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C.A. BANCORP INC.

ANNUAL INFORMATION FORM
for the Year Ended December 31, 2009

as at March 31, 2010

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C.A. BANCORP INC.

ANNUAL INFORMATION FORM

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

Unless otherwise indicated, the information given in this Annual Information Form is given as of December 31, 2009, all dollar amounts herein are expressed in Canadian dollars and all references to shares and options are stated on a post-consolidation basis reflecting the consolidation of the Company’s shares on a 10-for-1 basis which took place on April 30, 2007.

CAUTION REGARDING FORWARD-LOOKING STATEMENTS

This Annual Information Form contains “forward-looking statements” that reflect the current expectations of management regarding the Company’s future growth, results of operations, performance and business prospects and opportunities. Forward looking statements are only predictions and are not guarantees of performance. Wherever possible, words such as “may”, “would”, “could”, “will”, “anticipate”, “believe”, “plan”, “expect”, “intend”, “estimate”, “aim”, “endeavour” and similar expressions have been used to identify these forward-looking statements. These statements reflect management’s beliefs with respect to future events and are based on information currently available to management. Forward-looking statements involve significant known and unknown risks, uncertainties and assumptions. Important assumptions relating to the forward-looking statements contained in this Annual Information Form include competitive and economic conditions. Many factors could cause our actual results, performance or achievements to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements, including, without limitation, those listed in the “Risk Factors” section of this Annual Information Form, elsewhere in our Management’s Discussion and Analysis for the year ended December 31, 2009 and elsewhere in our filings with Canadian securities regulators. Should one or more of these risks or uncertainties materialize, or should assumptions underlying the forward-looking statements prove incorrect, actual results, performance or achievements could vary materially from those expressed or implied by the forward-looking statements contained in this Annual Information Form. These factors should be considered carefully and prospective investors should not place undue reliance on the forward-looking statements. Although the forward-looking statements contained in this Annual Information Form are based upon what management currently believes to be reasonable assumptions, management cannot assure prospective investors that actual results, performance or achievements will be consistent with these forward-looking statements. The forward-looking statements included in this Annual Information Form are, unless otherwise indicated, made as of December 31, 2009 and are expressly qualified in their entirety by this cautionary language. The Company does not intend, and does not assume any obligation, to update or revise these forward-looking statements, except as required by law. The Company does not undertake to update any forward-looking statements, whether written or oral, that may be made from time to time, except as required by law; such statements speak only as of the date made.

CORPORATE STRUCTURE

Name, Address and Incorporation

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

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

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

As at December 31, 2009, the Company had approximately \$307.5 million in gross assets invested (\$71.5 million on balance sheet and under management (\$236 million).

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

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

On May 1, 2008, the Company filed articles of amendment adding a mandatory market purchase plan (“**MMPP**”) feature. Pursuant to the MMPP, if at any time the price at which the Company’s common shares (the “**Common Shares**”) were offered for sale on the TSX is at or less than 90% of the net book value per Common Share as reported in the most recently published interim or annual financial statements of the Company, then, subject to certain conditions, the Company will use its best efforts to purchase for cancellation any such Common Share offered in the market at the then prevailing market price subject to a maximum in any calendar quarter of 1.25% of the total number of Common Shares that were outstanding at the beginning of the calendar quarter. To be in effect, the MMPP must be approved by a special resolution of shareholders at the Company’s most recent annual meeting. The MMPP was not approved by a special resolution of shareholders at the Company’s annual meeting held in June 2009 and is not currently in effect.

Inter-corporate Relationships

As at December 31, 2009, the Company had five principal operating and holding subsidiaries: C.A. Bancorp Ltd. (“**CAB Ltd.**”), C.A. Bancorp Realty Finance Inc. (“**Realty Finance**”), C.A. Realty Management Inc. (“**CARM**”), C.A.B. Barlow Holdings Corp. (“**Barlow Holdings**”), C.A. Bancorp Telecom Inc. (“**Telecom Inc.**”).

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

C.A. Bancorp Inc. and its Subsidiaries

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

Subsidiary	Jurisdiction of Incorporation	Percentage Votes Held (%)⁽¹⁾
C.A. Bancorp Ltd.	Ontario	100
C.A. Bancorp Realty Finance Inc.	Ontario	100
C.A. Realty Management Inc.	Ontario	100
C.A.B. Barlow Holdings Corp.	Ontario	100
C.A. Bancorp Telecom Inc.	Ontario	100

Subsidiary	Jurisdiction of Incorporation	Percentage Votes Held (%)⁽¹⁾
Charter Real Estate Investment Trust	Ontario	33
C.A. Bancorp Canadian Realty Finance Corporation	Ontario	29 ⁽²⁾

Notes:

- (1) Percentage of votes attaching to all voting securities of the subsidiary beneficially owned or controlled or directed, directly or indirectly, by the Company.
- (2) Represents equity interest not votes held.

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

C.A. Bancorp Ltd.

The Company's wholly-owned subsidiary CAB Ltd. is registered as an Exempt Market Dealer and a Portfolio Manager with the Ontario Securities Commission. CAB Ltd. is the manager and investment advisor of CRFC and receives gross annual management and advisory fees of 1.20% on the gross unconsolidated assets of CRFC. The Company took the initiative in funding and organizing CRFC and as such is a promoter of CRFC within the meaning of applicable securities laws. This summary is qualified in its entirety by the terms of the management agreement between CAB Ltd. and CRFC, a copy of which can be obtained under the Company's profile on SEDAR at www.sedar.com. CRFC is listed on the TSX under the symbols RF.A, RF.PR.A and RF.WT.

C.A. Bancorp Realty Finance Inc.

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

C.A. Realty Management Inc.

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

C.A.B. Barlow Holdings Corp.

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

C.A. Bancorp Telecom Inc.

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

For information on the Company's holdings in Charter REIT and CRFC, see "General Development of the Business".

GENERAL DEVELOPMENT OF THE BUSINESS

The development of the Company over the last three years is described below. The description is divided into four parts: (1) Financings: detailing the Company's fund raising activities, (2) Direct Investments: detailing the Company's investments in private and public entities; (3) Asset Management: detailing the Company's fund management activities and (4) Corporate Transactions: detailing certain corporate transactions which have shaped the development of the business over the last three years. Reference should also be made to the section entitled "Strategic Process" for a description of the strategic process presently being undertaken by the Company, which may (though there is no assurance that it will) result in a strategic transaction being pursued by the Company.

Financings

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

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

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

Direct Investing

The Company has focused its efforts on private companies which the Company believes present unique growth opportunities or are undergoing a significant transition, such as a change in senior management or succession in ownership.

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

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

Investments in Private Entities

Investment in High Fidelity HDTV Inc. – July 2007 and August 2009

In July 2007, the Company made a \$2.75 million investment in High Fidelity HDTV Inc. ("**High Fidelity**") alongside a \$1.25 million investment made by Sentry Select Total Strategy Fund ("**Total Strategy Fund**"), a fund for which the Company was the manager. Effective March 6, 2009, the Company purchased Total Strategy Fund's investment in High Fidelity, resulting in an aggregate investment of \$4 million by C.A. Bancorp.

In August 2009, the Company completed a follow-on investment and increased its equity interest in High Fidelity. The Company invested an additional \$1.5 million (by way of convertible debenture) in High Fidelity which was used by High Fidelity to partially repay the previously existing \$4.0 million debenture held by C.A. Bancorp. As a result of the transaction, C.A. Bancorp as at the date hereof holds a 13% equity interest in High Fidelity, a \$1.5 million debenture maturing in July 2010 and a \$1.5 million convertible debenture which is convertible on the occurrence of certain events into 6% of High Fidelity's equity and which pays a 7% annual cash coupon.

High Fidelity is a privately held, Toronto-based, company that creates specialty television channels in digital definition format and distributes its programming through major cable and satellite companies such as Rogers Cable, Bell TV, SaskTel, Canadian Cable Systems Alliance and Aurora Cable.

Acquisition of AgriFinancial Canada Corp. – October 2007

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

Investment in Bermingham Foundation Solutions – November 2007

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

Bermingham builds customized pile driving equipment for sale or lease in countries around the world, and provides foundation construction services for large, infrastructure projects.

Investment in Kingswood Estates (Formerly Kingswood Apartment Complex) – January 2008 and January 2010

In January 2008, C.A. Bancorp completed 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**”) which acts as both the general partner and a limited partner of Kingswood Estates, holding 10% and the remaining 10% being held by a third party investor. C.A. Bancorp invested \$6.0 million to acquire the 80% limited partnership interest in Real Estate LP, with the residual \$1.5 million equity interest being invested by Centurion L.P. and a third party investor. The balance of the \$23 million purchase price was financed by the assumption of two existing mortgages on the Kingswood Estates.

In January 2010, C.A. Bancorp completed a \$0.6 million follow-on mortgage investment in Kingswood Estates bearing an interest rate of 10% and maturing in 2011. C.A. Bancorp’s mortgage investment was matched on a proportionate basis by Kingswood’s other two limited partners. The aggregate mortgage proceeds have and will be utilized by Kingswood to refinance existing debt and to fund future property and unit upgrades.

The Kingswood Estates property consists of eight garden-style apartment buildings containing an aggregate of approximately 360 units located in the south-end of Kitchener, Ontario.

Investment in Windward Telecom Limited – February 2008

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

In December 2009, the Company converted its preferred share interest into common shares, with retroactive effect to September 2008, resulting in a 35% equity ownership position in Windward. The conversion was effected in support of Windward’s efforts to establish greater credibility with the Trinidadian government in pursuit of floor market pricing and future growth opportunities in Trinidad and Tobago.

Windward is a telecommunications company providing Caribbean markets with long distance phone and data infrastructure services.

Investment in Salbro Bottling Group – February 2008

In February 2008, C.A. Bancorp made a \$3.6 million growth capital investment alongside a \$0.4 million investment by Total Strategy Fund in the Salbro Bottling Group (“**Salbro**”), a group of privately held companies based in Toronto, Ontario, which

serves the packaging industry. Effective March 6, 2009, the Company purchased Total Strategy Fund's investment in Salbro resulting in an aggregate investment of \$4 million by C.A. Bancorp.

Salbro is an established designer, manufacturer, and distributor of packaging components, specializing in glass and plastic bottles.

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

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

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

Investment in Everus Communications Inc. – June 2008

In June 2008, C.A. Bancorp closed a \$5 million investment and commitment to invest in Everus Communications Inc. (“**Everus**”), a wireless broadband internet service provider to rural communities in Southwestern Ontario. The Company advanced the \$5 million by the spring of 2009.

The Company's interest in Everus was sold in March 2010. See “Sale of Interest in Everus Communications Inc.” below.

Acquisition of Barlow Capital Management Inc. – July 2008

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

Barlow is a fee-for-service boutique investment counsel and portfolio manager with exclusive focus on providing endowment style investment management services to high net worth Canadian investors. In 2009, Barlow experienced a reduction in assets under management in its private client business. A strategic decision was made to streamline operations, including a significant reduction in headcount. By year end 2009, Barlow completed the wind-up of its pooled funds. Barlow continues to manage a number of high net worth private clients.

Investment in Waterfall Investments Inc. – September 2008 and December 2009

In September 2008, C.A. Bancorp through a newly created subsidiary acquired a 33.3% interest in Waterfall Investments Inc. (“**Waterfall**”). Sentry Select Capital Corp. (“**Sentry Select**”) held the remaining 66.7% interest. Waterfall is a hedge fund manager registered as a Portfolio Manager and Exempt Market Dealer with the Ontario Securities Commission. C.A. Bancorp sold its interest in Waterfall to Sentry Select in December 2009.

Investment in Digital Payment Technologies Corp. – November 2008

In November 2008, C.A. Bancorp completed a \$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, \$1.75 million in February 2009 and \$0.75 million in May, 2009 for an aggregate \$6 million investment.

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.

Sale of AgriFinancial Canada Corp. – January 2009

On January 30, 2009, C.A. Bancorp completed the sale of AgriFinancial to Bank West, a wholly-owned subsidiary of Western Financial Group Inc. The purchase price for the transaction was \$21.6 million (\$21.1 million net of transaction fees). C.A. Bancorp received approximately \$19 million in cash and \$0.13 million in loans receivable for total net consideration of \$19.1 million. Total Strategy Fund received approximately \$2 million in cash. The transaction was effected through a sale of all of the issued and outstanding shares of the Company's subsidiary C.A. Bancorp Financial Corp. ("**Financial Corp.**") Financial Corp. owned all of the issued and outstanding shares of AgriFinancial.

Wind-Up of Sentry Select Total Strategy Fund – March 2009

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

Sale of Interest in Everus Communications Inc. for interest in Barrett Xplore Inc. – March 2010

In March 2010, substantially all the assets and business of Everus were sold to Barrett Xplore Inc. ("**BXI**"). The transaction represented the culmination of a marketing and sales effort conducted by BDO Canada Limited, in its capacity as court appointed interim receiver of all the assets, undertakings and properties of Everus. The Company, as senior secured creditor of Everus, received approximately \$1.2 million in consideration, subject to certain post-closing adjustments. The majority of the consideration was satisfied by a promissory note, convertible, subject to certain conditions, into BXI common shares within a one year period.

BXI is Canada's largest rural broadband internet provider that deploys a hybrid of fixed wireless and satellite technologies to deliver an urban quality broadband to rural Canadians.

Investments in Public Entities

Investment in Charter REIT – 2006

The Company completed its first Capital Pool Company ("**CPC**") transaction on September 14, 2006, when it acquired 2,500,000 common shares of Charter Realty Holdings Ltd. ("**Charter**"). The Company purchased an additional 9,500,000 common shares of Charter on February 23, 2007, as part of Charter's qualifying transaction. On May 10, 2007, Charter converted into a Real Estate Investment Trust (being Charter REIT). As of May 14, 2007, the units of Charter REIT began trading on the TSXV under the symbol CRH.UN. Under a plan of arrangement, every 10 common shares of Charter were exchanged for one unit of Charter REIT. On June 21, 2007, the Company subscribed for 296,000 units of Charter REIT. On August 9, 2007, the Company subscribed for an additional 4,347,826 units of Charter REIT. From March 2008 to March 2009, the Company elected to participate in Charter REIT's distribution reinvestment and optional unit purchase program with respect to approximately 18% of the Charter REIT units it holds.

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

Investment in Global Alternative Investments Inc. and Universal Infrastructure Corp. – December 2006

Universal Infrastructure Corp. ("**Universal**") was established by C.A. Bancorp as an investment vehicle to focus on investments in infrastructure businesses, including power generation, transportation systems, railroad and shipping assets and various communication, toll road and utility-based companies. Global Alternative Investments Inc. ("**Global**") was established by C.A. Bancorp as an investment vehicle to raise equity capital outside of North America to make alternative investments in various offshore asset classes. The Company purchased 950,000 common shares of each of Global and Universal at \$0.10 per share, as founders' capital. Global and Universal each closed their IPOs on December 4, 2006, raising \$300,000 each by issuing 1.5 million common shares at \$0.20 per share. As a result of these transactions, the Company held 27% of the issued

common shares of each of Universal and Global. Universal and Global were each granted a six month extension to the deadline to complete their qualifying transactions pursuant to the TSX Venture Exchange's Notice entitled "Temporary Relief Measures". Universal and Global entered into an acquisition agreement to complete a Qualifying Transaction, conditional upon, among other things, receiving shareholder approval, regulatory approval and meeting a minimum financing condition. The minimum financing condition was not met by the target company and as a result, the proposed qualifying transaction was terminated. One half of the Company's 950,000 common shares of each of Universal and Global were cancelled and Universal and Global were each transferred to the NEX exchange. The Company now holds 19% of the issued and outstanding common shares of each of Universal and Global. Universal and Global have announced that they intend to seek shareholder approval to delist and wind up and return any residual capital to Universal and Global shareholders, respectively.

Public Portfolio – November 2007

The Company liquidated its portfolio of publicly traded securities (excluding Charter REIT and CRFC) from the peak of approximately \$37.5 million reached in the third quarter of 2007 to \$1.7 million as at December 31, 2009.

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

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

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

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

In September 2008, C.A. Bancorp subscribed for an additional 200,000 Class A Shares as well as 200,000 Warrants by subscribing for 200,000 Units under CRFC's September 2008 public offering of Units (the "**Unit Offering**"). Each Unit offered consisted of one Class A Share stapled to one Warrant to purchase a Preferred Shares at a price of \$23.75 up to and including September 11, 2011. The Company sold its 200,000 Warrants for nominal value in 2009.

In aggregate C.A. Bancorp holds 966,160 Class A Shares at a total investment cost of approximately \$9.85 million in CRFC. The Company also holds 3,500 Preferred Shares, Series 1.

Asset Management

Establishing funds, raising capital and providing ongoing management have also been integral components of the Company's business model to generate management and performance fees. This includes public and private funds targeting both retail and institutional investors. Managed funds are intended to maintain the Company's typical investment objectives and provide investors with exposure to alternative asset classes.

Sentry Select Total Strategy Fund – July 2006 to March 2009

C.A. Bancorp's first structured product, the Total Strategy Fund was terminated effective March 31, 2009. The Company was the manager of the Total Strategy Fund and earned asset management fees and performance fees. Total Strategy Fund raised net proceeds of \$51.4 million in 2006, up to 25% of which were targeted for investment in private entities. The Company engaged Sentry Select as the investment manager and paid Sentry Select 6/11ths of the management fee the Company earned. On February 29, 2008, 3,889,011 or approximately 71% of Total Strategy Fund's units were redeemed in connection with its annual redemption. As a result, the net assets of the Total Strategy Fund were reduced to approximately \$15.9 million post-redemption.

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

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

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

Total Strategy Fund issued a final distribution immediately prior to winding-up the fund in an amount of \$3.85 per unit which was equal to its remaining net assets. The liquidation and termination of the Total Strategy Fund were completed effective March 31, 2009.

C.A. Bancorp Canadian Realty Finance Corporation

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

CAB Ltd. is the manager and investment advisor of CRFC and earns gross annual management fees of 1.20% on the total assets in CRFC. CAB Ltd. paid Sentry Select a fee for certain administration services in relation to CRFC equal to 0.30% of the total assets in CRFC until September 15, 2009 when an administration agreement between CAB Ltd. and Sentry Select was terminated. Subsequent to the termination of this administration agreement, CAB Ltd. has provided these administration services directly to CRFC.

The gross annual management fees earned by CAB Ltd. are provided for pursuant to the terms of an amended and restated management agreement dated July 6, 2009 between CAB Ltd. and CRFC (the "**CRFC Management Agreement**") whereby CRFC pays CAB Ltd. an annual management fee of 0.60% of the Adjusted Net Asset Value of CRFC and pursuant to the terms of an amended and restated investment advisor agreement among CAB Ltd., C.A.B. Realty Finance L.P. and its general partners, C.A. Bancorp G.P. Inc. dated July 6, 2009 (the "**CRFC Investment Advisor Agreement**") whereby C.A.B. Realty Finance L.P. pays CAB Ltd. an annual management fee of 0.60% of Adjusted Net Asset Value of CRFC plus applicable taxes. This summary is qualified in its entirety by the terms of the CRFC Management Agreement and CRFC Investment Advisor Agreement, copies of which can be obtained under the Company's profile on SEDAR at www.sedar.com. See "Material Contracts" below.

Charter Real Estate Investment Trust

Charter REIT is an open-end real estate investment trust focused on acquiring a portfolio of retail and mixed-use retail community and neighbourhood centres, generally in the mid-market deal size range of \$10 to \$40 million, from both primary and secondary markets across Canada. Pursuant to the terms of a management agreement dated March 27, 2007 (the

“**Charter Management Agreement**”), the Company’s wholly-owned subsidiary, CARM provides management and administrative services to Charter REIT for an annual fee of 0.30% of the adjusted book value of Charter REIT’s assets, paid quarterly in arrears, and an acquisition fee equal to 0.50% of the property cost of all real property acquired by Charter REIT during each calendar quarter. The initial term of the management agreement expires on March 27, 2012, and will renew automatically for successive three year terms, subject to termination by either party as set out in the agreement. This summary is qualified in its entirety by the terms of the Charter Management Agreement, a copy of which can be obtained under the Company’s profile on SEDAR at www.sedar.com. See “Material Contracts”.

CARM provides the services of Ari Silverberg, President and Chief Executive Officer of Charter REIT, and Floriana Cipollone, Chief Financial Officer of Charter REIT, among others, to Charter REIT. Mr. Silverberg and Ms. Cipollone joined Charter in September 2006 and January 2007, respectively, and were integral to the completion of Charter’s qualifying transaction and conversion into a REIT. Mr. Silverberg has significant experience in negotiating, structuring and managing real estate transactions.

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

Corporate Transactions

Management and Administration Agreements with Sentry Select – In effect until September 15, 2009

For the period from inception to September 15, 2009, the Company was managed by Sentry Select pursuant to the management and administration agreements described below. These agreements were terminated effective September 15, 2009, as described below under the heading “Internalization”.

Management Agreement

The Company was party to an amended and restated management agreement (the “**Management Agreement**”) with Sentry Select on September 25, 2006, effective as of July 1, 2006, as further amended effective February 1, 2009 and as terminated on September 15, 2009.

Pursuant to the Management Agreement, Sentry Select was retained to manage the Company’s business, including:

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

Pursuant to the Management Agreement while it was in force, Sentry Select was paid a quarterly fee (the “**Management Fee**”) of 1/4 of 1.50% of the consolidated shareholders’ equity of the Company, as determined in accordance with Canadian generally accepted accounting principles, calculated quarterly after adjustments for issuances, redemptions and purchases of shares during such quarter and the deemed conversion of any outstanding convertible debentures. The Management Fee was reduced to 1.1% effective February 1, 2009. In addition to the Management Fee, Sentry Select was entitled to be paid an annual performance bonus (the “**Performance Bonus**”) equal to 20% of the amount by which the consolidated net income of the

Company before income taxes, the Management Fees and the Performance Bonus exceeded an 8% per annum return earned on the consolidated shareholders' equity of the Company calculated in respect of each calendar year, determined in a similar manner as described above. In addition, the Performance Bonus was to be calculated in respect of the period commencing on the date of commencement of each five-year term of the Management Agreement and ending on December 31st of each year during such term and, in the event that the aggregate Performance Bonuses paid to Sentry Select during such period exceeded the Performance Bonus calculated for such period, Sentry Select would repay to the Company the amount of such excess. No Performance Bonus was earned or received by Sentry Select while the Management Agreement was in effect.

The initial term of the Management Agreement commenced on July 1, 2006 and was set to expire on December 31, 2011, subject to automatic renewals for successive five-year terms following the initial term, provided that there had been no breach or material default of the terms of the agreement by Sentry Select, subject to termination on any expiry date upon not less than 180 days prior written notice from the Company or Sentry Select to the other. In the event that the Company terminated the Management Agreement, Sentry Select was entitled to receive from the Company an amount equal to five times 1.5% of the consolidated shareholders' equity of the Company determined in the foregoing manner, calculated as at the close of business on the last business day of the term of the Management Agreement, plus five times the Performance Bonus paid in respect of the calendar year immediately preceding the date of termination of the Management Agreement. The Management Agreement was also terminable by either party upon the occurrence of certain events. The above summary is qualified in its entirety by the terms of the Management Agreement, a copy of which can be obtained under the Company's profile on SEDAR at www.sedar.com.

Administration Agreement

The Company was party to an amended and restated administration agreement (the "**Administration Agreement**") dated September 25, 2006, effective as of July 1, 2006 and terminated effective September 15, 2009. The Administration Agreement terminated automatically upon the termination of the Management Agreement.

Pursuant to the Administration Agreement, the Company paid \$40,000 per month to Sentry Select and Sentry Select provided certain management and administrative services to the Company, including record-keeping, filing of tax returns, investor relations services, advice with respect to the Company's obligations as a reporting issuer (including its continuous disclosure obligations), administrative support with respect to the holding of directors' and shareholders' meetings, office space, equipment and personnel, and all accounting, clerical, secretarial, corporate and administrative services as may have been reasonably necessary to perform its obligations under the Administration Agreement. The above summary is qualified in its entirety by the terms of the Administration Agreement, a copy of which can be obtained under the Company's profile on SEDAR at www.sedar.com.

Salary Reimbursements

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

The 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 had grown to a size where it had 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 continued 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.

Effective February 1, 2009 and as approved by the Independent Directors, C.A. Bancorp commenced reimbursing Sentry Select for the salaries (including bonuses and benefits) of certain individuals whose full-time services are provided to Charter

REIT by Sentry Select, on behalf of C.A. Bancorp. As a result of the reimbursement, C.A. Bancorp had additional expenses of an estimated \$700,000 per annum (the “**Charter REIT Compensation**”).

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

The fees paid by the Company to Sentry Select under the terms of the Administration and Management Agreements are for the period from January 1, 2009 to September 15, 2009, when the Administration and Management Agreements were terminated are summarized in the chart below¹:

Agreement	Fee Item	January 1, 2009 to September 15, 2009
Management	Management Fee	\$591,000
Management	Performance Bonus	Nil
Administration	Administration Fee	\$356,000
Administration	C.A. Bancorp Compensation	\$673,000
Administration	Charter REIT Compensation	\$333,000
Total		\$1,953,000

The services provided by Sentry Select under the Management Agreement and the Administration Agreement were not exclusive to the Company. Sentry Select may have provided similar services to other clients.

Internalization of Administration and Management Agreements – September 2009

Effective September 15, 2009, the Company internalized its management and administrative functions (the “**Internalization**”) previously provided by Sentry Select through the termination of the Administration and Management Agreements (collectively, the “**Agreements**”) in place between the Company and Sentry Select. In connection with the Internalization, the Company paid to Sentry Select a one-time cash fee of \$1.435 million inclusive of GST (the “**Termination Fee**”) in consideration for the termination of the Agreements as well as the termination of an administration agreement between the Company’s wholly-owned subsidiary CAB Ltd. (in its capacity as manager of CRFC) and Sentry Select.

Pursuant to the terms of the internalization agreement with Sentry Select (the “**Internalization Agreement**”), the Company: (i) entered into a sublease with Sentry Select under which the Company sublets the space which it occupied pre-internalization on terms and conditions that reflect the terms and conditions under which Sentry Select leased such space; (ii) purchased certain computer and furniture equipment from Sentry Select; (iii) entered into a transition services agreement with Sentry Select pursuant to which certain administrative and information technology services were provided to the Company for up to six months; and (iv) employed those members of management and staff who previously provided full time services to the Company. On the closing of the Internalization, John Driscoll resigned his position as Chief Executive Officer of the Company. Mr. Driscoll, an approximate 13% shareholder of the Company, continues to serve as the Non-Executive Chairman of the Company’s Board.

The terms of the Internalization were arrived at following negotiations between Sentry Select and the independent directors of the Company. The independent directors retained independent legal counsel and, in order to ensure that the Internalization was financially fair, engaged Grant Thornton LLP as their independent financial advisor. Grant Thornton LLP provided a fairness opinion with respect to the terms of the Internalization and concluded that the terms of the Internalization were fair, from a financial point of view, to the shareholders of the Company.

¹ All figures in the table are approximate.

Strategic Review Process

On December 3, 2009, Maxam Opportunities Fund Limited Partnership and Maxam Opportunities Fund (International) Limited Partnership (collectively, “**Maxam**”) announced their intention to commence an all-cash offer, through an acquisition entity, to acquire the Company at a price of \$1.22 per share. The offer commenced on December 7, 2009. The expiration of the offer was originally January 12, 2009, but was later extended to February 2, 2010 concurrent with an increased offer price of \$1.45 per share (the “**Maxam Offer**”). The Maxam Offer was unsuccessful and expired. The Company implemented a shareholder rights plan in response to the Maxam Offer which was effectively terminated on March 15, 2010. The Company initiated a strategic review process in response to the Maxam Offer which has included discussions with a number of interested third parties that have proposed transactions at values in excess of the expired Maxam Offer as well as the consideration of other potential value-maximizing alternatives. The strategic review process is ongoing as at the date hereof.

DESCRIPTION OF THE BUSINESS

Business Overview

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

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

C.A. Bancorp’s direct investing activities have focused on investments in small to middle capitalization private companies with an emphasis on the industrial, real estate, infrastructure and financial services sectors.

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

C.A. Bancorp’s private equity investments have been made to finance buy-outs, growth capital, restructurings, refinancings, privatizations and management buy-outs. C.A. Bancorp has sought to invest between \$500,000 to \$20 million of its own capital in each transaction. C.A. Bancorp has pursued investments that it believed would generate a minimum return of 1.5 times invested capital, with a typical range of 1.5 to 3.0 times invested capital (representing approximately 15% to 30% annual returns depending upon the length of time that the investment is held). However, there can be no assurance that such returns will be achieved. See “Risk Factors”.

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

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

Reference should also be made to the section entitled “Strategic Process” for a description of the strategic process presently being undertaken by the Company, which may (though there is no assurance that it will) result in a strategic transaction being pursued by the Company.

Investment Strategy

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

or capital provided by co-investors, target companies with enterprise values ranging from \$25 million to \$20 million. These investments generally focus on:

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

Sector Focus

C.A. Bancorp has focused primarily though not exclusively on investment and acquisition opportunities in the industrial, real estate, infrastructure and financial services sectors because: (i) they often enjoy stable growth rates and sustainable cash flows, are led by proven management teams, and operate within a strategic niche; (ii) consolidation opportunities exist in the small to middle market segments of these sectors; and (iii) management of C.A. Bancorp has experience in investing in these sectors.

Investment Objectives

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

Among other strategies, C.A. Bancorp has focused on companies that present unique growth opportunities or are undergoing a significant transition, such as change in senior management or succession in ownership.

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

Direct Investing

C.A. Bancorp has focused on investments of between \$500,000 to \$20 million, in private opportunities, which, with the use of non-recourse leverage or capital provided by co-investors, can result in investments in portfolio companies with enterprise values ranging from \$25 million to \$100 million. Transaction types include management buy-outs, equity investments in private issuers, going-private transactions and restructurings. C.A. Bancorp has invested in subordinated debentures, convertible debentures, preferred shares, common shares or similar equity-like instruments of prospective portfolio companies. C.A. Bancorp has also made activist/catalyst driven investments in public entities, such investments undertaken with the intention that C.A. Bancorp and/or a third party will work with the entities' boards and management to effect change and create value in such entities. C.A. Bancorp generates revenues through capital gains realized from the sale of its interest in such investments and through interest payments, management fees, syndication fees and dividend payments paid by portfolio companies.

Asset Management

The Company's business model has also included the establishment of funds, raising capital and managing funds (public or institutional).

Licenses

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

Employees

The Company employed 15 employees as at December 31, 2009. As at the date hereof, the Company employs 13 employees and has retained 2 independent contractors who provide services to the Company, CRFC and Charter REIT. The Company did not have any direct employees prior to the Internalization which took effect September 15, 2009.

CONFLICTS OF INTEREST

Given the nature of the business of the Company and the alternative asset investment funds that C.A. Bancorp may manage and/or sponsor in the future, there are a number of conflicts of interest and potential conflicts of interest which may arise, including but not limited to those described below. The Company has established policies and procedures in order to minimize and/or deal with such conflicts. A committee of the Company's independent directors will monitor and revise these policies when necessary in order to minimize and/or deal with such conflicts.

Funds

General

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

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

CRFC

Pursuant to NI 81-107, CAB Ltd. as a fund manager of CRFC, must refer any conflicts of interest as between the Company, CRFC and/or an entity related to CAB Ltd. to an IRC. Similar to other companies that act as investment fund managers, CAB Ltd. has developed policies and procedures in compliance with National Instrument 81-107 – Independent Review Committee for Investment Funds ("NI 81-107"). In accordance with the provisions of NI 81-107, the IRC reviewed and provided input with respect to the aforementioned policies and procedures.

Pursuant to the CRFC Investment Advisory Agreement, C.A. Bancorp GP Inc. appointed CAB Ltd. to provide certain management and investment advisory services for C.A.B. Realty Finance L.P. (the "**Partnership**"). In return for such services, the Partnership pays to CAB Ltd. an annual fee (calculated and payable quarterly in cash) equal to 0.60% of the "Adjusted Net Asset Value" of CRFC plus applicable taxes, calculated and payable quarterly in cash, pro-rated for any partial month. The "Adjusted Net Asset Value" is the Net Asset Value (as defined in the prospectus of CRFC dated January 31, 2008), plus offering price per preferred share of any series 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 and July 6, 2009, 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 the CRFC 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 CRFC Investment Advisory Agreement. The administration agreement was cancelled effective September 15, 2009 in accordance with the terms of the internalization. See “General Development of the Business - Corporate Transactions - Internalization” above.

Charter REIT

John F. Driscoll, the Chairman and a director of the Company, is the Chairman and a nominee trustee of Charter REIT. The Company owns approximately 33% of the issued and outstanding units of Charter REIT. John F. Driscoll owns approximately 7.5% of the issued and outstanding units of Charter REIT. Richard Zarzeczny is a nominee trustee of Charter REIT.

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

Currently, the Company holds approximately 19% of each of Universal and Global. See “General Description of the Business - Direct Investing”. DCT Investment Corp. (a company controlled by John F. Driscoll) owns 19% of each of Universal and Global.

RISK FACTORS

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

Nature of Investments

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

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

Strategic Review Process

The Company is involved in a strategic review process. As part of that process, the Company is currently in discussions with a number of interested third parties which have proposed strategic transactions at values higher than the expired unsolicited offer by Maxam, and the Company is also considering other potential value-maximizing alternatives. While there can be no assurance that a proposed transaction will result from the process, the prospects and future direction of the Company are unknown and may differ significantly from what is described herein pending the outcome of that process. Additionally, engagement in the strategic review process itself consumes time and attention of management and the board that might otherwise be focused on management of the business of the Company, affects the Company's functioning in the normal course and may, by its nature, result in uncertainty.

Dependence on Key Personnel

The success of the Company depends in substantial part upon the skill and expertise of its management. The loss of service to the Company of one or more of its executives could have a material adverse effect on the Company. As previously disclosed, the Company implemented retention arrangements in the context of the strategic review process to motivate key members of senior management; however, there can be no assurance that key members of management would not terminate their employment.

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

Dependence on Management of Portfolio Companies

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

Limited Operating History

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

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

Concentration of Investments

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

Leverage of the Businesses in which the Company is an Investor

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

Market for Securities and Volatility of Trading Price

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

Trading Price of Common Shares Relative to Net Book Value

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

Risks of Investments

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

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

Economic Recessions or Downturns

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

Private Issuers and Illiquid Securities

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

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

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

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

Regulatory Risk

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

Conflicts of Interest

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

No Guaranteed Return

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

Loss of Investment

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

Management of the Company's Growth

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

DIVIDENDS

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

DESCRIPTION OF CAPITAL STRUCTURE

The authorized capital of the Company consists of an unlimited number of Common Shares, an unlimited number of Class A preference shares (the “**Class A Shares**”) issuable in series, an unlimited number of Class B preference shares (the “**Class B Shares**”) issuable in series, and an unlimited number of Class C preference shares (the “**Class C Shares**”) issuable in series (collectively the Class A Shares, Class B Shares and Class C Shares are referred to herein as the “**Preference Shares**”), of which approximately 26,736,773 Common Shares and no Preference Shares are issued and outstanding as fully paid and non-assessable as at March 31, 2010.

Common Shares

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

Preference Shares

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

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

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

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

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

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

Stock Option Plan

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

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

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

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

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

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

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

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

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

Normal Course Issuer Bid and Mandatory Market Purchase Plan

In August 2008, the Company announced that it intended to purchase up to 2,380,853 of its Common Shares for cancellation by way of a normal course issuer bid (“NCIB”) through the facilities of the TSX. The 2,830,853 Common Shares represented approximately 10% of the public float of the Company at the time. The purchases were able to commence on August 18, 2008 and terminated on August 17, 2009. All purchases under the NCIB were 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 were cancelled. Under the terms of the NCIB when in effect, the Company could not purchase in any trading day more than 6,299 shares, being 25% of the average daily trading volume of the shares. From August 18, 2008 to August 17, 2009, 0.9 million Common Shares were purchased and cancelled through the NCIB at an average price of \$1.86.

From January 1, 2009 through to its termination in June, 2009, 1.44 million Common Shares had been repurchased and cancelled through the Company’s mandatory market purchase plan (“MMPP”) at an average price of 1.17 per Common Share including commission. See “Corporate Structure” above.

MARKET FOR SECURITIES

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

The following table sets forth the high and low closing trading prices and the aggregate volume of trading of the Common Shares as reported by the TSX from January 1, 2009 to December 31, 2009.

<u>Period</u>	<u>High</u>	<u>Low</u>	<u>Volume</u>
<u>2009</u>	<u>(\$)</u>	<u>(\$)</u>	
January.....	0.75	0.55	509,522
February.....	0.98	0.77	634,060
March.....	0.78	0.62	359,227
April.....	0.86	0.66	582,885
May.....	0.92	0.83	508,690
June.....	0.93	0.85	512,689
July.....	0.86	0.78	297,563
August.....	0.88	0.76	677,662
September.....	0.93	0.82	551,494
October.....	1.10	0.83	525,932
November.....	1.13	0.89	1,146,344
December.....	1.39	1.11	1,576,053

ESCROWED SECURITIES

As at December 31, 2009, no securities of the Company were subject to escrow.

DIRECTORS, EXECUTIVE OFFICERS AND MANAGEMENT

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

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

<u>Name and Municipality of Residence</u>	<u>Position Held</u>	<u>Director/Officer Since</u>	<u>Principal Occupation During Past 5 Years</u>
John F. Driscoll Toronto, Ontario	Director and Chairman	Director and Officer since March 29, 2005	President of J.F. Driscoll Investment Corp; President and CEO of Sentry Select Capital Inc.
Frank Potter Toronto, Ontario	Director	Director since May 18, 2006	Chairman of Emerging Market Advisors Inc. (consulting firm) since 1995.
Richard J. Zarzeczny Stouffville, Ontario	Director	Director since March 29, 2005	President of Canadian Enerdata Limited (a energy and economic consulting firm) since 1984.
Paul Haggis Toronto, Ontario	Director	Director since February 9, 2009	Chairman of Alberta Enterprise Corporation since February 2009; Corporate Consultant from May 2007 to February 2009; Chief Executive Officer of OMERS from 2003 to 2007.
Timothy Unwin Toronto, Ontario	Director	Director since February 27, 2009	Partner Emeritus at Blake, Cassels & Graydon LLP in Toronto. Corporate and securities lawyer. Prior to 2008 U.S. Managing Partner, Blakes, New York office. Previously, Managing Partner of Blakes' office in London, England.
Mark Gardhouse Toronto, Ontario	President	Officer since January 17, 2006	President of the Company since January 26, 2006; President of C.A. Bancorp Ltd. since fall 2005; Managing Director, Roynat Capital Inc. (a merchant bank) from 1998 to 2005.
Michael Lovett Mississauga, Ontario	Managing Director, Real Estate Capital	Officer since May 16, 2007	Managing Director, Real Estate Capital of the Company since May 16, 2007; President of Commercial Mortgage & Capital (a private commercial mortgage company) from 2005 to 2007; President and founder of Montrose Mortgage Corporation (Toronto) Ltd. (a private commercial mortgage company) from 2001 to 2005.

<u>Name and Municipality of Residence</u>	<u>Position Held</u>	<u>Director/Officer Since</u>	<u>Principal Occupation During Past 5 Years</u>
Paolo De Luca Woodbridge, Ontario	Chief Financial Officer	Officer since August 28, 2006	Chief Financial Officer of the Company since August 28, 2006; Senior Manager, Internal Audit of TD Bank Financial Group from 2005 to 2006; Senior Manager, Ernst & Young LLP from 2003 to 2005; public accountant with Arthur Andersen LLP and Deloitte & Touche LLP from 1996 to 2003.
Kurt Brands Toronto, Ontario	Principal	Officer since August 7, 2007	Principal of C.A. Bancorp Inc. since September 2009; Vice-President, Corporate Development of the Company from March 2007 to September 2009; Senior Consultant, Everest Group from 2005 to 2007; Finance Manager, IBM from 1998 to 2005.
Helen Martin Toronto, Ontario	General Counsel and Corporate Secretary	Officer since January 20, 2009	General Counsel, C.A. Bancorp Inc. since January 20, 2009; In-House Counsel of C.A. Bancorp Inc. since November, 2008; In House Counsel of Sentry Select from April 2007 to November 2008; Lawyer, Blake, Cassels & Graydon from 2005-2007; Articling Student, Davies Ward Phillips & Vineberg from 2003 to 2004.

Committees of the Board

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

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

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

Special Committee formed in connection with the strategic review process: Timothy Unwin (Chair), Paul Haggis and John Driscoll

Biographies of Directors and Executive Officers

John F. Driscoll, Director and Chairman

John F. Driscoll is the founding President, Chairman and Chief Executive Officer of Sentry Select Capital Inc. He also founded and has been Chairman of NCE Resources Group since 1984, and Chairman and founder of Petrofund Energy Trust from 1988 to 2006. Mr. Driscoll founded Petrofund Energy Trust with an initial capitalization of \$12 million. In 2006, Petrofund Energy Trust was sold to Penn West Energy Trust for \$3.7 billion, creating the largest energy trust in North America at the time with an enterprise value of approximately \$11 billion. Mr. Driscoll was the founder of Allied Oil & Gas Corp. and Endeve Energy Inc., holding the position of Chairman from 1999 to 2001 and from 2002 to 2008, respectively. He also has been Chairman of Inter Pipeline Fund, C.A. Bancorp Inc. and Charter Real Estate Investment Trust since October 2002, March 2005, and March 2007, respectively. Since 1981, Mr. Driscoll has been President of J.F. Driscoll Investment Corp., a company specializing in investment management and related advisory and consulting services. During his career Mr. Driscoll was responsible for raising over \$14 billion of capital in the Canadian equity markets. Mr. Driscoll received his Bachelor of Science degree from the Boston College Business School and attended the New York Institute of Finance for advanced business studies. He has more than 40 years of diversified business experience. He is a member of the CFA Institute and also attained the professional manager designation with the Canadian Institute of Management. He has founded numerous public partnerships as well as

public and private energy and investment-related companies. He was a member of the Royal Ontario Museum Foundation Board of Directors from January 2001 to February 2008 and served as Vice-Chair from June 2003 to February 2008.

Frank Potter, Director

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

Richard J. Zarzeczny, Director

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

Paul Haggis, Director

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

Timothy Unwin, Director

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

Mark Gardhouse, President

Mark Gardhouse is the President of the Company. Mr. Gardhouse was the President and Director of the Company until June 25, 2009. Mr. Gardhouse has over 25 years experience as a merchant banker both at financial institutions and as a principal. From 1998 to 2005, Mr. Gardhouse was Managing Director of Corporate Finance of Roynat Capital Inc.'s buyout group (Roynat is a subsidiary of Scotiabank). In this position, he headed a team of professionals located in Toronto, Calgary and Montreal to lead majority investments and acquisitions in the Canadian middle-market sector. In a number of investments, the group led or partnered with other private equity groups to purchase companies such as Liberty Brand Products Inc, AG Growth Inc and MTB Industries Inc. Mr. Gardhouse has experience in various industries including distribution, auto parts manufacturing, heavy industrial products and food manufacturing and wholesaling. Prior to his tenure at Roynat Capital Inc., Mr. Gardhouse negotiated and structured financial investments and acquisitions for different firms and banks, including

National Bank of Canada, Lincoln Capital Corp. and First Chicago Inc. He received a Bachelor of Arts (Honours) degree in Economics from the University of Toronto and a Masters of Business Administration degree from the Richard Ivey School of Business at the University of Western Ontario in 1983.

Michael Lovett, Managing Director, Real Estate Capital

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

Paolo De Luca, Chief Financial Officer

Paolo De Luca joined the Company as its Chief Financial Officer in the summer of 2006. Prior to joining the Company, Mr. De Luca was a Senior Manager at TD Bank Financial Group. He worked in a risk management capacity, focusing on derivatives, structured products and other trading business lines within the securities division. Prior to that, Mr. De Luca was a Senior Manager at the public accounting firm of Ernst & Young LLP. He specialized in accounting for complex transactions, derivatives, securitizations and long-term investments including private equity transactions. Mr. De Luca began his career at Arthur Andersen LLP before moving to Deloitte & Touche LLP, where he was engaged in various assurance and business advisory capacities, serving primarily financial institutions including large Canadian, United States and international banks and investment dealers. Mr. De Luca earned a Bachelor of Business Administration degree from the Schulich School of Business at York University. In addition, he holds a Chartered Accountant designation and is a CFA Charterholder. Mr. De Luca is a member of the Institute of Chartered Accountants of Ontario as well as the CFA Institute.

Kurt Brands, Principal

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

Helen Martin, General Counsel and Corporate Secretary (Effective January 20, 2009)

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

Cease Trade Orders, Bankruptcies, Penalties or Sanctions

No director or executive officer of the Company is, or within ten years prior to the date hereof has been, a director, chief executive officer or chief financial officer of any company (including the Company) that, (i) was subject to a cease trade order, an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days, that was issued while the director nominee or executive officer was acting in the capacity as director, chief executive officer or chief financial officer; or (ii) was subject to a cease trade order, an order similar to a cease trade order or an order that denied the relevant company access to any exemption

under securities legislation that was issued after the director or executive officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

No director or executive officer of the Company, or a shareholder holding sufficient number of securities of C.A. Bancorp to affect materially the control of the Company (i) is, as at the date hereof, or has been within the 10 years before the date hereof, a director or executive officer of any company (including the Company) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold its assets; or (ii) has within the 10 years before the date of the AIF become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold its assets, other than Mark Gardhouse and Kurt Brands who were nominee directors of Everus Communications Inc. which was placed into receivership by the Company in July, 2009.

No director or executive officer of the Company, or a shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company, has been subject to (i) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or (ii) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

SIGNIFICANT ACQUISITIONS

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

Details of the Qualifying Transaction

Purchase Agreements

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

Businesses Acquired

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

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

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

Following the Qualifying Transaction, the Company commenced carrying on the business of a merchant bank and a limited market dealer (now, exempt market dealer), through its wholly-owned subsidiary, CAB Ltd., the Board was reconstituted and the Company expanded its management team with individuals having expertise in the merchant bank business. CAB Ltd. also received approval from the Ontario Securities Commission registering CAB Ltd. as an Investment Counsel and Portfolio Manager (now, Portfolio Manager). With its exempt market dealer and portfolio manager registrations, C.A. Bancorp Ltd. is able to act as an investment manager for public investment vehicles it manages as at the date hereof. The Company intends to apply for registration as an investment fund manager under National Instrument 31-103 as effective September 2010, this new registration will be required for investment fund managers.

Non-Arm's Length Transaction

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

Exemption from Formal Valuation Requirement

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

Acquisition of AgriFinancial Canada Corp.

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

PROMOTER

John F. Driscoll may be considered to be the promoter of the Company as he took the initiative in founding and organizing the Company. John F. Driscoll's shareholdings as at March 31, 2010 are disclosed below. Except as described above under "Management and Administration Agreements with Sentry Select" and as set forth elsewhere in this Annual Information Form and in the Company's Management Information Circular which is incorporated herein by reference, no assets, services or other considerations have been received or are presently contemplated to be received by John F. Driscoll from the Company.

<u>Name</u>	<u>Total Voting and Equity Securities</u>	<u>Percentage of Class</u>
John F. Driscoll ⁽¹⁾⁽²⁾ Toronto, Ontario	3,467,176 Common Shares	13%

Notes:

- (1) John F. Driscoll and his family control the Common Shares through J.F. Driscoll Investment Corp. (2,283,158 Common Shares), DCT Investments Corp. (231,500 Common Shares), Petro Assets Inc. (339,991 Common Shares), Driscoll Children's Trust (57,447 Common Shares), Merrilyn Driscoll (131,300 Common Shares) and John F. Driscoll (423,780 Common Shares).
- (2) John F. Driscoll holds stock options to purchase up to 347,500 Common Shares (17,500 at a price of \$2.00 exercisable until Sep. 15, 2010, 155,000 at \$3.10 exercisable until Dec. 22, 2011 and 175,000 exercisable until August 21, 2012 at \$3.30 per Common Share).

AUDIT COMMITTEE

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

Charter

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

Composition of the Audit Committee

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

Education and Experience

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

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

Mr. Zarzecny is principal and founder of Canadian Enerdata Limited, an energy and economic consulting firm specializing in oil and gas industry analysis and forecasting. He publishes The Natural Gas Market Report, the leading Canadian newsletter covering natural gas markets, including regular price and market activity surveys. He graduated from Simon Fraser University in 1980 with a Master of Arts Degree in Economics specializing in econometrics and in 1975 received a Master of Arts Degree in Mathematics from the University of Regina.

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

Pre-Approval Policies and Procedures

The Company has adopted Policies and Procedures for Pre-Approval of Non-Audit Services. These policies and procedures provide that the Company's external auditor is pre-approved to perform annual tax return services for the Company and its subsidiaries provided that the Audit Committee shall be informed of each non-audit service at its first meeting following the commencement of such service. The Chairman of the Audit Committee has been selected as a delegate to pre-approve any other non-audit services not covered by these policies and procedures in lieu of the entire Committee.

External Auditor Service Fees

The following chart summarizes the aggregate fees billed by the external auditors of the Company for professional services rendered to the Company during the fiscal years ended December 31, 2008 and 2009, for audit and non-audit related services:

Type of Work	Year Ended December 31, 2009	Year Ended December 31, 2008
Audit Fees ¹	\$211,124	\$181,755
Audit-Related Fees	--	---
Tax Fees	\$40,500	\$78,292
All Other Fees	\$8,731	\$32,485 ²

REGULATORY ACTIONS AND LEGAL PROCEEDINGS

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

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

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

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

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

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

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

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

In October 2008, in accordance with the Administration Agreement, the Company agreed to reimburse Sentry Select for the costs of certain salaries (including bonuses and benefits) of employees of the Company and in February 2009, the Company agreed to reimburse Sentry Select for the costs of certain salaries (including bonuses and benefits) of employees of Charter REIT. At the time of such reimbursements, John F. Driscoll was the Chairman and Chief Executive Officer of the Company, Sentry Select and Charter REIT. See “Corporate Transactions – Salary Reimbursements”.

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

In September 2009, the Company terminated the Administration and Management Agreements with Sentry Select. At the date thereof, John F. Driscoll, the Chairman of the Board, was the Chairman and Chief Executive Officer of the Company and the Chairman and Chief Executive Officer of Sentry Select. See “Corporation Transactions – Internalization Agreement with Sentry Select”.

As at March 10, 2010, the directors and executive officers and management of the Company as a group beneficially own or exercise control or direction over approximately 3,767,376 Common Shares being approximately 14.09% of the issued and outstanding Common Shares.

TRANSFER AGENT AND REGISTRAR

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

MATERIAL CONTRACTS

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

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

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

INTERESTS OF EXPERTS

The Company's auditors are Deloitte & Touche LLP, Chartered Accountants, who have prepared an independent auditors' report dated March 9, 2009 in respect of the Company's consolidated financial statements with accompanying notes as at and for the year ended December 31, 2009. Deloitte & Touche LLP is independent in accordance with the auditors' rules of professional conduct in Ontario. The "designated professionals" of Deloitte & Touche LLP beneficially own or control, directly or indirectly no securities or other property of the Company. Grant Thornton LLP prepared a fairness opinion for the Independent Committee of the Board in connection with the Internalization in September 2009. The "designated professionals" of Grant Thornton LLP as at the time of their report beneficially owned or controlled, directly or indirectly, no securities or property of the Company.

ADDITIONAL INFORMATION

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

APPENDIX “A”

C.A. Bancorp Inc. (the “Corporation”)**Audit Committee Charter****Statement of Purpose**

The Audit Committee (the “**Committee**”) will assist the Board of Directors (the “**Board**”) of the Corporation in fulfilling its stewardship responsibilities through the oversight of:

- (a) the accounting and financial reporting processes of the Corporation and their appropriateness in view of the Corporation’s operations and current GAAP in Canada and other applicable jurisdictions;
- (b) the adequacy and effectiveness of management’s system of internal controls and procedures in the Corporation;
- (c) the quality and integrity of the Corporation’s financial reporting and disclosure;
- (d) the relationship with the external auditors (the “**Auditors**”), including the audit of the financial statements and any other audit and permitted non-audit services provided by the Auditors; and
- (e) the compliance with laws, regulations and guidelines affecting the Corporation that relate to the duties and functions of the Audit Committee.

Membership**1. Number**

The Board will appoint not fewer than three members to the Committee.

2. Composition

All members of the Committee must be members of the Board and “Independent” of management as that term is defined from time to time in applicable legislation governing the Corporation. The current independence definition for audit committee members is as set out in National Instrument 52-110 – Audit Committees (“**NI 52-110**”).

3. Qualifications

All Committee members must be “Financially Literate” as that term is defined in NI 52-110 (or any replacement thereto).

In addition, the composition of the Committee, and qualifications of its members, will comply with such additional requirements as may be imposed by those regulating bodies having jurisdiction over the Corporation.

4. Chair

The Board will appoint the Chair of the Committee (the “**Chair**”) annually, to be selected from members of the Committee. If, in any year, the Board does not make an appointment of the Chair, the

incumbent Chair will continue in office until that Chair's successor is appointed. In the Chair's absence, or if the position is vacant, the Committee may select another member as Chair.

5. Ex Officio Members and Management Attendance

The Chair of the Board is entitled to attend Committee meetings. The Committee may invite, at its discretion, non-Committee members to attend a meeting. Any member of management shall attend a Committee meeting if invited by the Chair.

6. Removal and Vacancies

Any member of the Committee may be removed and replaced at any time by the Board and will automatically cease to be a member of the Committee as soon as such member ceases to be a director. The Board may fill vacancies in the Committee by election from among the members of the Board. If and whenever a vacancy exists on the Committee, the remaining members may exercise all its powers so long as a quorum remains in office.

7. Tenure

The Board will appoint members of the Committee annually following the Corporation's annual general meeting. Each member of the Committee will hold office until the following annual general meeting or until his or her term as a member of the Board is terminated or until his or her successor is appointed.

Meetings

1. Notice of Meetings

- (a) The Chair of the Committee may call meetings of the Committee periodically and will do so at the request of any member of the Committee, the Auditors, or at the request of any of the Chair of the Board, the President/Chief Executive Officer or the Chief Financial Officer.
- (b) The Auditors will be given notice of every meeting of the Committee and will be permitted to attend and be heard at such meeting on such matters relating to the Auditors' duties as Auditor.
- (c) Notice of the time and place of each meeting of the Committee will be given to each member by telephone not less than 48 hours before the time of the meeting or by written notice not less than four days before the day of the meeting, and, subject to the requirements of any applicable law, need not specify the purpose of or the business to be transacted at the meeting. Meetings of the Committee may be held at any time without notice if all the members have waived or are deemed to have waived notice of the meeting.

2. Time and Places of Meetings

The Committee will ordinarily meet at least quarterly each fiscal year, and at other times as necessary, at times and places to be determined by the Committee.

3. Agenda

The Chair of the Committee will, in consultation with management and the Auditors, establish the agenda of the meetings and, where possible, circulate materials in advance to provide sufficient time for study prior to the meeting.

4. Quorum

A quorum of any meeting will be a simple majority.

5. Procedure

The procedure at meetings will be determined by the Committee unless otherwise determined by the by-laws of the Corporation or by a resolution of the Board of the Corporation.

6. Secretary

The Secretary of the Corporation will, subject to any contrary direction of the Committee, act as secretary of the Committee.

7. Minutes of Meetings

The Committee will keep regular minutes of its proceedings and will report to the Board at each meeting of the Board. Minutes will be circulated to all directors on a timely basis.

8. Transaction of Business

The powers of the Committee may be exercised at a meeting where a quorum is present or by resolution in writing signed by all members of the Committee entitled to vote on that resolution at a meeting of the Committee.

9. Exercise of Power Between Meetings

Between meetings, the Chair of the Committee, or any member of the Committee designated for the purpose by the Chair, may exercise any power designated by the Committee.

Duties and Responsibilities

1. Relations with the Auditors

The Auditors will report directly to the Committee and the Committee will:

- (a) recommend to the Board the appointment, compensation, and retention of the Auditors;
- (b) recommend to shareholders the appointment of the Auditors;
- (c) review the Auditors' engagement letter;
- (d) review and take action to eliminate all factors that might impair, or be perceived to impair, the independence of the Auditor;
- (e) review the audit plan of the Auditors to satisfy itself regarding appropriate coverage of risks, to understand the audit approach, including areas of reliance on internal controls, and to understand how changes in the accounting policies of the Corporation might impact the audit approach;
- (f) oversee the work the Auditors perform quarterly (whether review or specified procedures, as determined by the Committee), including resolution of disagreements with the Corporation's management;
- (g) pre-approve all audit review and attest services;

- (h) approve on an annual basis the pre-approval policy for audit, audit -related, and non-audit services that are permitted to be provided by the Auditors and satisfy itself that the Committee receives regular updates of the services and fees being provided by the Auditors under this framework;
- (i) pre-approve any non-audit services to be provided by the Auditors (including tax services, which are not in effect prohibited legal or expert services) that are not expressly forbidden by legislation, in accordance with applicable securities laws. Such pre-approval may be delegated to one or more members of the Committee;
- (j) review the basis and amount of the Auditor's fees in light of the number and nature of reports issued by the Auditors, the quality of the internal controls, the size, complexity, and financial condition of the Corporation, and the extent of internal audit and other non-prohibited support provided to the Corporation by the Auditors;
- (k) review all other non-audit fees and services of the Auditors or other accounting firms;
- (l) review post-audit or management letters containing recommendations of the Auditors and management's response and oversee their implementation and resolution;
- (m) provide the Auditors with the opportunity to meet with the Committee or the Board without management present, at each quarterly meeting of the Committee, for the purpose of discussing any issues that have arisen during that fiscal quarter or any previous fiscal quarter;
- (n) meet regularly with the Auditors without management present to receive reports of any significant disagreements between management and the Auditors regarding financial reporting, the resolution of any such disagreements, and any restrictions imposed by management on the scope and extent of the audit examinations conducted by the Auditors;
- (o) review and approve the Corporation's hiring policies regarding current and former partners and employees of the present and former Auditors;
- (p) annually review the expertise, resources and overall performance of the Auditors and, if necessary, recommend to the Board the termination of the Auditors or the rotation of the audit partner in charge. In the case of a recommendation to terminate the Auditors, the Committee will enquire as to the qualifications and independence of the newly proposed auditors before making its recommendations to the Board; and
- (q) have authority to satisfy itself that adequate provisions are made to fund the compensation to be paid to the Auditors.

Audit and Financial Reporting

The Committee will be primarily responsible for satisfying itself and on behalf of the Board that the Corporation (including its subsidiaries) fulfills all of its audit and financial reporting obligations, and will:

- (a) review all financial statements and the related MD&A that require approval by the Board, including, without limitation, interim statements, year-end audited statements, statements for use in prospectuses, or other offering documents and statements required by regulatory authorities; determine whether the financial statements are complete, accurate, and are in accordance with GAAP in all material respects; review all variances between comparative reporting periods; and recommend such financial statements and MD&A for Board approval;

- (b) review all annual and interim press releases relating to the Corporation's financial statements prior to their dissemination to the public;
- (c) review all public disclosure documents containing audited or unaudited financial information before release including (without limitation) any: Prospectus, Annual Report, and/or any of the documents extracted or derived from the Corporation's financial statements filed with regulatory agencies and satisfy itself that all information is consistent with the financial statements and that such document or statement does not contain any untrue statement of any material fact or omit to state a material fact that is required or necessary to make the document or statement not misleading, in the light of the circumstances under which it was made;
- (d) review the disclosure in the Annual Information Form regarding details of the Committee's membership, exemptions relied on, if any; instances of the Board not accepting the Committee's recommendations, if any summary of the Auditor's fees and services provided; and inclusion of the Audit Committee Terms of Reference;
- (e) review the form of the audit report;
- (f) review the audit results with the Auditors and management's proposed handling of audit adjustments;
- (g) review and discuss the Auditor's report and the related MD&A for the audited annual financial statements with management and the Auditor;
- (h) oversee the Corporation's transition to and implementation of International Financial Reporting Standards ("IFRS");
- (i) review any material changes in accounting practices or policies and the financial statement impact thereof;
- (j) review any major areas of management judgment estimates that have a significant effect upon the financial statements;
- (k) review with the Auditors any disagreements with management over the application of accounting principles, the basis for management's accounting estimates, and the disclosures in the financial statements;
- (l) review with the Auditors and Management critical accounting policies and practices used by the Corporation, including critical accounting estimates, the selection of major accounting policies, reasons why certain policies are not considered critical, and how current and future events affect that determination;
- (m) review with the Auditors and Management all alternative material accounting treatments that have been discussed with management, the ramification of these alternative treatments, and the Auditor's preferred method;
- (n) review with the Auditors and Management all material written communications between the Auditors and management that would facilitate Auditor and management oversight by the Audit Committee such as management representation letters, reports on observations and internal control reports, schedules of material adjustments and proposed reclassifications; schedule of unadjusted audit differences and listings of adjustments and reclassifications not recorded, engagement letters, and independence letters;

- (o) discuss the effect of off-balance-sheet transactions, arrangements, obligations (including contingent liabilities) and other relationships with unconsolidated entities or other persons that may have a material current or future effect on the Corporation's financial condition, changes in financial condition, results of operations, liquidity, capital expenditures, capital resources, or significant components of revenues and expenses;
- (p) review with the Auditors and management all material related party transactions and the development of policies and procedures related to those transactions;
- (q) review with the Auditors and management the methods used to account for significant unusual transactions; and
- (r) consider any other matter which in its judgment should be taken into account in reaching its recommendation to the Board concerning the approval of the financial statements.

Internal Controls

The Committee will oversee management's design and implementation of an adequate and effective system of internal controls, and will:

- (a) review the audit plan of the Auditors and consider the extent to which the planned audit scope can be relied upon to detect weakness in internal control or fraud or other illegal acts;
- (b) review with management the Corporation's financial policies and compliance with such policies;
- (c) satisfy itself that the Corporation maintains an appropriate internal audit function (if any), and approve the responsibilities, budget and staffing of the internal audit function, oversee the recruitment, operational independence, evaluation and termination of the head of Internal Audit, and approve the objectives, plans and recommended changes made by internal audit;
- (d) satisfy itself that adequate and effective internal controls are in place including those covering accounting, financial reporting and disclosure, compliance, and management information systems through oversight of management's design and implementation and through a review of significant recommendations made by the internal auditors, the Auditors, or other independent parties, for the strengthening of internal controls and/or the deficiencies identified by management and any follow-up corrective action;
- (e) review the processes for complying with internal control reporting and certification requirements and for evaluating the adequacy and effectiveness of specified controls;
- (f) approve or pre-approve the scope, mandate and compensation paid to third-party internal control consultants, if any;
- (g) review any major issues regarding the adequacy of the Corporation's internal controls and the actions being taken in light of any material control deficiencies identified by the Auditors, the internal auditors, third party consultants, or management and management's response thereto;
- (h) review any major issues regarding the adequacy of the Corporation's internal controls and the actions being taken in light of any material control deficiencies identified by the Auditors, the internal auditors, third party consultants or management and management's response thereto;
- (i) review internal certifications provided by the CEO and CFO to the Committee from time to time (as required under the Corporation's Disclosure Policy), regarding the adequacy of disclosure controls and the accuracy of publicly filed documents;

- (j) review the disclosure regarding the disclosure controls and procedures and internal controls for financial reporting and understand the impact of any unremediated deficiencies on any periodic certifications or reports filed with regulators;
- (k) satisfy itself that all of the Corporation's material subsidiaries have adequate financial reporting controls, disclosure controls and internal control processes in place;
- (l) review and assess the adequacy of the Audit Committee Charter on an annual basis and the Committee's performance vis-à-vis its Charter.

Risk Management

The Committee will discuss the guidelines and policies to govern the process by which the Corporation undertakes risk assessment and management, and will:

- (a) establish procedures for the receipt, retention, and treatment of complaints received by the Corporation regarding accounting, internal accounting controls or auditing matters, including the confidential and anonymous submission of complaints by employees, including reviewing on an annual basis the Corporation's Whistleblower Policy;
- (b) review with management and bring to the attention of the Auditors any correspondence with regulators or government agencies, employee complaints, or published reports that raise material issues regarding the Corporation's financial statements or accounting policies;
- (c) review with management any litigation, claim, or other contingency, including tax assessments, which could have a material effect upon the financial position of operating results, and the manner in which these matters have been disclosed in the financial statements;
- (d) identify, assess and monitor the risks inherent in the business of the Corporation and establish and monitor compliance with policies and procedures necessary to address, as much as is reasonably possible, those identified risks;
- (e) in conjunction with management, review on an annual basis, all aspects of the Corporation's risk management program, including insurance coverage, foreign exchange exposures, and investments (including its use of financial risk management instruments), disaster recovery and business continuity plans;
- (f) review with management the presentation and impact of significant risks and uncertainties associated with the business of the Corporation;
- (g) oversee the investigation of alleged fraud, illegal acts and conflicts of interest; and
- (h) have the authority to engage and determine the funding for independent counsel and other advisors to carry out its duties.

Relations with Management

The Committee will coordinate with management on audit and financial matters, and will:

- (a) meet privately with senior management at least quarterly to discuss any areas of concerns to the Committee or management;
- (b) review with management and assess the results of instances, if any, where management seeks a second opinion on significant accounting or auditing matters;

- (c) review the performances of the Chief Financial Officer and other senior executives involved in the financial reporting process, obtaining feedback from internal audit (if any) and the Auditors; provide results to the Compensation Committee; and, where possible, consult on the appointment or and departure of individuals occupying these positions;
- (d) have the Chair of the Committee review the expenses incurred by the Chairman of the Board.

Access to Records

The Committee will be permitted access to all records and corporate information that it determines will be required in order to perform its duties.

Complaints Procedure

Anyone, including employees of the Company, may submit a complaint or concern regarding conduct by the Company or its employees or agents (including its external Auditor) reasonably believed to involve questionable accounting, internal accounting controls, auditing, ethics or other material matters.

The Chair of the Committee will oversee treatment of such complaints. Complaints are to be directed to the attention of the Chair of the Committee. Complaints may be submitted to the Chair on a confidential basis to the following confidential e-mail address: auditchair@cabancorp.com. The Committee will endeavour to keep the identity of the complainant confidential. The Chair of the Committee shall lead the review and investigation of a complaint. The Committee shall retain a record of all complaints received. Corrective action will be taken when and as warranted.