <p>Class A Net Asset Value¹: \$9.48 per share at March 31, 2009</p>
Real Estate	Retail Properties	<p>Charter Real Estate Investment Trust (Charter REIT) is 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, comprised of stable cash-flow and value added properties from both primary and secondary markets throughout Canada, with the principal goal of generating a reliable and growing yield for investors.</p> <p>Assets under Management: Charter REIT's portfolio includes ten retail properties located in Ontario and Quebec totalling approximately \$146 million (acquisition cost) in real estate assets.</p> <p>C.A. Bancorp's Investment: \$18.8 million or 34% of the issued and outstanding units of Charter REIT carried on the Company's balance sheet at \$8.7 million and with an estimated fair value of \$5.1 million based on the closing bid price of \$0.85 per unit on March 31, 2009.</p> <p>Ticker Symbol: CRH.UN on the TSX Venture Exchange.</p>

¹ Calculated in accordance with the requirements of National Instrument 81-106 for investment funds.

SIGNIFICANT EVENTS

The following is a discussion of the Company's significant events for the quarter and three months ended March 31, 2009, updated for subsequent events to the date hereof.

First Quarter of 2009

Sale of AgriFinancial Canada Corp. to Western Financial Group Inc.

On January 30 2009, the Company completed the sale of AgriFinancial to Bank West, a wholly-owned subsidiary of Western Financial Group Inc. (TSX: WES) (the Transaction). The purchase price at closing and including purchase price adjustments of the Transaction was \$21.6 million (\$21.1 million after transaction fees). C.A. Bancorp received approximately \$19.0 million in cash and \$0.13 million in loans receivable for total net consideration received of \$19.1 million. Total Strategy Fund received approximately \$2.0 million in cash. The final purchase price of the Transaction was \$21.6 million based on the net book value of the AgriFinancial as at end of day, January 30, 2009.

C.A. Bancorp and Total Strategy Fund collectively generated a net profit on the original invested capital (before taxes) of \$10.6 million representing an IRR of approximately 75% or two times invested capital.

Purchase of Investments in Private Entities from Total Strategy Fund

In 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 at the time the Offer was made, its Offer was a non-arm's length transaction. Sentry Select Capital Corp. (Sentry Select) as Investment Manager of Total Strategy Fund retained an independent valuator to prepare a fairness opinion in respect of the Offer. On March 6, 2009, the Company completed the purchase of the investments in private entities pursuant to the Offer for an aggregate purchase price of approximately \$2.6 million which represented the cost of the investments plus any accrued distributions.

Wind-Up of Sentry Select Total Strategy Fund

The Company as manager of Total Strategy Fund completed the liquidation and termination of Total Strategy Fund on March 31, 2009. Total Strategy Fund issued a final distribution to its unitholders in the amount of approximately \$3.85 per unit (equal to the remaining net assets in the fund) immediately prior to winding-up the fund. Additional information regarding the termination of Total Strategy Fund can be found on Total Strategy Fund's profile on SEDAR at www.sedar.com.

Subsequent Events

There were no material subsequent events from the end of the quarter to the date of this MD&A.

RESULTS OF OPERATIONS FOR FIRST QUARTER 2009

The following is an analysis of the Company's results of operations for the first quarter ended March 31, 2009 based on a GAAP basis of presentation and should be read in conjunction with the unaudited consolidated financial statements for the quarter ended March 31, 2009 and the corresponding notes thereto.

The consolidated financial statements include the accounts of C.A. Bancorp and its wholly-owned subsidiaries: CAB Ltd., Realty Finance, Realty Management, Barlow Holdings, Telecom Inc., its majority-ownership in Financial Corp. for the period of October 12, 2007 to January 30, 2009, CRFC for the period of February 22, 2008 to September 12, 2008 (when the Company held 100% of CRFC's Class A Shares). For financial reporting purposes in the fourth quarter 2008, the operations of Financial Corp. were deemed to be "discontinued" due to the sale of Financial Corp. and its wholly-owned subsidiary AgriFinancial to a third party on January 30, 2009. All intercompany transactions and balances have been eliminated in these consolidated statements in accordance with GAAP.

Revenues

	Quarter Ended March 31		
	2009	2008	Inc./Dec.)
Interest and investment income	\$ 810	\$ 1,365	\$ (555)
Asset management fees	444	277	167
Other fees and commissions	94	137	(43)
Total	\$ 1,348	\$ 1,779	\$ (431)

Consolidated revenues declined by \$0.4 million for the quarter ended March 31, 2009 compared to first quarter ended March 31, 2008. The decrease in revenue was primarily driven by a decline in investment income from the Company's public portfolio as the Company substantially liquidated its public portfolio in Q4 2008. The Company also consolidated \$0.3 million in interest income from CRFC in Q1 2008. The overall decline year over year was partially offset by an increase in asset management fees from Charter REIT and CRFC as a result of the growth of each of Charter REIT's and CRFC's assets. The Company also generated cash flow of \$0.4 million from distributions received from its investments in Charter REIT and CRFC that were not classified as investment income but as a return of capital for accounting purposes and therefore were not recognized as revenue.

Net Results of Investments

	Quarter Ended March 31		
	2009	2008	Inc./Dec.)
Realized loss on sale of publicly traded investments	(750)	(229)	(521)
Change in unrealized gain (loss) on publicly traded investments	847	(2,799)	3,646
Change in unrealized gain (loss) on investments in private entities, held for trading	(443)	51	(494)
Unrealized foreign exchange gain	33	-	33
Equity participation in other corporate entities	(17)	(6)	(11)
Equity participation in CRFC	21	-	21

Equity participation in Charter REIT	(40)	(196)	156
Total	\$ (349)	\$ (3,179)	\$ 2,830

Consolidated net results of investments resulted in a loss of \$0.3 million for the quarter compared to a loss of \$3.2 million for the first quarter ended 2008. The loss was primarily driven by realized losses of \$0.8 million from the Company's public portfolio as the Company continued to liquidate the portfolio and a loss of \$0.4 million related to the Company's investment in Everus Communications Inc. See "Investment in Everus Communications Inc." below. This was offset by a change in unrealized gains of \$0.8 million in the Company's public portfolio. Note that the gain on sale of AgriFinancial is not included in "Net Results of Investments" but shown net of tax as "Discontinued Operations" on the statement of operations.

Publicly Traded Investments

The Company was liquidating its publicly traded investments throughout 2008 and the Company had reduced its exposure from \$30.9 million going into Q1 2008 to \$2.0 million going into Q1 2009. As at March 31, 2009, the Company's remaining investments in its public portfolio had a fair value of \$1.8 million.

Investment in Everus Communications Inc.

As at the end of March 2009, the Company had advanced the full amount of \$5 million to Everus. In the quarter, the Company made an additional other than temporary impairment adjustment of \$0.4 million on its investment in Everus (total impairment as at March 31, 2009 – \$1.7 million), due to slower than anticipated growth rates at Everus since the time the investment was made and the fact that the debenture has been restructured whereby all interest payments due after October 21, 2008 would be capitalized. The investment has been valued based on the number of current and expected subscribers that can be acquired under the current debenture and price per subscriber. The Company is heavily engaged and working with Everus' management team to streamline operations and source new capital (from the Company and third parties) to capitalize on government grants that had been previously awarded to Everus. The economics of new customer acquisitions substantially improve with the support of these government grants. The Company has the option to participate in any new financings.

Expenses, Income Tax and Non-Controlling Interests

Quarter ended March 31			
	2009	2008	Inc./Dec.)
General and administration	\$ 1,085	\$ 455	\$ 630
Management fees	213	293	(80)
Corporate and transaction costs	157	162	(5)
Investment management fees	62	80	(18)
Interest expense	61	334	(273)
Bad debt provision	14	-	14
Depreciation and amortization	13	-	13
Stock based compensation	(39)	140	(179)
Provision (recovery) for income taxes	425	(552)	977
Non-controlling interests	(8)	-	(8)
Total	\$ 1,983	\$ 912	\$ 1,071

The Company's consolidated expenses, taxes and non-controlling interests increased by \$1.1 million for the quarter ended March 31, 2009 compared to same period in 2008. The increase was primarily driven by the assumption of salary costs of certain employees that were paid by Sentry Select in previous quarters and are now paid by the Company as described in the Company's 2008 annual MD&A and AIF. Additionally, the Company recorded an increase in income taxes related to the sale of AgriFinancial and a valuation allowance related to the future income tax asset.

SUMMARY OF QUARTERLY RESULTS

The following is a summary of the Company's results for the last eight quarters. The results have been reclassified as required under Canadian GAAP so that the net impact of the discontinued operations of AgriFinancial is captured as one line item.

	2009	2008				2007		
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Revenue	\$ 1,348	\$ 1,696	\$ 2,480	\$ 2,103	\$ 1,779	\$ 1,751	\$ 2,478	\$ 2,088
Net results of investments	(349)	(11,246)	(1,705)	(1,723)	(3,179)	(1,192)	(1,623)	1,173
Expenses	(1,566)	(1,674)	(2,003)	(1,940)	(1,464)	(1,117)	(2,506)	(2,957)
Non-controlling interests	8	11	3	-	-	-	237	499
Net tax recovery (provision)	(425)	(92)	617	321	552	32	348	(139)
Net earnings (loss) from continuing operations	(984)	(11,305)	(608)	(1,239)	(2,312)	(526)	(1,066)	664
Net earnings (loss) from discontinued operations	6,963	438	362	93	212	161	(19)	-
Net earnings (loss)	\$5,979	\$(10,867)	\$(246)	\$(1,146)	\$(2,100)	\$(365)	\$(1,085)	\$664
Weighted avg. # of shares								
Basic	27,275	27,375	28,141	28,164	28,471	28,808	28,957	14,493
Diluted	27,275	27,375	28,141	28,164	28,471	28,808	28,957	14,692
EPS from continuing operations – basic/diluted	\$ (0.04)	\$ (0.41)	\$ (0.02)	\$ (0.04)	\$ (0.08)	\$ (0.02)	\$ (0.04)	\$ 0.05
EPS from discontinued operations – basic/diluted	0.26	0.02	0.01	0.00	0.01	0.01	(0.00)	-
Net (loss) earnings per share	\$ 0.22	\$ (0.39)	\$ (0.01)	\$ (0.04)	\$ (0.07)	\$ (0.01)	\$ (0.04)	\$ 0.05
Net book value ¹	\$ 72,489	\$ 66,719	\$ 77,706	\$ 78,360	\$ 80,008	\$ 82,516	\$ 83,433	\$ 82,960
Common shares outstanding	27,133	27,345	27,541	27,891	28,338	28,683	28,988	28,674
Net book value per share ²	\$ 2.67	\$ 2.44	\$ 2.82	\$ 2.81	\$ 2.82	\$ 2.88	\$ 2.88	\$ 2.89
Total assets ³	\$76,171	\$147,778	\$182,308	\$242,212	\$206,258	\$154,348	\$85,671	\$121,489

Revenue generally increased throughout 2008 due to an increase in investment and interest income and asset management fees as a result of the Company increasing the size of its public portfolio and on-balance sheet assets and assets under management. Over the past two quarters, the Company has reduced its exposure to public investments which has reduced its investment income. The capital from the sale of the Company's public investments has been redeployed to more illiquid private investments that have less current income but have a greater long-term return profile. The Company also had higher revenues (and expenses) in the second and third quarter 2008 as the Company consolidated the financial statements of CRFC for the period of February 22, 2008 to September 12, 2008 (when the Company held 100% of CRFC's Class A Shares). Net results of investments vary on a quarter-to-quarter basis due to realized gains or losses on investments but also unrealized gains or losses on investments being measured at fair value on the balance sheet (See "Net Results of Investments" above). Expenses have stabilized over the previous eight quarters. In the second quarter of 2007, the Company incurred a one-time expense as a result of moving its common share listing from the TSX Venture Exchange to the TSX.

¹ Shareholders' equity per Canadian GAAP.

² Non-GAAP financial measure calculated by dividing net book value (shareholders' equity) by the number of shares outstanding.

³ The Company owned its interest in Financial Corp. (AgriFinancial) from Oct 2007 to January 2009.

LIQUIDITY, CAPITAL RESOURCES AND OFF-BALANCE SHEET ARRANGEMENTS

The following is an analysis of the liquidity, capital resources and off-balance sheet arrangements of the Company and should be read in conjunction with the unaudited consolidated financial statements for the quarter ended March 31, 2009 and the corresponding notes thereto and the audited consolidated financial statements for the year ended December 31, 2008 and the corresponding notes thereto.

Liquidity

The Company had liquid net assets of approximately \$15.7 million at March 31, 2009. The Company's cash equivalents of \$12.6 million consist of overnight deposits with Royal Bank of Canada.

The Company calculates its net liquid assets (excluding AgriFinancial at December 31, 2008) as follows:

	March 31, 2009	December 31, 2008
Cash and cash equivalents	\$ 12,597	\$ 1,245
Accounts receivable	2,829	1,132
Cash held as collateral	-	700
Publicly traded investments	1,783	2,024
Accounts payable and accrued liabilities	(937)	(721)
Due to broker	(217)	(2,600)
Portion of note payable to CRFC due in next twelve months	(353)	(382)
Total	\$ 15,702	\$ 1,398

The Company believes it has sufficient working capital to support the Company's operations. The Company is break-even on an adjusted cash flow from operations (cash flow from operations plus distributions from CRFC and Charter REIT) on a quarterly basis. Cash flow from operations can increase over time as the Company invests its available capital. As of the date of this MD&A, the Company intends to fund the remaining \$0.75 million to DPT under the terms of its facilities agreement. The Company expects to maintain a minimum cash balance in a cash account or cash equivalent instruments.

The Company's investing activities may require significant amounts of capital beyond what it currently has. The Company anticipates that additional funds may be secured through additional public offerings (either equity or debt), as well as through private equity placements, and/or the exercise of stock options. Some of the Company's initiatives may involve the use of credit facilities, short-term borrowings or debt structures at the level of the target investment. The Company is also seeking a short to medium-term operating facility to allow for greater financial flexibility.

Capital Resources

With the sale of AgriFinancial completed, the Company has no long-term debt, capital lease obligations or other long-term obligations at the parent-company level other than the repayment of the note payable to CRFC as detailed in the chart below. The Company expects that the management fees earned on CRFC will be sufficient to pay for all the principal and interest payments due on the note payable.

	Payment Due Period			
	Less than 1 year	1-3 years	Beyond 3 years	Total
Note payable to CRFC	\$ 353	\$ 1,059	\$ 1,058	\$ 2,470
Total	\$ 353	\$ 1,059	\$ 1,058	\$ 2,470

The Company has the following additional contractual obligation. The Company has agreed to subscribe for, or arrange subscriptions for, additional Class A shares of CRFC on a quarterly basis if the face value of the outstanding CRFC Preferred Shares exceeds the tangible net book value of the CRFC Class A shares by a ratio of greater than 9 to 1. As at March 31, 2009 the ratio was approximately 1.2 to 1 (December 31, 2008 – 1.2 to 1).

Share Capital and Options Outstanding

As at March 31, 2009, a total of approximately 27.13 million (December 31, 2008 – 27.35 million) common shares were outstanding with the Company reporting a net book value of \$72.5 million (December 31, 2008 – \$66.7 million). As at May 1, 2009, a total of approximately 27.05 million common shares were outstanding.

Since inception and through to May 1, 2009, 900,100 common shares have been repurchased and cancelled through the Company’s normal course issuer bid program (NCIB) at an average price (including commission) of \$1.86 per common share. During this time, a total of approximately \$1.7 million of the Company’s cash has been spent effecting these repurchases through the NCIB. Notice of the Company’s intention to make a NCIB is available from the Company upon request.

Since inception and through to May 1, 2009, 1,129,800 common shares have been repurchased and cancelled through the Company’s mandatory market purchase program (MMPP) at an average price (including commission) of \$1.25 per common share. During this time, a total of approximately \$1.4 million of the Company’s cash has been spent effecting these repurchases through the MMPP. The Company’s shareholders approved an amendment to the Company’s articles of incorporation to add a MMPP feature at the Company’s last Annual and Special Meeting held on April 25, 2008.

The Company had incentive stock options to purchase common shares outstanding as at March 31, 2009. The table that follows summarizes those options. No stock options were “in-the-money”, otherwise stated, none had a positive intrinsic value.

	Number	Weighted Average Exercise Price	Number of Options “In-the-Money”
Optioned shares outstanding	1.8 million	\$3.22	Nil
Optioned shares vested	1.4 million	\$3.19	Nil

Off-Balance Sheet Arrangements

The Company currently has no off-balance sheet arrangements.

COMPANY OUTLOOK

Given this period of economic uncertainty, the Company continues to work towards achieving the following 2009 business objectives that were stated in its 2008 annual MD&A:

1. Aggressively manage the Company's investments in private entities and managed public entities;
2. Maintain liquidity and preserve capital; and,
3. Minimize operating costs and debt.

As such, the outlook for the remainder of 2009 is substantially unchanged from what was originally discussed in the Company's 2008 annual MD&A.

The Company continues to manage its portfolio of investments in private entities by meeting regularly with the management teams of each of its portfolio companies. Each investment has specific growth or value creation objectives to execute upon and the Company is working with its portfolio companies' management teams to ensure growth plans and other business initiatives are being executed and that risks are mitigated to increase the likelihood that each investment increases in value throughout its life.

The Company is cautiously looking at new private investment opportunities given the current economic environment. The economic environment presents significant challenges for many businesses but can also offer investors significant opportunity as enterprise valuations are depressed due to the scarcity of capital. The Company may work on new investment opportunities if the opportunities can demonstrate similar characteristics to those of the Company's existing portfolio of investments in private entities, namely: (i) companies with positive and growing cash flow businesses in favourable industries and led by strong management teams, (ii) growth initiatives management can execute, (iii) structured investments on favourable terms for the Company, and (iv) contracted exit strategy to increase likelihood of liquidity.

The Company is actively managing its managed entities and continuously looking at new opportunities to acquire and manage a range of alternative assets on behalf of its investors.

The Company is actively managing CRFC. CRFC has now substantially fully invested its capital and management is monitoring the existing loans in the CRFC Mortgage Portfolio. The net asset value of CRFC Class A shares as at March 31, 2009 was \$9.48 per share (calculated in accordance with the requirements of NI 81-106). Since the beginning of 2009, actual real estate mortgage deal flow for CRFC has declined along with the significant decrease in commercial real estate transactions as a result of the atypically large spread between bid-and-offer terms on real estate properties. However, to offset any decline in new mortgages, it is expected that many current mortgages in the Mortgage Portfolio will be renewed at maturity as borrowers find refinancing opportunities to be limited. The Company's wholly-owned subsidiary CAB Ltd., as Manager of CRFC intends to continue to look for new sources of capital to increase the capital base of CRFC throughout 2009.

TRANSACTIONS WITH RELATED PARTIES

The Company's ongoing contractual relationships with related parties (Sentry Select Capital Corp. and CRFC) remain substantially unchanged from the disclosure in the Company's 2008 Annual MD&A.

The following transactions with related parties took place during the first quarter of 2009:

Effective February 1, 2009, C.A. Bancorp and Sentry Select reached an agreement providing for a reduction in the management fee paid to Sentry Select by C.A. Bancorp pursuant to the terms of an amended and restated management agreement between C.A. Bancorp and Sentry Select (the Management Agreement). Under the Management Agreement, the annual management fee paid to Sentry Select by C.A. Bancorp was reduced from 1.50% to 1.10% of C.A. Bancorp's financial statement capital (net assets) under Canadian GAAP. C.A. Bancorp estimates that the reduction in the annual management fee will provide a cost savings to C.A. Bancorp of approximately \$0.3 million per annum.

In February 2009, C.A. Bancorp also announced that it will reimburse 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. The reimbursement follows receipt by C.A. Bancorp of a notice from Sentry Select requesting reimbursement under the terms of an amended and restated administration agreement between the parties (the Administration Agreement). As approved by the Independent Directors of C.A. Bancorp, this change became effective February 1, 2009. As a result of the reimbursement, C.A. Bancorp will have additional expenses of approximately \$0.7 million per annum, which is an estimate based on current data. C.A. Bancorp, through its wholly-owned subsidiary, Realty Management, 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.

On March 6, 2009, the Company completed the purchase of the investments in private entities (Birmingham, High Fidelity and Salbro) held by Total Strategy Fund for a total purchase price of approximately \$2.6 million which represented the cost of the investments plus any accrued distributions. The Company was the manager of Total Strategy Fund from its inception until its termination effective March 31, 2009. The Company made an offer to purchase Total Strategy Fund's private investments following a vote by Total Strategy Fund's unitholders to liquidate the fund's assets in connection with a termination of the fund. The Company was a logical purchaser for these investments, given that it already held interests in each of these private entities.

CHANGES IN ACCOUNTING POLICIES AND CRITICAL ACCOUNTING ESTIMATES

The Company's unaudited interim consolidated financial statements have been prepared in accordance with Canadian GAAP. These unaudited interim consolidated financial statements should be read in conjunction with the Company's audited consolidated financial statements for the year ended December 31, 2008 and related MD&A. The accounting policies used in the preparation of these interim unaudited consolidated financial statements are consistent with those used in the Company's 2008 audited consolidated financial statements.

In February 2008, the CICA issued Section 3064 "Goodwill and Intangible Assets" replacing Section 3062, "Goodwill and Other Intangible Assets" and Section 3450, "Research and Development Costs". The changes will be applicable to financial statements relating to fiscal years beginning on or after October 1, 2008. Accordingly, the Corporation will adopt the new standards for its fiscal year beginning January 1, 2009. The new standard establishes the recognition, measurement, presentation and disclosure of goodwill subsequent to its initial recognition and of intangible assets. The new standard did not have an impact on the consolidated financial statements. In January 2009, the CICA adopted Sections 1582, "Business Combinations", 1601, "Consolidated Financial Statements", and 1602, "Non-Controlling Interests" which superseded current Sections, 1581, "Business Combinations" and 1600 "Consolidated Financial Statements". These Sections will be applied prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2011. Earlier adoption is permitted. If an entity applies these Sections before January 1, 2011, it is required to disclose that fact and apply each of the new sections concurrently. These new Sections were

created to converge Canadian GAAP and IFRS. The Corporation is currently evaluating the impact of the adoption on these changes on its consolidated financial statements.

The Canadian Accounting Standards Board will require all public companies to adopt IFRS for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. Companies will be required to provide IFRS comparative information for the previous fiscal year. The transition from Canadian GAAP to IFRS will be applicable for the Company for the first quarter beginning January 1, 2011 when the Company will prepare both the current and comparative financial information using IFRS. The adoption of IFRS will have an impact on the financial statements of the Company.

The Company is in the early stages of development of its IFRS changeover plan, which will include project structure and governance, resourcing and training, analysis of key GAAP differences and a phase plan to assess accounting policies under IFRS as well as potential IFRS exemptions. The Company plans to complete its project scoping, which will include a timetable for assessing the impact on data systems, internal controls over financial reporting, and business activities, such as financing and compensation arrangements, during the fiscal year 2009.

FACTORS THAT MAY AFFECT FUTURE RESULTS

Company Factors

Future financial performance could be influenced by the Company's ability to (i) manage and maintain the value of its existing portfolio of investments in private entities and its investments in managed entities; (ii) successfully evaluate, structure and complete new investments in private entities; and (iii) manage and grow its existing assets under management.

Non-Company Factors

The Canadian small- and mid-market private equity space has been relatively undercapitalized in recent years and this is due to the significant change in the market participants. During the previous five years, the main bank sponsored private equity groups that have been active in this space have either exited the business or significantly scaled back their investment activities. In addition, Canada has its own unique regulatory, tax and capital market environment. These unique characteristics tend to favour local firms.

Given the current economic environment and the limited amount of capital being raised today, the Company may have difficulty in raising new funds as described under "Capital Resources" above. To date, the Company has not yet put a credit facility in place as described above under "Capital Resources". Given current economic conditions, the Company may encounter difficulties securing a short to medium-term operating facility.

For general factors affecting the Company see the section entitled "Risk Factors" included on pages 19 to 23 of the Company's AIF dated as at March 31, 2009 and filed under the Company's SEDAR profile at www.sedar.com.

RISK MANAGEMENT

The Company is looking for opportunities as outlined in "Company Outlook" above. The merchant banking business is affected by a number of economic factors, including changing economic environments, capital markets and interest rates.

The Company attempts to manage the risks associated with its merchant banking business and investment portfolio through planning, significant due diligence of investment opportunities and active involvement in and monitoring of its investments.

Investments in private entities are less liquid than public securities as there is no readily available market to sell an investment. There is a possibility that when an investment is to be sold, the price received may not be equal to its intrinsic value or its fair value for financial reporting purposes.

Currently, the Company has assets invested in cash and cash equivalents as well as in marketable securities. Therefore interest rates will affect income derived from the cash and cash equivalent investments and general risk such as commodity prices, the business environment and company specific risks will affect the value of the marketable securities.

Concentration Risk

The Company has made considerable investments in the form of sponsor capital in both Charter REIT and CRFC. The investments were intended to be strategic in nature and expected to be long-term in nature as the Company intends to continue to raise new capital that will increase assets under management and drive increased asset management fees for the Company.

If the Company had to liquidate these assets and given the size and percentage ownership the Company holds in Charter REIT (34%) and CRFC (27%) as well as the relatively low daily trading volumes, the Company would likely need to find a strategic buyer for each position in order to generate a fair return for the Company, as opposed to selling its equity interests in the public market where the Company could realize a significant discount to fair value. In addition, the Company might have to sell its interests in the management agreements it holds for Charter REIT and CRFC to facilitate a sale of its equity positions in the respective entity.

Liquidity Risk

The Company has made investments in private entities which do not typically have an active market in which they can be sold. Private investment transactions can be highly structured and the Company takes measures, where possible, to create defined liquidity events. However, such liquidity events are rarely expected in the first year of making the investment. The Company seeks to obtain regular cash flow from its investments through coupon payments and/or management fees.

The Company has invested in public securities in an active market which can typically be readily disposed of. However, there can be no assurance that an active trading market for the securities will exist at all times, or that the prices at which the securities trade accurately reflect their values. Thin trading in a security could make it difficult to liquidate holdings in a timely manner as described above.

Interest Rate Sensitivity and Risk Management

The Company does not currently have any material direct interest rate sensitivity or exposure.

Exposure to interest rate risk exists as a result of the mismatch, or gap, between assets, liabilities and off-balance sheet instruments, if any, scheduled to mature or reset on particular dates.

The Company manages interest rate risk, where possible, by maintaining an appropriate mix of fixed and floating rate assets and liabilities. The Company may, from time to time, consider the use of interest rate swap contracts and forward interest rate contracts to hedge interest rate risk. Decisions to use these products will be based on the relative merits of hedging as compared to the costs of such hedging arrangements.

Credit Risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Company. The Company has adopted a policy of only dealing with counterparties it determines to be creditworthy and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Company's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

The Company does not have any significant credit risk exposure to any single counterparty except overnight term deposits placed with the Royal Bank of Canada (RBC) of \$12.6 million as at March 31, 2009.

For general factors affecting the Company see the section entitled "Risk Factors" included on pages 19 to 23 of the Company's AIF dated as at March 31, 2009 and filed under the Company's SEDAR profile at www.sedar.com.

DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

Internal controls over financial reporting are designed to provide reasonable assurance regarding the reliability of the Company's financial reporting and its compliance with Canadian GAAP in its consolidated financial statements. Disclosure controls and procedures are designed to provide reasonable assurance that material information relating to the Company is made known to the Chief Executive Officer and the Chief Financial Officer (the Certifying Officers) by others, and is recorded, processed, summarized and reported within the required time periods specified under securities legislation. The Certifying Officers are responsible for establishing and maintaining the Company's disclosure controls and procedures and internal controls over financial reporting.

The Certifying Officers have evaluated whether there were material weaknesses relating to the design of the Company's internal controls over financial reporting as at March 31, 2009. No such material weaknesses were identified through their evaluation.

The Certifying Officers have evaluated whether there were any changes in the Company's internal controls over financial reporting that occurred during the first quarter ended March 31, 2009 that have materially affected, or are reasonably likely to materially affect its internal controls over financial reporting. No such changes were identified in their evaluation.

The Certifying Officers have limited the scope of their design of the Company's disclosure controls and procedures and internal controls over financial reporting to exclude controls, policies and procedures of (i) International Infrastructure L.P., a proportionately consolidated entity in which the Company has an interest; and (ii) Barlow, an entity that the Company acquired not more than 365 days ago.

CORPORATE INFORMATION & DIRECTORY

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Officers:

John F. Driscoll	Chairman and Chief Executive Officer
Mark Gardhouse	President
Paolo De Luca	Chief Financial Officer
Michael Lovett	Managing Director, Real Estate Capital
Kurt Brands	Vice-President, Corporate Development
Jake Trainor	Vice-President, Corporate Development ⁴
Helen Martin	General Counsel
Greg Walker	Manager, Equity Investments
Ryan Caughey	Corporate Secretary

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Transfer Agent:

Computershare Investor Services Inc., Calgary, Alberta

Counsel:

Macleod Dixon LLP, Toronto, Ontario

¹Member of Audit Committee.

²Member of Corporate Governance, Compensation and Nominating Committee.

³Member of Standing Independent Committee.

⁴Resigned as an officer with an effective date of May 11, 2009.