

MANAGEMENT'S DISCUSSION AND ANALYSIS

This Management's Discussion and Analysis (MD&A) dated March 10, 2009 presents material information and an analysis of the consolidated results and financial condition of C.A. Bancorp Inc. (C.A. Bancorp or the Company) 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 audited consolidated financial statements of the Company for the year ended December 31, 2008.

All amounts are expressed in Canadian thousands of dollars (except per share amounts or unless otherwise indicated) and have been primarily derived from the Company's 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 so the net impact of the discontinued operations of AgriFinancial is captured as one line-item on the statement of operations.

The MD&A is presented in the following sections:

- I. Company Overview**
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This MD&A contains forward looking statements, which are qualified by reference to, and should be read together with the section entitled "Caution Regarding Forward-Looking Information" on page 41.

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I. COMPANY OVERVIEW

The following provides an overview of the Company and its subsidiaries as well as information on their administration.

Company Description

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. At December 31, 2008 the Company had approximately \$531 million in gross assets invested (\$148 million on balance sheet including AgriFinancial Canada Corp.) and under management (\$383 million).

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 funds and entities. These diversified and recurring revenue streams have been designed to minimize volatility, reduce risk and maximize return on shareholders' equity.

The Company consolidates the accounts of its subsidiary AgriFinancial Canada Corp. which has been reclassified (including retroactively for 2007) as a discontinued operation as a result of the sale to a third party. See "Subsequent to Year-end 2008 – Sale of AgriFinancial Canada Corp. to Western Financial Group Inc." in Section IV below and "Investments in Private Entities and Managed Funds/Entities – Investments in Private Entities Exited – AgriFinancial Canada Corp." in Section III below. In addition, the Company consolidated the accounts of C.A. Bancorp Canadian Realty Finance Corporation (CRFC) for the period from February 22, 2008 to September 12, 2008 (when the Company held 100% of CRFC's Class A Shares).

For a more comprehensive overview of the Company and its operations, please refer to the Company's Annual Information Form (AIF) dated as at March 31, 2008 and filed under the Company's SEDAR profile at www.sedar.com. The Company will file its AIF for the year ended December 31, 2008 on or before March 31, 2009.

Subsidiaries and Other Entities

C.A. Bancorp Ltd.

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

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“Investments in Private Entities and Managed Funds/Entities – Managed Funds/Entities – C.A. Bancorp Canadian Realty Finance Corporation” in Section III below.

C.A. Realty Management Inc.

The Company, through its wholly-owned subsidiary C.A. Realty Management Inc. (Realty Management), provides strategic, advisory, asset management and administrative services to Charter Real Estate Investment Trust (Charter REIT) and receives an ongoing management fee of 0.30% per annum on the adjusted book value of Charter REIT's real estate assets (the total cost base) and a one-time acquisition fee of 0.50% of the property cost of all real property acquired by Charter REIT and/or its subsidiaries. The following summary is qualified in its entirety by the terms of the management agreement between Realty Management and Charter REIT, a copy of which can be obtained under the Company's profile on SEDAR at www.sedar.com. Charter REIT is listed on the TSX Venture Exchange under the symbol **CRH.UN**. See “Investments in Private Entities and Managed Funds/Entities – Managed Funds/Entities – Charter REIT” in Section III below.

C.A. Bancorp Realty Finance Inc.

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

C.A. Bancorp Telecom Inc.

The Company's wholly-owned subsidiary C.A. Bancorp Telecom Inc. (Telecom Inc.) was formed as a holding company to invest in Windward Telecom Limited. See “Investments in Private Entities and Managed Funds/Entities – Current Portfolio of Investments in Private Entities – Windward Telecom Limited” in Section III below.

C.A.B. Barlow Holdings Corp.

The Company, through its wholly-owned subsidiary C.A.B. Barlow Holdings Corp. (Barlow Holdings), owns 85% of the issued and outstanding shares of Barlow Capital Management Inc. (Barlow). See “Investments in Private Entities and Managed Funds/Entities – Current Portfolio of Investments in Private Entities – Barlow Capital Management Inc.” in Section III below.

C.A. Bancorp Financial Corp.

Up until January 30, 2009 the Company owned a majority interest in C.A. Bancorp Financial Corp. (Financial Corp.). Financial Corp. owned 100% of AgriFinancial Canada Corp. (AgriFinancial). C.A. Bancorp and Sentry Select Total Strategy Fund (Total Strategy Fund) were the sole shareholders of Financial Corp., with C.A. Bancorp holding approximately 90.5% and Total Strategy Fund holding approximately 9.5% of Financial Corp.'s issued and outstanding shares. The Company and Total Strategy Fund sold 100% of the issued and outstanding shares of Financial Corp. to Bank West, a wholly-owned subsidiary of Western Financial Group Inc. See “Investments in Private Entities and Managed Funds/Entities – Investments in Private Entities Exited –

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AgriFinancial Canada Corp.” in Section III below and “Subsequent to Year-end 2008 – Sale of AgriFinancial Canada Corp. to Western Financial Group Inc.” in Section IV below.

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II. FINANCIAL HIGHLIGHTS

The following is a summary of (a) the Company's audited consolidated financial statements for the year ended December 31, 2008 compared to the same periods ended December 31, 2007 and December 31, 2006 and (b) the Company's financial position as at December 31, 2008 compared to December 31, 2007 and December 31, 2006.

Results from Operations for Year ending December 31	2008	2007	2006
Total revenues	\$ 8,058	\$ 7,238	\$ 428
Net results of investments ¹	(17,853)	(1,205)	(472)
Expenses, taxes and non-controlling interest	(5,669)	(6,158)	(1,692)
Net loss from continuing operations	(15,464)	(125)	(1,736)
Net earnings from discontinued operations	1,105	142	-
Net (loss) earnings	\$ (14,359)	\$ 17	\$ (1,736)
Net cash flow from operations ²	\$ 649	\$ 2,234	\$ (889)
Earnings Per Common Share (EPS)	2008	2007	2006
EPS from continuing operations – basic	\$ (0.55)	\$ (0.01)	\$ (0.08)
EPS from discontinued operations – basic	0.04	0.01	0.00
Net (loss) earnings per common share	\$ (0.51)	\$ 0.00	\$ (0.08)
EPS from continuing operations – diluted	\$ (0.55)	\$ (0.01)	\$ (0.08)
EPS from discontinued operations – diluted	0.04	0.01	0.00
Net (loss) earnings per common share	\$ (0.51)	\$ 0.00	\$ (0.08)
Financial Position at Year-end	2008	2007	2006
Cash and cash equivalents	\$ 1,245 ³	\$ 946	\$ 32,905
Total assets	\$ 147,778	\$ 154,348	\$ 38,015
Total assets excluding discontinued operations ⁴	\$ 62,114	\$ 74,167	\$ 38,015
Total shareholders' equity	\$ 66,719	\$ 82,516	\$ 37,033
Number of common shares outstanding	27,345	28,683	14,174
Per Common Share	2008	2007	2006
Net book value per share ⁵	\$ 2.44	\$ 2.88	\$ 2.61
Closing market price per share	\$ 0.65	\$ 1.92	\$ 3.15
Market price premium (discount) to net book value	(73%)	(33%)	21%

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 and the impairment loss on Charter REIT.

² From the Company's statement of cash flows before consideration of changes in non-cash working capital.

³ The Company increased its cash and cash equivalents in January 2009 from the sale of AgriFinancial.

⁴ AgriFinancial (Financial Corp.) was sold on January 30, 2009 to a third party.

⁵ Non-GAAP measure calculated as shareholders' equity under GAAP divided by number of common shares outstanding at period-end.

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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 revenues and expenses increased significantly in both 2008 and 2007 in comparison to 2006 as the Company completed its first common share offering in 2006 (with a second common share offering completed in June 2007) which enabled the Company to begin executing its corporate strategy of directly investing in private entities and managing off-balance sheet entities (managed entities).

2008	2007	2006
<ul style="list-style-type: none"> • Total revenues for the year ended December 31, 2008 was \$8.1 million. \$6.1 million generated from interest and investment income, \$1.4 million from asset management fees and \$0.5 million from other fees and commissions. 	<ul style="list-style-type: none"> • Total revenues for the year ended December 31, 2008 was \$7.2 million. \$4.1 million generated from interest and investment income, \$0.7 million from asset management fees, \$0.7 million from other fees and commissions and \$1.7 million in revenues from rental properties due to the consolidation of Charter REIT's accounts (see below). 	<ul style="list-style-type: none"> • Total revenues for the year ended December 31, 2008 was \$0.4 million. \$0.2 million generated from interest and investment income and \$0.2 million from asset management fees.
<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"> • The Company consolidated the accounts of Charter REIT for the period of February 23, 2007 to August 9, 2007 (when the Company held greater than 50% of Charter REIT's equity). 	<ul style="list-style-type: none"> • The Company did not consolidate the operations of any significant entity in 2006.
<ul style="list-style-type: none"> • Net results of investments representing a loss \$17.9 million primarily as a result of \$7.9 million in realized losses on the sale of publicly traded investments, \$1.6 million in the change in unrealized losses on publicly traded investments, \$1.1 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 \$1.2 million primarily as a result of \$1.0 million in realized gains on the sale of publicly traded investments, \$3.3 million in the change in unrealized losses on publicly traded investments, a \$1.4 million gain on the dilution of investment in Charter REIT, and a \$0.4 million loss on the equity participation of Charter REIT (after de-consolidation). 	<ul style="list-style-type: none"> • Net results of investments representing a loss \$0.5 million primarily as a result of \$0.4 million in the change in unrealized losses on publicly traded investments.
<ul style="list-style-type: none"> • Net earnings from discontinued operations (AgriFinancial) of \$1.1 million. 	<ul style="list-style-type: none"> • Net earnings from discontinued operations (AgriFinancial) of \$0.1 million. 	<ul style="list-style-type: none"> • The Company did not have any discontinued operations in 2006.
<ul style="list-style-type: none"> • Net loss of \$14.4 million or \$0.51 per share on a basic and fully diluted basis. 	<ul style="list-style-type: none"> • Net earnings of \$0.02 million or \$0.00 per share on a basic and fully diluted basis. 	<ul style="list-style-type: none"> • Net loss of \$1.7 million or \$0.08 per share on a basic and fully diluted basis.

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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. Over the past 24 months, the Company's management team has invested significant time to allocate the Company's capital to investments in private entities and managed entities with the objective of generating expected investment rates of return of approximately 15% to 25% over the investment hold period. As at December 31, 2008 the Company was fully invested. With the sale of AgriFinancial in January 2009, the Company now has working capital of approximately \$13.5 million on its balance sheet available for existing commitments, new investments and general working capital purposes.

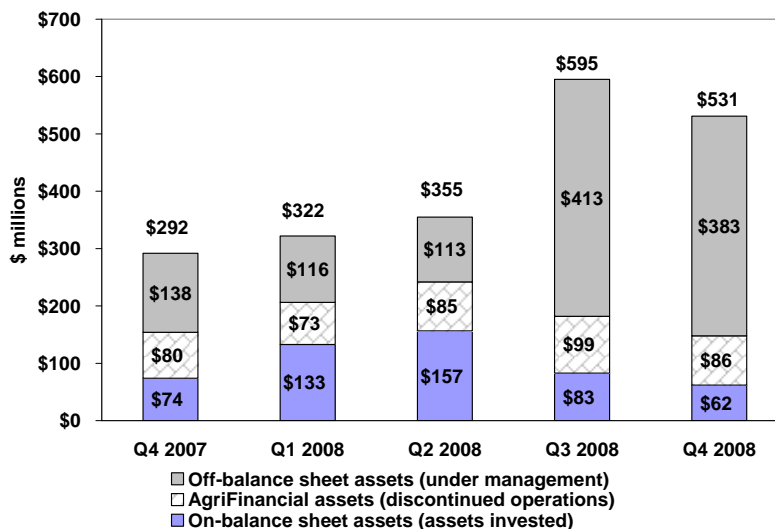
2008	2007	2006
<ul style="list-style-type: none">• Total assets at December 31, 2008 were \$147.8 million (62.1 excluding the discontinued operations of AgriFinancial). The decrease in assets compared to 2007 is primarily as a result of the Company's 2008 loss from net results in investments.	<ul style="list-style-type: none">• Total assets at December 31, 2007 were \$154.3 million (74.2 excluding the discontinued operations of AgriFinancial). The increase in assets compared to 2006 is as a result of the Company's secondary public offering for common shares that closed in June 2007.	<ul style="list-style-type: none">• Total assets at December 31, 2006 were \$38.0 million. The Company completed its initial public offering in November 2006.
<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 note payable to CRFC that is payable over seven years.	<ul style="list-style-type: none">• No debt at December 31, 2007 (excluding short-term payables and the discontinued operations of AgriFinancial).	<ul style="list-style-type: none">• Total debt at December 31, 2006 of \$0.1 million. The Company had \$0.1 million that was due to broker.
<ul style="list-style-type: none">• Total shareholders' equity at December 31, 2008 of \$66.7 million. The decrease in shareholders' equity compared to 2007 is primarily as a result of the Company's 2008 loss from net results in investments.	<ul style="list-style-type: none">• Total shareholders' equity at December 31, 2007 of \$82.5 million. The increase in shareholders' equity compared to 2006 is as a result of the Company's secondary public offering for common shares that closed in June 2007.	<ul style="list-style-type: none">• Total shareholders' equity at December 31, 2006 of \$37.0 million. The Company completed its first significant public offering in November 2006.

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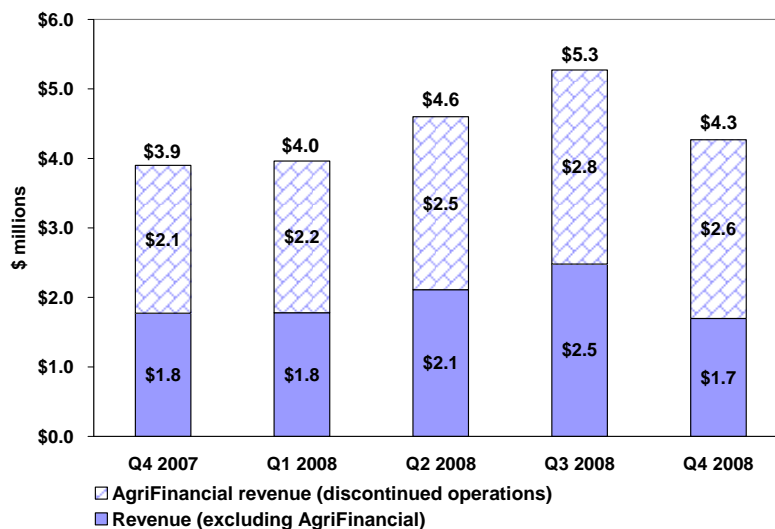
Assets Invested and Under Management^{1,2}

The following is a summary of the Company's assets invested and under management over the previous twelve months.



Quarterly Revenues

The following is a summary of the Company's gross and net revenues over the previous five quarters after separating out the revenues of the discontinued operations of AgriFinancial.



¹ Defined by the Company's management as total on-balance sheet assets (assets invested), assets of the discontinued operations of AgriFinancial and off-balance sheet assets under management where the Company earns a fee.

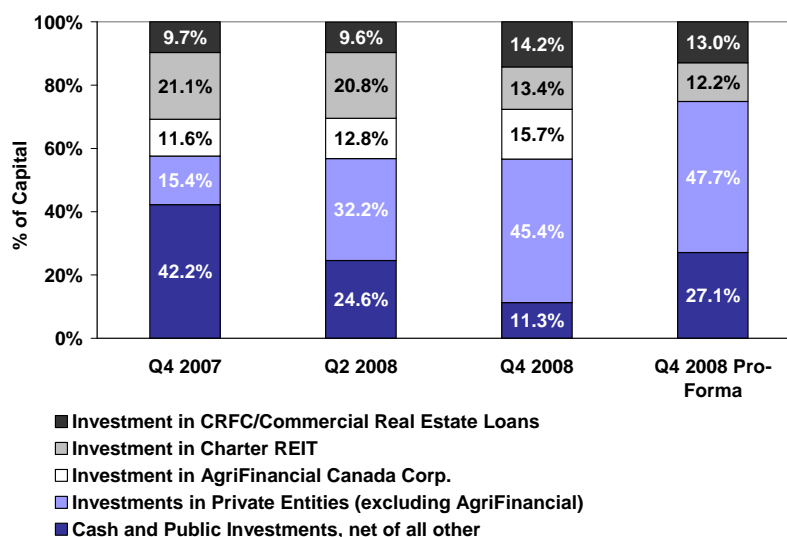
² On-balance sheet assets decreased by approximately \$60 million from Q2 2008 to Q3 2008 primarily due to the de-consolidation of CRFC. These assets are now included in off-balance sheet assets (under management).

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Allocation of the Company's Invested Capital (Non-Consolidated)

The following is a comparison of the Company's invested capital allocations over the past twelve months and pro-forma for the sale of AgriFinancial, the acquisition of three investments in private entities from Total Strategy Fund, and follow-on investments in the Company's existing investments in private entities, all of which occurred subsequent to year-end.¹



Summary of Investments at December 31, 2008

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

Investment in Private Entity ²	Invested Capital	Carrying Value
Birmingham Foundation Solutions ³	\$ 9,200	\$ 9,200
Windward Telecom Limited	710	940
Everus Communications Inc. ⁴	4,413	3,570
High Fidelity HDTV Inc. ⁵	2,750	3,363
Salbro Bottling Group ⁶	3,600	3,658
Digital Payment Technologies Corp. ⁷	3,500	3,522
Kingswood Estates	6,000	6,000
Total	\$ 30,173	\$ 30,253

¹ The Pro-Forma adjustments can be found on page 10.

² The Company's investments in AgriFinancial and Barlow have been excluded as they are consolidated in the financial statements of the Company

³ In March 2009, C.A. Bancorp acquired Total Strategy Fund's investment in Birmingham for \$0.81 million.

⁴ In January and February 2009, C.A. Bancorp advanced an additional \$0.3 million. Total invested capital is now approximately \$4.7 million.

⁵ In March 2009, C.A. Bancorp acquired Total Strategy Fund's investment in High Fidelity for \$1.36 million.

⁶ In March 2009, C.A. Bancorp acquired Total Strategy Fund's investment in Salbro for \$0.4 million.

⁷ In February 2009, C.A. Bancorp advanced an additional \$1.75 million. Total invested capital is approx. \$5.3 million.

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

Managed Entity	Assets¹	Invested Capital	Carrying Value
Charter Real Estate Investment Trust	\$ 138,300	\$ 18,803	\$ 8,948
C.A. Bancorp Canadian Realty Finance Corporation	127,100	9,850	9,293
Sentry Select Total Strategy Fund	5,900	307	575
Total	\$ 271,300	\$ 28,960	\$ 18,816

Company's Summarized Pro-Forma Balance Sheet²

The following is a pro-forma balance sheet taking into consideration the sale of AgriFinancial, the acquisition of three investments in private entities from Total Strategy Fund, and follow-on investments in the Company's existing investments in private entities, all subsequent to year-end.

Pro-Forma Balance Sheet	As at December 31, 2008	Sale of AgriFinancial (before Purchase Price Adjustments)	Purchase of Investments in Private Entities from Total Strategy Fund	Advances to Existing Investments in Private Entities	Pro-Forma
Working Capital ³	\$ (244)	\$ 18,404	\$ (2,568)	\$ (2,093)	\$ 13,499
Discontinued Assets ⁴	85,664	(85,664)	-	-	-
Public Investments	2,024	-	-	-	2,024
Investments in Private Entities	30,253	-	2,568	2,093	34,914
Charter REIT	8,948	-	-	-	8,948
CRFC	9,293	-	-	-	9,293
Future Income Taxes	2,745	(1,513)	-	-	1,232
Other ⁵	3,130	131	-	-	3,261
Discontinued Liabilities ³	(75,094)	75,094	-	-	-
Shareholders' Equity	\$ 66,719	\$ 6,452	\$ -	\$ -	\$ 73,171

¹ Rounded to the nearest thousands of dollars.² Includes the sale of AgriFinancial, purchase of investments in private entities from Total Strategy Fund and advances to existing investments in private entities (all subsequent to year-end).³ Cash and accounts receivable net of accounts payable and due to broker.⁴ AgriFinancial.⁵ Goodwill, intangibles, other assets less note payable.

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III. INVESTMENTS IN PRIVATE ENTITIES AND MANAGED FUNDS/ENTITIES

The following is an overview of the Company's investments in private entities and managed funds/entities. 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.

Investments in Private Entities Exited

Sector	Industry	Company and Investment Overview
Financial Services	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>C.A. Bancorp's Investment: \$9.5 million (alongside \$1.0 million from Total Strategy Fund) to acquire the \$90 million businesses of Agrifinance and AgriCard held in its subsidiary AgriFinancial Canada Corp.</p> <p>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>Acquisition Date: October 2007</p> <p>Exit Date: January 2009</p> <p>Investment Exit: The Company completed the sale of AgriFinancial to Bank West, a wholly-owned subsidiary of Western Financial Group Inc. (TSX: WES) (the Transaction).</p> <p>The purchase price on closing of the Transaction was \$21.00 million (\$20.48 million after transaction fees). C.A. Bancorp received approximately \$18.40 million in cash and \$0.13 million in loans receivable for total net consideration received of \$18.53 million. Total Strategy Fund received approximately \$1.95 million in cash. The final purchase price of the Transaction is subject to post-closing adjustments based on the net book value of the AgriFinancial as at end of day, January 30, 2009.</p> <p>C.A. Bancorp and Total Strategy Fund generated a net profit (before any purchase price adjustments and taxes) of \$10.5 million that represented an IRR of approximately 75% or two times invested capital over the 15 month hold period for the investment.</p>

Current Portfolio of Investments in Private Entities

Currently, the Company has eight investments in private entities 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 is actively working with each portfolio company on their specific growth and operational improvement objectives.

In conjunction with the liquidation of the Total Strategy Fund, the Company agreed to acquire 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 (the Offer). The investment manager (Sentry Select) of the Fund retained an independent valuator to prepare and deliver a fairness opinion in respect of the Offer. The independent valuator was of the opinion,

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based on its scope of review and subject to certain assumptions, restrictions, limitations and qualifications that the Offer was fair, from a financial point of view, to the unitholders of the Total Strategy Fund. See "Liquidation and Winding-Up of Sentry Select Total Strategy Fund" in Section IV below.

Sector	Industry	Company and Investment Overview
Infrastructure	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>C.A. Bancorp's Investment: \$10.0 million (original \$9.2 million + \$0.8 million acquired from Total Strategy Fund in March 2009) in the form of convertible and non-convertible straight preferred shares with an 8% coupon. The convertible preferred shares can be converted into 33% to 45% of Birmingham's common shares (based on Birmingham's financial performance) on a fully diluted basis.</p> <p>Rationale: Growth capital investment in a company with strong growth potential providing specialized equipment and services to the infrastructure and real estate sectors.</p> <p>Investment Risks Include: Project cancellations, major accidents and management execution.</p> <p>Transaction Date: November 2007</p> <p>Investment Update: Birmingham's outlook remains favourable. In July 2008, the Federal and Ontario Governments jointly announced a \$6.2 billion investment in roads, bridges, rural broadband, water treatment, and transit infrastructure. Birmingham has a long history of competing for and successfully completing infrastructure projects of this nature, which is anticipated to continue over the next five years.</p> <p>Birmingham continues to have a strong order book going into 2009 for its Construction, Manufacturing, and Rental Divisions. In Q4 2008, the Construction division won its largest contract to date: an 18 month GO Transit overpass / underpass project. It is anticipated that the Ontario Ministry of Transport will start a large number of projects for 2009, especially given the commitment by many levels of government to providing economic stimulus via infrastructure projects. Birmingham intends to prepare competitive bids.</p>
Infrastructure	Telecom	<p>Windward Telecom Limited (Windward) is a telecommunications company providing Caribbean markets with long distance phone and data infrastructure services.</p> <p>C.A. Bancorp's Investment: Total of U.S. \$700,000 comprised of (i) U.S. \$200,000 in common shares representing a 10% interest in Windward which yields an annual management fee of 6% and (ii) U.S. \$500,000 in convertible, redeemable, retractable preferred shares paying a 13% annual dividend, with the preferred shares being convertible into 25% of Windward's common shares upon the occurrence of certain events. The Company has the opportunity to invest up to an additional \$4 million in Windward at its sole discretion.</p> <p>Rationale: Growth capital investment in a company with a highly scalable business model, generating recurring revenues capable of serving new clients with limited additional investment.</p>

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Sector	Industry	Company and Investment Overview
Infrastructure	Telecom	<p>Investment Risks Include: Price competition, mechanical failures, regulatory environment and management execution.</p> <p>Transaction Date: February 2008</p> <p>Investment Update: In May 2008, Windward began to carry its first commercial telephone traffic. Quality metrics and utilization through the first several months of operation outperformed expectations. Windward's entry into the Trinidadian market provoked very strong competitive reactions. Windward had to lower its prices too, thereby reducing its margins. After some regulatory pressure, market prices have begun to stabilize in recent months. It is expected that prices will slowly return to normalized levels.</p> <hr/> <p>Everus Communications Inc. (Everus) is the largest wireless broadband internet service provider to rural communities in Southwestern Ontario.</p> <p>C.A. Bancorp Investment: \$5.0 million investment and commitment to invest. Structured as a two year secured debenture with a 15% coupon per annum, plus nominal cost warrants convertible into 22% to 47% of Everus' common shares (based on Everus' financial performance) on a fully diluted basis.</p> <p>Rationale: Growth capital investment in a company with a strong backlog of new customers and a highly scalable business model capable of serving new customers at a low incremental cost.</p> <p>Investment Risks Include: Management execution, competition, network failures and alternative technology entering the market.</p> <p>Transaction Date: June 2008 (\$2.5 million in Q2 2008, \$1.2 million in Q3 2008, 0.7 million Q4 2008, \$0.3 million in Q1 2009 with the remaining \$0.3 million commitment yet to fund)</p> <p>Investment Update: Everus currently operates one of the largest fixed wireless broadband networks in Canada, covering approximately 40,000 square kilometres, with more than 90 towers, between Owen Sound and Kitchener, Ontario. Additionally, Everus has the rights to licensed spectrum throughout its entire operating geography.</p> <p>Since closing the investment in the June 2008, Everus has been effective in building out and maintaining the network. Everus has been less successful in acquiring customers due to lower than anticipated customer conversion rates and a variety of operational issues. Over the same period, Everus' financial results have been below forecast in proportion to the underperformance in adding new customers, which has allowed C.A. Bancorp to enact certain mechanisms on its investment.</p> <p>Concurrent with an operational reorganization, Everus bid on and won two important Requests for Proposals (RFP) under the provincially-funded Rural Connections Program. Everus is also a strong favourite to secure a third RFP. These projects, which offer government "dollar-for-dollar" subsidies for network build out, yield attractive paybacks as they significantly reduce capital expenditures per incremental customer. The three RFPs represent an incremental market opportunity of approximately 2,850 customers.</p> <p>Notwithstanding the underperformance to date, C.A. Bancorp remains cautiously optimistic about Everus' outlook. Externally, demand for rural broadband remains strong; and all levels of government remain committed to supporting further expansion and improvement of connectivity via subsidization. Internally, organic growth is gaining momentum. The</p>

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(All amounts in Canadian thousands of dollars except per share amounts or unless otherwise indicated)

Sector	Industry	Company and Investment Overview
Industrials	Media	<p data-bbox="570 243 1385 359">customer acquisition process is becoming increasingly efficient (especially as previously planned backend IT tools / systems come online). With a more streamlined cost structure, Everus is positioned well for steady, profitable growth, despite early setbacks.</p> <hr/> <p data-bbox="570 415 1360 531">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 Alliance and Aurora Cable.</p> <p data-bbox="570 541 1365 720">C.A. Bancorp's Investment: \$4.0 million investment (original \$2.75 million + \$1.25 million acquired from Total Strategy Fund in March 2009) in the form of a debenture that provides an annual cash yield of 10%, with nominal cost warrants for 10-25% of the equity of High Fidelity (based on High Fidelity's financial performance) and an option to purchase an additional 5% of equity of High Fidelity.</p> <p data-bbox="570 730 1373 821">Rationale: Growth capital investment in a company with recurring cash flows, favourable business model that can generate significant additional cash flow at minimal cost, and a strong and experienced management team.</p> <p data-bbox="570 831 1357 921">Investment Risks Include: High customer (limited number of cable providers) concentration, quality of programming, management execution and reduced household budgets for discretionary entertainment.</p> <p data-bbox="570 932 894 953">Transaction Date: July 2007</p> <p data-bbox="570 968 1385 1268">Investment Update: During the summer of 2008, an affiliation agreement with Rogers Cable to carry the four channels was signed. The agreement, which came into effect in December 2008, allowed for a three month promotional free-viewing period (meaning all Rogers HD customers got free access), and, thereafter, offers paying customers the four High Fidelity channels in a "Nature and Adventure" package. With the addition of the Rogers network, the addressable customer base has been significantly increased and the potential for stronger than anticipated subscriber growth is high. We anticipate the added subscribers from Rogers will fuel High Fidelity's growth to higher rates than previously achieved.</p> <p data-bbox="570 1283 1385 1373">High Fidelity's management continues to pursue several exciting new opportunities to drive subscriber growth, including sourcing of programming and achieving carriage on additional cable/satellite systems.</p> <p data-bbox="570 1383 1385 1528">The Company is pleased with the performance of the High Fidelity investment, as it continues to build its brand and subscriber base. They have access to a broad new set of potential customers through Rogers, continue to procure exciting new programming at reasonable rates, and anticipate adding incremental revenue via advertising.</p> <hr/>
Industrials	Packaging	<p data-bbox="570 1581 1352 1671">Salbro Bottling Group (Salbro) is an established designer, manufacturer and distributor of packaging components, specializing in glass and plastic bottles.</p> <p data-bbox="570 1682 1385 1860">C.A. Bancorp's Investment: \$4.0 million investment (original \$3.6 million + \$0.4 million acquired from Total Strategy Fund in March 2009) structured as a secured debenture with a 12% per annum coupon, in addition to nominal cost warrants providing a base 12.5% equity interest in Salbro, with increases subject to Salbro's financial performance and contractual minimum rates of return.</p> <p data-bbox="570 1871 1325 1892">Rationale: Growth capital investment in a company with a diversified</p>

MANAGEMENT'S DISCUSSION AND ANALYSIS

(All amounts in Canadian thousands of dollars except per share amounts or unless otherwise indicated)

Sector	Industry	Company and Investment Overview
		<p>customer base, an experienced management team, and a combination of complementary manufacturing and distribution businesses to reduce volatility and risk.</p> <p>Investment Risks Include: Long-term economic slowdown, commodity prices (inputs and fuel), high customer concentration and management execution.</p> <p>Transaction Date: February 2008</p> <p>Investment Update: The broader packaging industry in North America has been exposed to a general slow down due to the drop in overall consumer demand and a drive to reduce supply chain inventories. To date, Salbro has not experienced a material decrease in revenues as its end markets are skewed more towards food, alcohol and other non-discretionary products. C.A. Bancorp and Salbro's management currently expect that Salbro will achieve flat year over year revenues for calendar year 2009.</p> <p>With the pending acquisition of a new injection moulding system, Salbro becomes more vertically integrated, which will provide Salbro with significant cost and quality advantages over its smaller competitors.</p> <p>Our recent sales channel checks have been positive, with Salbro continuing to receive accolades on service and quality. Key relationships with its main customers continue to grow as both firms have added additional moulds and products to Salbro's production.</p> <p>The Company continues to remain positive on Salbro's prospects and feel that as one of the most diverse distributors and manufacturers of glass and PET bottles, they will weather the economic slowdown and continue to maintain market share.</p>
Industrials	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>C.A. Bancorp's Investment: \$5.25 million investment and conditional commitment, at the Company's sole discretion, for an additional \$0.75 million investment. Structured as a three year secured debenture with a 12% coupon per annum, plus nominal cost warrants convertible into 12.5% to 35% of DPT's common shares (based on C.A. Bancorp's total invested capital and DPT's financial performance) on a fully diluted basis.</p> <p>Rationale: Growth capital investment in a company with industry leading products and technology, servicing a growing North American marketplace of municipalities, universities and private parking lot operating companies.</p> <p>Investment Risks Include: Supplier performance, product performance, slowdown in capital spending from municipalities and universities and management execution.</p> <p>Transaction Date: November 2008</p> <p>Investment Update: DPT has a full order book for Q1 2009 and has a growing backlog of new business opportunities that management is confident they can close. DPT is also improving manufacturing productivity by commercializing a new parking meter cabinet from a third-party provider, which will decrease manufacturing labour inputs by 60% and will subsequently increase margins and accelerate throughput.</p> <p>Looking beyond Q1 2009, DPT has a number of large order opportunities which, if won, will give DPT the ability to continue establishing its presence in the marketplace as a leading supplier of multi-space pay stations.</p>

MANAGEMENT'S DISCUSSION AND ANALYSIS

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Sector	Industry	Company and Investment Overview
Real Estate	Multi-Residential	<p>Kingswood Estates (formerly Kingswood Apartment Complex) 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>C.A. Bancorp's Investment: \$6.0 million, to acquire an 80% limited partnership interest in a partnership that acquired the Kingswood Estates property.</p> <p>Rationale: Acquisition of a property that offers steady cash flow and significant upside potential through superior management, property improvements and unit upgrades.</p> <p>Investment Risks Include: High vacancy rates, increased repair and maintenance costs, management execution, real estate capitalization rates, and availability of debt to finance properties.</p> <p>Transaction Date: January 2008</p> <p>Investment Update: The property manager, which to date has proven highly active and value-driven, has several ongoing initiatives that will further increase net operating income. Property improvements, unit upgrades, and increases to rental income are continuing as planned (approximately 30% of the units to date). The manager is looking at the opportunity to convert the units to condominium residences which is expected to provide an increase in value.</p> <p>In an otherwise down real estate market, multi-residential real estate is still an attractive asset class. The availability of credit (as multi-residential properties remain CMHC-backed) is keeping capitalization rates low relative to other real estate asset classes, which favours the value of Kingswood over time.</p>
Financial Services	Investment Management	<p>Barlow Capital Management Inc. (Barlow) is a fee-for-service boutique investment counsel and portfolio manager with an exclusive focus on providing endowment style investment management services to high net worth Canadian investors. As at December 31, 2008 Barlow has approximately \$130 million in assets under management and advisement.</p> <p>C.A. Bancorp's Investment: \$2.9 million to acquire 85% of Barlow's issued and outstanding common shares.</p> <p>Rationale: Platform investment in a niche asset manager that has developed tailored money management services to meet the complex demands of sophisticated high net worth clients.</p> <p>Investment Risks Include: Customer acquisition and retention, investment performance, compliance and management execution.</p> <p>Acquisition Date: July 2008</p> <p>Investment Update: Given the current state of and volatility in the equity markets, Barlow's management team has spent considerable time supporting both their private clients as well as retail clients. Management has also been actively prospecting new clients; however adding new business is slow which is a recurring theme across the asset management industry where asset levels have declined across the board.</p> <p>The management team has used the recent market decline to highlight the ongoing need for existing and potential new clients to diversify portfolios</p>

MANAGEMENT'S DISCUSSION AND ANALYSIS

(All amounts in Canadian thousands of dollars except per share amounts or unless otherwise indicated)

Sector	Industry	Company and Investment Overview
		away from pure equities and bonds and to include private equity, real estate and other asset classes. The management team at Barlow will focus its efforts on preserving assets in 2009 in hopes of better economic times when they hope to realize on the growth potential that exists.

Managed Funds/Entities

Currently, the Company is actively managing two entities: C.A. Bancorp Canadian Realty Finance Corporation and Charter REIT. Over the past two years, the Company has been active in securing strong management teams to manage both entities. The entities combined have raised approximately \$130 million in capital and have approximately \$265 million in assets. 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 which in turn 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 has 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 3,650,000 subordinate Class A Shares for aggregate gross proceeds of \$36.5 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 \$9.3 million and with an estimated fair value of \$5.9 million based on the closing bid price of \$6.10 per share on December 31, 2008. The Company also holds 200,000 warrants.</p> <p>Rationale: C.A. Bancorp generates a superior return on capital from CRFC achieved through recurring management fees on all the assets in the entity as well as tax-efficient distributions received on the Class A Shares.</p> <p>Ticker Symbols: Preferred Shares, Series I (RF.PR.A on the TSX); Class A Shares (RF.A on the TSX) and Warrants to purchase Preferred Shares, Series I (RF.WT on the TSX).</p> <p>Preferred Shares, Series I Book Value: \$25.00 per share</p> <p>Class A Net Asset Value: \$9.51 per share at December 31, 2008</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</p>
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MANAGEMENT'S DISCUSSION AND ANALYSIS

(All amounts in Canadian thousands of dollars except per share amounts or unless otherwise indicated)

Sector	Industry	Fund/Entity
		<p>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: \$18.6 million or 33% of the issued and outstanding units of Charter REIT carried on the Company's balance sheet at \$8.9 million and with an estimated fair value of \$4.2 million based on the closing bid price of \$0.70 per unit on December 31, 2008.</p> <p>Rationale: C.A. Bancorp generates recurring asset management fees, acquisition fees, monthly distributions and the long-term potential for investment capital appreciation.</p> <p>Ticker Symbol: CRH.UN on the TSX Venture Exchange.</p> <hr/>
Diversified	Diversified	<p>Sentry Select Total Strategy Fund (Total Strategy Fund) is a publicly held long/short and private equity fund which is winding down its operations.</p> <p>Assets under Management: Approximately \$5.9 million as at December 31, 2008 following redemptions in February 2008 and special distribution paid in August 2008 (Originally raised net assets of \$51.3 million). See "Unitholder Redemption of Sentry Select Total Strategy Fund" in Section IV. The Company expects Total Strategy Fund to be liquidated and terminated by the end of March 2009.</p> <p>Ticker Symbol: TSF.UN on the TSX.</p> <hr/>

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IV. SIGNIFICANT EVENTS

The following is a discussion of the Company's significant events for the year ended December 31, 2008, updated for subsequent events to the date hereof.

First Quarter of 2008

Investment in Kingswood Estates (formerly Kingswood Apartment Complex)

In January 2008, C.A. Bancorp closed its investment in a newly formed limited partnership (Real Estate LP) that acquired a 360-unit apartment complex in Kitchener, Ontario (Kingswood Estates) for an aggregate purchase price of \$23 million, before closing costs. C.A. Bancorp holds an 80% interest in the Real Estate LP with Centurion Apartment Properties Limited Partnership (Centurion LP) who acts as both the general partner and a limited partner of Kingswood Estates, holding 10% and the remaining 10% being held by a third party investor.

The Kingswood Estates property consists of a freehold interest in eight garden-style apartment buildings on 16 acres of land, with an average of 45 units per building, located on Kingsway Drive in Kitchener, Ontario. The property is strategically located in the south-end of Kitchener with excellent access to Highway 401, Highway 8, and the Conestoga Parkway. The apartment buildings are comprised of one and two bedroom units and are currently over 96% leased.

C.A. Bancorp invested \$6.0 million to acquire the 80% limited partnership interest in Real Estate LP, with the residual \$1.5 million equity interest being invested by Centurion L.P. and a third party investor. The balance of the \$23 million purchase price was financed by the assumption of two existing mortgages on the Kingswood Estates. These mortgages are non-recourse to C.A. Bancorp and have interest rates that are below current market rates.

Investment in Windward Telecom Limited

In February 2008, C.A. Bancorp, through its wholly owned subsidiary, C.A. Bancorp Telecom Inc., closed a U.S. \$700,000 investment in Windward Telecom Limited (Windward). C.A. Bancorp pre-funded U.S. \$200,000 of this investment in November 2007 to cover certain equipment expenditures required by Windward. C.A. Bancorp has taken a significant minority position in Windward and has representation on Windward's Board of Directors.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

(All amounts in Canadian thousands of dollars except per share amounts or unless otherwise indicated)

C.A. Bancorp's investment is structured as U.S.\$200,000 in common shares representing a 10% interest in Windward which yields an annual management fee of 6%, and U.S.\$500,000 in convertible, redeemable, retractable preferred shares that pays a 13% annual dividend, with the preferred shares convertible into 25% of Windward's common shares under certain conditions.

Investment in Salbro Bottling Group

In February 2008, C.A. Bancorp made a \$3.6 million growth capital investment alongside a \$0.4 million investment by Total Strategy Fund in the Salbro Bottling Group (Salbro), a group of privately held companies based in Toronto, Ontario, which serves the packaging industry. Salbro is utilizing the proceeds of this investment to capitalize on a series of opportunities through expansion of its in-house manufacturing and design capabilities as well as several other growth initiatives.

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

C.A. Bancorp's investment is structured as a secured debenture with a 12% per annum coupon, payable monthly in addition to nominal cost warrants providing it with a base 12.5% equity interest, with increases in this interest subject to Salbro's financial performance and contractual minimum rates of return.

Initial Public Offering of C.A. Bancorp Canadian Realty Finance Corporation (TSX: RF.PR.A)

In February 2008, C.A. Bancorp closed the C.A. Bancorp Canadian Realty Finance Corporation (CRFC) initial public offering (IPO) issuing 1,540,000 Preferred Shares, Series 1 (Preferred Shares) for aggregate gross proceeds, including the over-allotment, of \$38.5 million. The Preferred Shares trade on the TSX under the symbol **RF.PR.A** and yield tax-efficient fixed cash distributions of \$1.69 or 6.75% per annum for a fixed-term of 10 years.

CRFC was created by C.A. Bancorp to provide CRFC investors with exposure to the investment performance of an actively managed portfolio of secured loans and mortgages in the Canadian commercial real estate sector on a tax-efficient basis.

Upon closing of CRFC's IPO and including the over-allotment, C.A. Bancorp subscribed for \$7.85 million worth of Class A shares. C.A. Bancorp Ltd. is the manager of CRFC and earns annual management fees.

Unitholder Redemption of Sentry Select Total Strategy Fund

In late February 2008, the Company announced that 71% of the units of the Total Strategy Fund (TSX: TSF.UN) had been submitted for redemption, pursuant to Total Strategy Fund's annual redemption feature. The net assets of the Total Strategy Fund were approximately \$16 million immediately following such redemption.

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Second Quarter of 2008

Shareholders Approve Mandatory Market Purchase Plan

At the Company's Annual and Special Meeting held on April 25, 2008, shareholders approved an amendment to the Company's articles of incorporation to add a mandatory market purchase plan (MMPP).

The MMPP allows the Company to repurchase and cancel up to 5% of the Company's common shares outstanding over a 12 month period up to a maximum of 1.25% of the Company's common shares outstanding each quarter.

Unitholder Vote of Sentry Select Total Strategy Fund

On May 20, 2008, a special meeting (the Meeting) of Total Strategy Fund unitholders was held to consider and vote on certain matters relating to the future of Total Strategy Fund. At the Meeting, the unitholders of Total Strategy Fund did not approve the proposed amendments to Total Strategy Fund's trust agreement by the required two-thirds majority but did approve a resolution authorizing the termination of Total Strategy Fund.

The Company instructed Sentry Select Capital Corp. (Sentry Select), as investment manager (Investment Manager), to sell and convert to cash, to the extent possible and in an orderly manner, the property of the fund in an attempt to complete the conversion to cash by the termination date. Total Strategy Fund substantially completed the liquidation of its public portfolio in the second quarter and paid a special distribution of \$7.00 per unit on August 15, 2008 to unitholders of record on July 31, 2008. The remainder of the public portfolio has been liquidated and the proceeds will be distributed to unitholders in a final payment to be completed shortly after the liquidation of the private investment portfolio.

Investment in Everus Communications Inc.

In June 2008, C.A. Bancorp closed a \$5 million growth capital investment and commitment to invest in Everus Communications Inc. (Everus), a wireless broadband internet service provider to rural communities in Southwestern Ontario. Everus is using the proceeds of C.A. Bancorp's investment to capitalize on its strong backlog of new customers (secured by long-term contracts) by expanding its network infrastructure and customer service capabilities.

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

C.A. Bancorp's investment is structured as a secured two-year debenture that earns a 15% annual coupon (8% cash and 7% paid-in-kind "PIK"), in addition to nominal cost warrants convertible into 22% to 47% of Everus' common shares (based on Everus' financial performance) on a fully diluted basis.

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\$4.4 million of C.A. Bancorp's \$5.0 million investment was funded as at December 31, 2008 and an additional \$0.3 million was funded as at March 10, 2009 with the remaining \$0.3 million yet to be funded.

Third Quarter of 2008

Acquisition of Barlow Capital Management Inc.

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

Barlow is a fee-for-service boutique investment counsel and portfolio manager with exclusive focus on providing endowment style investment management services to high net worth Canadian investors and families. At closing, Barlow had approximately \$160 million in assets under management and advisement.

Barlow operates two distinct asset management platforms, private client and pooled portfolios. Both platforms utilize a multi-asset class, multi-manager approach that brings together the best elements of traditional and alternative investment management philosophies into a single strategy with the objective of providing superior risk adjusted returns. In addition to conventional investment allocations such as cash, bonds and equities, Barlow clients will have significant investment exposure to alternative assets such as private equity, real estate and hedge funds.

C.A. Bancorp acquired 80% of Barlow's shares for a total purchase price (including transaction costs) of approximately \$2.4 million and invested an additional \$0.5 million in working capital to finance management's growth plan.

Intention to Make Normal Course Issuer Bid

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

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Public Offering of C.A. Bancorp Canadian Realty Finance Corporation (TSX: RF.A and TSX: RF.WT)

In September 2008, C.A. Bancorp closed a CRFC public offering issuing 2,900,000 Units for aggregate gross proceeds, including the over-allotment, of \$29.0 million. Each Unit consisted of one Class A Share and one warrant (Warrant) to purchase a Series 1, Preferred Share at a subscription price of \$23.75 at any time until September 30, 2011. The Units traded on the TSX for the first 30 days after closing. Subsequently, the Class A Shares and the Warrants trade separately on the TSX under the symbols RF.A and RF.WT, respectively. The Class A Shares yield tax-efficient cash distributions of 7.6% (indicative yield which may change over time) per annum based on the original issue price of \$10.00 per Unit.

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

C.A. Bancorp had already subscribed for 766,160 Class A shares of CRFC at \$10.25 per share in February 2008 when the shares were not listed on a public exchange and subscribed for an additional 200,000 Class A Shares as well as 200,000 Warrants by subscribing for 200,000 Units under the September public offering. In aggregate C.A. Bancorp holds approximately 966,000 Class A Shares and 200,000 Warrants at a total investment cost of approximately \$9.85 million.

C.A. Bancorp Ltd. is the manager of CRFC and earns management fees on the total assets in CRFC. C.A. Bancorp Ltd. pays Sentry Select a fee for certain administration services in relation to CRFC equal to 0.30% of the total assets in CRFC.

Liquidation and Winding-Up of Sentry Select Total Strategy Fund

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 is the Manager of Total Strategy Fund, its Offer was a non-arm's length transaction. Sentry Select as Investment Manager of Total Strategy Fund retained an independent valuator to prepare a fairness opinion in respect of the Offer. In March 2009, the Company completed the purchase of the investments in private entities pursuant to the Offer.

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

The sale of Total Strategy Fund's investment in AgriFinancial was completed in January 2009 and the sale of its remaining investment in private entities to the Company was completed in March 2009. The purchase price adjustments related to the sale of AgriFinancial are expected to be

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finalized in March 2009. Consequently, C.A. Bancorp expects that Total Strategy Fund will complete its liquidation and termination activities by late-March 2009, once any adjustments to the purchase price from the sale of AgriFinancial has been finalized. See "Sale of AgriFinancial Canada Corp. to Western Financial Group Inc." below.

Total Strategy Fund intends to issue a final distribution immediately prior to winding-up the fund in an amount equal to the remaining net assets in the fund. Additional information regarding the termination of Total Strategy Fund can be found on the Company and Total Strategy Fund's profiles on SEDAR at www.sedar.com.

Fourth Quarter of 2008

Investment in Digital Payment Technologies Corp.

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

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

The proceeds of C.A. Bancorp's investment have provided DPT with the working capital to capitalize on DPT's backlog of new business and the market demand for new parking system installations while enhancing DPT's ability to meet customer delivery expectations.

C.A. Bancorp's investment is structured as a secured three-year debenture that pays a 12% annual coupon (6% cash and 6% paid-in-kind), in addition to nominal cost warrants convertible into 12.5% to 35% of DPT's common shares (based on the size of C.A. Bancorp's total investment and DPT's financial performance) on a fully diluted basis.

As at March 10, 2009, C.A. Bancorp had advanced a total of \$5.25 million and may consider advancing the remaining \$0.75 million over the next 90 days.

Liquidation of the Public Investments Portfolio

The Company has been gradually liquidating its public portfolio from the peak of approximately \$37.5 million reached in the third quarter of 2007 to \$2.0 million as at December 31, 2008. As a result of the historic volatility in the equity markets and the drop in market prices within the public portfolio, the Company expedited the liquidation and has committed to liquidating the remainder of the public portfolio within the next two quarters (with the exception of any investment which the Company has identified as strategic in nature).

Based on the market close of December 31, 2008 the Company realized \$7.9 million in pre-tax losses since January 1, 2008 and \$1.6 million of unrealized net losses since January 1, 2008. These figures do not account for any distributions which may have been received.

MANAGEMENT'S DISCUSSION AND ANALYSIS

(All amounts in Canadian thousands of dollars except per share amounts or unless otherwise indicated)

Subsequent to Year-end 2008

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 of the Transaction was \$21.00 million (\$20.48 million after transaction fees). C.A. Bancorp received approximately \$18.40 million in cash and \$0.13 million in loans receivable for total net consideration received of \$18.53 million. Total Strategy Fund received approximately \$1.95 million in cash. The final purchase price of the Transaction is subject to post-closing adjustments 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 any purchase price adjustments and taxes) of \$10.5 million representing an IRR of approximately 75% or two times invested capital.

Purchase of Investments in Private Entities from Total Strategy Fund

In March 2009, the Company completed the purchase to acquire the three investments in private entities (Bermingham, High Fidelity, and Salbro) from Total Strategy Fund pursuant to its Offer for a total purchase price of approximately \$2.6 million which represented the cost of the investments plus any accrued distributions.

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(All amounts in Canadian thousands of dollars except per share amounts or unless otherwise indicated)

V. RESULTS OF OPERATIONS FOR 2008

The following is an analysis of the Company's results of operations for the year ended 2008 based on a GAAP basis of presentation and should be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2008 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, Telecom Inc., Barlow Holdings, its majority-ownership in Financial Corp. and 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 on January 30, 2009.

All intercompany transactions and balances have been eliminated in these consolidated statements in accordance with GAAP.

Revenues

	Year ended December 31		
	2008	2007	Inc./.(Dec.)
Interest and investment income	\$ 6,098	\$ 4,093	\$ 2,005
Asset management fees	1,433	731	702
Other fees and commissions	527	723	(196)
Revenues from rental properties	-	1,691	(1,691)
Total	\$ 8,058	\$ 7,238	\$ 820

Consolidated revenues grew by \$0.8 million for the year ended December 31, 2008 compared to 2007. The increase in revenue was primarily driven by additional investment income from the Company's public portfolio and investments in private entities and 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.

Net Results of Investments

	Year ended December 31		
	2008	2007	Inc./.(Dec.)
Realized (loss) gain on sale of publicly traded investments	\$ (7,974)	\$ 1,022	\$ (8,996)
Change in unrealized loss on publicly traded investments	(1,621)	(3,259)	1,638
Change in unrealized (loss) gain on investments in private entities, held for trading	(1,127)	90	(1,217)

MANAGEMENT'S DISCUSSION AND ANALYSIS

(All amounts in Canadian thousands of dollars except per share amounts or unless otherwise indicated)

Unrealized foreign exchange gain	151	-	151
Equity participation in other corporate entities	(18)	(13)	(5)
Equity participation in CRFC	(118)	-	(118)
Equity participation in Charter REIT	(522)	(418)	(104)
Impairment loss in Charter REIT	(6,624)	-	(6,624)
Gain on dilution of investment in Charter REIT	-	1,373	(1,373)
Total	\$ (17,853)	\$ (1,205)	\$ (16,648)

Consolidated net results of investments resulted in a loss of \$17.9 million for the year compared to a loss of \$1.2 million for the year ended 2007. The loss was primarily driven by realized and unrealized losses of \$9.6 million in the Company's public portfolio, a change in unrealized losses of \$1.1 million on the Company's investments in private entities and a \$6.6 million impairment loss attributed to the Company's investment in Charter REIT.

Public Portfolio

A number of the smaller capitalization income trust names the Company held in its public portfolio in 2008 were "toehold" or "event/catalyst" type positions (owning up to 5% of the shares or units of a small capitalization corporation or income trust, in support of a C.A. Bancorp strategy to effect a material change in the direction of the entity, including the possibility of a merger, going-private transaction or a material change in the entity's strategy necessitating a change in the board of directors). The Company also held positions in larger cap high yield investments that were perceived to be lower volatility investments that could continue to produce steady income. The Company was liquidating its public portfolio throughout 2008 as the Company needed cash for new investments in private entities and to provide sponsor capital for CRFC. However, the overall weakness in the equity markets throughout the second half of the year affected the public portfolio with many of the smaller-capitalization and less liquid names being impacted as the Company attempted to liquidate the public portfolio. As at December 31, 2008, the Company's remaining investments in its public portfolio had a fair value of \$2.0 million

Investment in Everus Communications Inc.

The Company has taken an other than temporary impairment adjustment of \$1.2 million on its investment in Everus, a private entity, due to slower than anticipated growth rates at Everus since the time the investment was made and the fact that some of the interest payments on the debenture the Company holds are in arrears. Despite this, the Company remains cautiously optimistic about Everus' outlook. Externally, demand for rural broadband remains strong; and all levels of government remain committed to supporting further expansion and improvement of connectivity via subsidization. Internally, organic growth is gaining momentum. The customer acquisition process is becoming increasingly efficient (especially as previously planned backend IT tools / systems come online). With a more streamlined cost structure, Everus is positioned well for steady, profitable growth, despite some early setbacks.

MANAGEMENT'S DISCUSSION AND ANALYSIS

(All amounts in Canadian thousands of dollars except per share amounts or unless otherwise indicated)

Investment in Charter REIT

The trading price of units in Charter REIT declined from the time of its public offering in August of 2007 at \$3.45 a unit to a closing price of \$0.70 at December 31, 2008 (December 31, 2007 - \$2.75). The 52 week trading price range was \$0.45 to \$2.85 in 2008. The overall public REIT market in Canada has been under significant valuation pressure as investors have been concerned with the overall health of the economy and more specifically for the majority of REITs, the availability of term-debt financing. Before consideration of any adjustment to its carrying value, the Company would be carrying its investment in Charter REIT at \$15.6 million. However, the Company believes that given the market conditions for public REITs, the economy and the reduced availability of term debt financing, the difference between the publicly traded value of Charter REIT units and the carrying value of the Company's investment in Charter REIT to be other than temporary in nature. As a result, the Company has taken a write-down to the value of its investment in Charter REIT of approximately \$6.6 million. The Company is committed to providing management services to Charter REIT over the long-term (under the management agreement it holds in its subsidiary Realty Management) and is examining alternative avenues to raise new capital to acquire new assets within Charter REIT which could generate additional asset management fees for the Company.

Expenses, Income Tax and Non-Controlling Interests

	Year ended December 31		
	2008	2007	Inc./(Dec.)
General and administration	\$ 2,455	\$ 1,968	\$ 487
Interest expense	1,842	941	901
Management fees	1,240	947	293
Corporate and transaction costs	736	1,295	(559)
Investment management fees	257	353	(96)
Stock based compensation	530	1,167	(637)
Depreciation and amortization	21	760	(739)
Rental property operating costs	-	487	(487)
(Recovery) provision for income taxes	(1,398)	(781)	(617)
Non-controlling interests	(14)	(979)	965
Total	\$ 5,669	\$ 6,158	\$ (489)

The Company's consolidated expenses, taxes and non-controlling interests decreased \$0.5 million for the year ended December 31, 2008 compared to the year ended 2007. The Company's operating expenses increased year over year which was primarily driven by the period from February 22, 2008 to September 12, 2008 when the Company consolidated the accounts of CRFC into its financial statements. The Company recorded an increased recovery for income taxes as it had capital losses on its public portfolio investments. The Company believes that it is more than likely that the future tax asset related to these non-capital losses will be realized as it is expected

MANAGEMENT'S DISCUSSION AND ANALYSIS

(All amounts in Canadian thousands of dollars except per share amounts or unless otherwise indicated)

that the Company will record a gain on the sale of AgriFinancial in the first quarter 2009. Non-controlling interests decreased substantially as the Company consolidated Charter REIT for parts of 2007 which gave rise to the majority of the non-controlling interest balance.

VI. SUMMARY OF FOURTH QUARTER 2008 RESULTS

During the quarter ended December 31, 2008, the Company generated consolidated revenues of \$1.7 million compared to \$1.8 million in the fourth quarter 2007. The year-over-year decline can be attributed to a decrease in interest income in the form of distributions from the public portfolio as the Company significantly reduced its exposure to the public portfolio throughout 2008 as it allocated the capital to investments in private entities.

The Company had a net loss on investments of \$11.2 million in the fourth quarter 2008 compared to a net loss of \$1.2 million in the fourth quarter 2007. The increased loss can be primarily attributed to an impairment of the Company's investment in Charter REIT of \$6.6 million, a realized loss on the Company's public portfolio investments of \$5.7 million, a change in unrealized gain on the public portfolio investments of \$2.5 million and a change in unrealized loss on the investments in private entities of \$1.2 million (Everus).

The Company recorded a net loss of \$10.9 million for the three months ended December 31, 2008, or loss per share of \$0.39 on a basic and fully diluted basis, compared to a net loss of \$0.4 million or loss per share of \$0.01 on a basic and fully diluted basis in the corresponding period of 2007.

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(All amounts in Canadian thousands of dollars except per share amounts or unless otherwise indicated)

VII. SUMMARY OF QUARTERLY RESULTS

The following is a summary of the Company's results for the last eight quarters. The results for the previous seven quarters 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.

	2008				2007			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Revenue	1,696	2,480	2,103	1,779	1,751	2,478	2,088	921
Net results of investments	(11,246)	(1,705)	(1,723)	(3,179)	(1,192)	(1,623)	1,173	437
Expenses	(1,674)	(2,003)	(1,940)	(1,464)	(1,117)	(2,506)	(2,957)	(1,338)
Non-controlling interests	11	3	-	-	-	237	499	243
Net tax recovery (provision)	(92)	617	321	552	32	348	(139)	540
Net earnings (loss) from continuing operations	(11,305)	(608)	(1,239)	(2,312)	(526)	(1,066)	664	803
Net earnings (loss) from discontinued operations	438	362	93	212	161	(19)	-	-
Net earnings (loss)	(10,867)	(246)	(1,146)	(2,100)	(365)	(1,085)	664	803
Weighted avg. # of shares								
Basic	27,375	28,141	28,164	28,471	28,808	28,957	14,493	14,163
Diluted	27,375	28,141	28,164	28,471	28,808	28,957	14,692	14,537
EPS from continuing operations – basic/diluted	(0.41)	(0.02)	(0.04)	(0.08)	(0.02)	(0.04)	0.05	0.06
EPS from discontinued operations – basic/diluted	0.02	0.01	0.00	0.01	0.01	(0.00)	-	-
Net (loss) earnings per share	(0.39)	(0.01)	(0.04)	(0.07)	(0.01)	(0.04)	0.05	0.06
Net book value ¹	66,719	77,706	78,360	80,008	82,516	83,433	82,960	38,147
Common shares outstanding	27,345	27,541	27,891	28,338	28,683	28,988	28,674	14,174
Net book value per share ²	2.44	2.82	2.81	2.82	2.88	2.88	2.89	2.69
Total assets	147,778	182,308	242,212	206,258	154,348	85,671	121,489	75,115
Total AIUM ³	531,000	595,000	355,000	322,000	292,000	210,000	179,000	131,000

Revenue generally has increased from 2007 to 2008 due to an increase in investment and interest income and asset management fees as a result of the Company increasing its on-balance sheet assets and assets under management. The Company had higher revenues 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 varies 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 increased over the previous eight quarters in-line with revenue growth. In the second quarter 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.

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

³ Total Assets Invested (On-Balance Sheet) and Under Management (Off-Balance sheet where the Company earns a fee).

MANAGEMENT'S DISCUSSION AND ANALYSIS

(All amounts in Canadian thousands of dollars except per share amounts or unless otherwise indicated)

VIII. 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 audited consolidated financial statements for the year ended December 31, 2008 and the corresponding notes thereto.

Liquidity

Excluding the discontinued operations of AgriFinancial, the Company had liquid net assets of approximately \$1.5 million at year-end and \$15.4 million on a pro-forma basis¹. The Company's cash equivalents consist of overnight deposits with Royal Bank of Canada.

The Company calculates its net liquid assets as follows:

	Pro-Forma	December 31, 2008	December 31, 2007
Cash and cash equivalents	\$ 15,688	\$ 1,245	\$ 946
Accounts receivable	1,132	1,132	2,503
Cash held as collateral	-	700	-
Mortgages and loans ^{2,3}	235	104	8,027
Publicly traded investments	2,024	2,024	30,881
Accounts payable and accrued liabilities	(721)	(721)	(1,293)
Due to broker	(2,600)	(2,600)	-
Portion of note payable to CRFC due in next twelve months	(382)	(382)	-
Total	\$15,376	\$ 1,502	\$ 41,064

Throughout 2008, the Company held a number of "toehold" or "event/catalyst" type positions (owning up to 5% of the shares or units of a small capitalization corporation or income trust, in support of the possibility of a C.A. Bancorp strategy to effect a material change in the direction of the entity, including the possibility of a merger, going-private transaction or a material change in the entity's strategy necessitating a change in the board of directors) in its public portfolio. The Company also held positions in larger cap high yield investments that were perceived to be lower volatility investments that could continue to produce steady income. As the Company needed cash to complete new investments in private entities and to provide sponsor capital for CRFC, the Company liquidated part of the public portfolio. As the weakness in the equity markets increased throughout the second half of the year, the Company accelerated its liquidation of the public portfolio. As at December 31, 2008, the Company's remaining investments in its public portfolio had a fair value of \$2.0 million. For the foreseeable future, it is expected that the Company will not

¹ Pro-Forma for the Sale of AgriFinancial Canada Corp., purchase of investments in private entities from Total Strategy Fund and advances to existing investments in private entities (all subsequent to year-end)

² Mortgages and loans on December 31, 2007 were sold to CRFC on February 22, 2008.

³ Approximately 20% of the outstanding related party loan as at December 31, 2008 is expected to be repaid in 2009.

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(All amounts in Canadian thousands of dollars except per share amounts or unless otherwise indicated)

invest future cash into public equities (or other public instruments) unless it is specifically for a "toehold" or "event/catalyst" investment as described above.

With the closing of the sale of AgriFinancial in January 2009, the Company believes it has sufficient capital to support the Company's operations throughout the next fiscal year. The Company expects to maintain its current cash balance in a cash account or cash equivalent instruments to minimize the risk of any future losses on its cash available for future investments.

The Company is in the process of seeking short to medium-term operating facilities with lenders to allow it greater financial flexibility. The Company has not yet put any such facilities in place to date and given the current economic conditions, the Company may have difficulties securing short to medium-term operating facilities.

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. However, 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 above. Some of the Company's initiatives may involve the use of credit facilities, short-term borrowings (as described above) or debt structures at the level of the target investment.

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.

The Company has the following 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 nine to one. As at December 31, 2008 the ratio was approximately 1.2 to 1.

	Payment Due Period			
	Less than 1 year	1-3 years	Beyond 3 years	Total
Note payable to CRFC	\$ 382	\$ 1,146	\$ 1,050	\$ 2,578
Total	\$ 382	\$ 1,146	\$ 1,050	\$ 2,578

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Share Capital and Options Outstanding

As at December 31, 2008, a total of 27.35 million (December 31, 2007 – 28.7 million) common shares were outstanding with the Company reporting a net book value of \$66.7 million (December 31, 2007 – \$82.6 million). As at March 1, 2009, a total of approximately 27.26 million common shares were outstanding.

Since inception of and through to March 1, 2009, 900,100 common shares had been repurchased and cancelled through the Company's normal course issuer bid (NCIB) at an average price (including commission) of \$1.86 per common share including commission. Notice of the Company's intention to make a NCIB is available from the Company upon request.

Since inception of and through to March 1, 2009, 921,300 common shares had been repurchased and cancelled through the Company's MMPP at an average price of \$1.37 per common share including commission. The Company's shareholders approved an amendment of the Company's articles of incorporation to add a MMPP feature at the Company's Annual and Special Meeting held on April 25, 2008. It is expected that the Company will not propose the renewal of the MMPP at the Company's 2009 annual meeting scheduled for April 14, 2009.

The Company had incentive stock options to purchase common shares outstanding as at December 31, 2008. The table that follows summarizes those options. No stock options were "in the money", otherwise stated, none had a positive intrinsic value.

	Weighted Average		
	Number	Exercise Price	"In the Money"
Optioned shares outstanding	1.9 million	\$3.22	Nil
Optioned shares vested	1.5 million	\$3.19	Nil

Off-Balance Sheet Arrangements

The Company currently has no off-balance sheet arrangements.

IX. COMPANY OUTLOOK

In 2009, the Company is committed to dedicate its efforts on its core business of managing its investments in private entities and its core sponsored managed public entities. While doing this the Company will focus on preserving capital, minimizing debt, maintaining liquidity and managing its operating costs during this period of economic uncertainty.

The Company continues to manage its portfolio of investments in private entities.

The management team meets 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.

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(All amounts in Canadian thousands of dollars except per share amounts or unless otherwise indicated)

The Company is cautiously looking at new private investment opportunities given the current economic environment. The economic environment presents significant challenges for most businesses but can also offer investors significant opportunity as enterprise valuations are depressed and capital is scarce.

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 funds and entities and continuously looking at new opportunities to acquire and manage a range of alternative assets on behalf of its investors.

The Company provided an investment update for CRFC via a news release on February 4, 2009. As at the date of the news release, CRFC had funded approximately \$54 million with an additional \$5 million of committed but unfunded mortgage principal (of approximately \$67 million of total investable capital) in real estate mortgages and loans. The net asset value of Class A shares as at December 31, 2008 was \$9.51 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, as Manager of CRFC intends to continue to look for new sources of capital to increase the capital base of CRFC throughout 2009.

X. TRANSACTIONS WITH RELATED PARTIES

Administration and Management Agreements with Sentry Select

Pursuant to an amended and restated management agreement (the Management Agreement), Sentry Select Capital Corp. (Sentry Select) manages the Company's alternative asset and merchant banking businesses, including searching for, evaluating and screening investment opportunities and conducting due diligence with respect to potential investments. For the provision of its services pursuant to the Management Agreement, during 2008, the Company paid Sentry Select a quarterly fee (the Management Fee) of 1/4 of 1.50% of the Company's net asset value (i.e. the total net asset value less the Company's liabilities) calculated as at the close of business on the last business day of each calendar quarter (this fee has been reduced subsequent to year-end as discussed below). In addition to the Management Fee, Sentry Select is entitled to be paid a performance bonus (the Performance Bonus) equal to 20% of the amount, if any, by which the annual net pre-tax profit of the Company (i.e. the non-consolidated net income of the Company before income taxes and such Performance Bonus) calculated as at December 31 in each year exceeds a threshold of an 8% per annum return earned on the Company's net asset value (determined in accordance with the Management Agreement). The initial term of the Management Agreement commenced on July 1, 2006 and expires on December 31, 2011. The Management Agreement will renew automatically for successive five-year terms following the initial term, provided that there has been no breach or

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material default of the terms of the Management Agreement by Sentry Select, subject to termination on any expiry date upon not less than 180 days prior written notice from the Company or Sentry Select to the other. In the event that the Company terminates the Management Agreement, Sentry Select is entitled to receive from the Company an amount equal to five times 1.5% of the Company's net asset value calculated as at the close of business on the last business day of the term of the Management Agreement and five times the Performance Bonus paid in respect of the calendar year immediately preceding the date of termination of the Management Agreement. Either party upon the occurrence of certain events may also terminate the Management Agreement.

Effective as of July 1, 2006 and pursuant to an amended and restated administration agreement (the Administration Agreement), Sentry Select has provided certain management and administrative services to the Company, including the provision of office space, equipment, management and investment staff, and certain accounting, clerical, secretarial, corporate and administrative services. The monthly fee paid to Sentry Select for the provision of such services is \$40 (the Administration Fee). The Administration Agreement will immediately terminate upon the termination for any reason of the Management Agreement.

Sentry Select is a portfolio manager and mutual fund dealer engaged in the business of promoting and managing investment funds in Canada. The agreements between the Company and Sentry Select also provide C.A. Bancorp with access to the expertise and experience of Sentry Select's portfolio managers, portfolio advisors and research analysts. Sentry Select may also develop structured products to be managed by C.A. Bancorp. Sentry Select was formed by John F. Driscoll, who is President, Chief Executive Officer and Chairman thereof and the Chief Executive Officer and Chairman of the Company. Mr. Driscoll is also the controlling equity owner of Sentry Select.

In November 2008, the Company announced that, in addition to the Administration Fee it pays to Sentry Select, it will reimburse Sentry Select for the salaries (including benefits and bonuses) of certain Sentry Select employees who provide full time services to C.A. Bancorp under the terms of the Administration Agreement. As approved by the independent members of C.A. Bancorp's board of directors (Independent Directors), this change became effective on November 1, 2008. This resulted in an additional \$1.1 million of annual expenses payable by C.A. Bancorp which had previously been borne by Sentry Select (the C.A. Bancorp Compensation).

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

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

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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. 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 \$300 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. As approved by the Independent Directors, this change became effective February 1, 2009. As a result of the reimbursement, C.A. Bancorp will have additional expenses of approximately \$700 per annum, which is an estimate based on current data (the Charter REIT Compensation).

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.

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

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

Copies of the Administration and Management Agreements are available under the Company's SEDAR profile on www.sedar.com.

Investment Advisory, Administration and Management Agreements with CRFC

In connection with CRFC, CAB Ltd. has entered into the following arrangements:

Pursuant to an Investment Advisory Agreement dated February 22, 2008 among C.A. Bancorp Realty Finance L.P., C.A. Bancorp GP Inc. and CAB Ltd. (the Investment Advisory Agreement), C.A. Bancorp GP Inc. appointed CAB Ltd. to provide certain management and investment advisory services for C.A.B. Realty Finance L.P. (the Partnership). In return for such services, the Partnership pays to CAB Ltd. an annual fee (calculated and payable quarterly in cash) equal to 0.60% of the "Adjusted Net Asset Value" of CRFC plus applicable taxes, calculated and payable

¹ All figures in the table are approximate.

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quarterly in cash, pro-rated for any partial month. The "Adjusted Net Asset Value" is the Net Asset Value (as defined in the prospectus of CRFC dated January 31, 2008), plus \$25.00 per preferred share, Series 1 of the Corporation (a Preferred Share) multiplied by the number of outstanding Preferred Shares.

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

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

XI. CRITICAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

Commencing January 1, 2007 the Company adopted the CICA Handbook Sections 3855 Financial Instruments and 1530 Comprehensive Income. These Sections are now mandatory for publicly accountable entities.

These accounting standards establish guidance for reporting comprehensive income. Presentation of comprehensive income and its components in a separate financial statement is required. The statement of comprehensive income includes net income plus other comprehensive income (OCI). Amounts recognized in OCI eventually must be reclassified to the income statement (in accordance with other CICA Handbook Sections). These reclassification adjustments, including the income tax expense or benefit, would normally be disclosed separately.

An example of an item that may be included in OCI for the Company would be changes in the fair value of available-for-sale financial assets (discussed below).

OCI will either be presented immediately below net income on the income statement; in a separate statement that begins with net income; or in a statement of changes in equity.

The new financial instruments framework, which includes the aforementioned standards, requires all financial assets and financial liabilities to be classified by characteristic and/or management intent. The classification of financial assets and liabilities determines how they are accounted for on an ongoing basis. All financial assets are classified in one of four categories: (i) held-for-trading; (ii) held-to-maturity; (iii) loans and receivables; or (iv) available-for-sale.

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“Held-for-trading” financial assets are those acquired for the purpose of trading or as part of a trading portfolio. These assets will be measured at fair value on the balance sheet with gains or losses recognized in net income in the current period.

“Held-to-maturity” financial assets are those with fixed payments at maturity that the Company has the intent and ability to hold to maturity.

“Loans and receivables” are financial assets, which are not debt securities, resulting from a delivery of assets in exchange for a promise to pay. Both “held to maturity” and “loans and receivables” are carried at amortized cost on the balance sheet.

“Available-for-sale” financial assets are those that are not classified as “held-for-trading”, “held-to-maturity” or “loans and receivables”. Such financial assets are recognized on the balance sheet at fair value with unrealized gains or losses recognized in other comprehensive income until the assets are disposed or until impairment occurs, in which case, recognition into net income occurs.

These new financial reporting standards directly impact the Company’s carrying of portfolio investments as many of the Company’s current holdings are valued at fair value on the balance sheet with the offset to either net income or other comprehensive income.

Marketable securities that are deemed to be “trading” are carried at fair value with gains or losses (both realized and unrealized) recognized in the calculation of net income for the period in question.

In February 2008, the CICA Accounting Standard Board (AcSB) confirmed that the changeover to IFRS from Canadian GAAP will be required for publicly accountable enterprises effective for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The AcSB issued the “omnibus” exposure draft of the IFRS wherein early adoption by Canadian entities is also permitted. The Canadian Securities Administrators (CSA) has also issued Concept Paper 52-402, which required feedback on early adoption of IFRS as well as the (continued) use of US GAPP by domestic issuers. The eventual changeover to IFRS represents changes due to new accounting standards. The transition from current Canadian GAAP to IFRS is a significant undertaking that may materially affect the Company’s reported financial position and results of operations.

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 arrangement, during the fiscal year 2009.

XII. 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

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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.

For general factors affecting the Company see the section entitled "Risk Factors" included on pages 21 to 25 of the Annual Information Form dated as at March 28, 2008 and filed under the Company's SEDAR profile at www.sedar.com. The Company will file its AIF for the year ended December 31, 2008 on or before March 31, 2009.

XIII. 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 (33%) 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

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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. 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 invests 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 \$1.2 million as at December 31, 2008. In addition, the Company had \$0.7 million held in trust with the Credit Union Central of Canada.

For general factors affecting the Company see the section entitled "Risk Factors" included on pages 21 to 25 of the Annual Information Form dated as at March 28, 2008 and filed under the Company's SEDAR profile at www.sedar.com. The Company will file its AIF for the year ended December 31, 2008 on or before March 31, 2009.

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XIV. DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

As of December 31, 2008, the Chief Executive Officer and the Chief Financial Officer, together with other members of management, have evaluated the effectiveness of the Company's disclosure controls and procedures, as defined in Multilateral Instrument 52-109 (DC&P). They have concluded that the DC&P were adequate and effective to provide reasonable assurance that material information relating to the Company and its consolidated subsidiary entities for the year ended December 31, 2008 is appropriately recorded, processed, summarized and reported and communicated to management as appropriate to allow for timely decisions regarding required disclosure. In addition, the Chief Executive Officer and the Chief Financial Officer, together with other members of management, have evaluated the effectiveness of the Company's internal controls over financial reporting as defined in Multilateral Instrument 52-109 (ICFR) for the year ended December 31, 2008. The internal controls were designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with GAAP. They have concluded that the design of the ICFR was adequate and effective to provide reasonable assurance that financial information is recorded, processed, summarized and reported in a timely manner. There have been no changes in the Company's internal controls during the most recent period beginning January 1, 2008 and ending December 31, 2008 that have materially affected or would be reasonably likely to materially affect the Company's internal control over financial reporting.

The Chief Executive Officer and the Chief Financial Officer have limited the scope of their design of the Company's DC&P and ICFR 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, a business that the Company acquired not more than 365 days before the issuer's financial year-end.

XV. 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): 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

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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 IRR for investments in private entities; effectiveness of the NCIB and mandatory market purchase plan in enhancing liquidity of common shares and reduce the spread between net book value and market price of the common shares on the TSX, 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 on SEDAR at www.sedar.com. The Company will file its AIF for the year ended December 31, 2008 on or before March 31, 2009.