

Press Release:



TSX SYMBOLS:

PPL, PPL.PR.A

PRIME RATE PLUS CORP.

Proposed dividend tax reduction to benefit shareholders

TORONTO, ONTARIO – December 1, 2005 / CCN Matthews: The Federal government's November 23rd proposal to reduce federal taxes on ordinary dividend income received from Canadian corporations will be very beneficial to shareholders of Prime Rate Plus Corp.

Prime Rate Plus Corp. is a mutual fund corporation that pays ordinary dividends and capital gains dividends (which also enjoy very favourable after tax treatment). If the proposal is enacted, both Preferred shareholders and Class A shareholders will benefit through the enhanced after tax return they'll receive on dividend payments made in 2006. The top marginal personal tax rate on dividends is expected to decrease by approximately 35% from 31.3% to 20.3% (in Ontario), if fully implemented at both the federal and provincial level. Preferred shareholders will continue to receive their distributions in the form of ordinary dividend income and the Class A shareholders will continue to receive a mix of ordinary dividend income and capital gains dividends.

In addition, Prime Rate Plus Corp. investments include some of the highest paying dividend corporations in Canada as outlined below. The proposal will make dividends received from these Canadian corporations much more attractive on an after tax basis and encourage these corporations to raise their dividend payments to shareholders.

The fund's investment objectives are:

Preferred Shares:

- (i) to provide holders of the Preferred Shares with cumulative preferential floating rate monthly cash dividends at a rate per annum equal to the Prime Rate in Canada plus 0.75% (minimum 5%, maximum 7%) based on original issue price of \$10.00 per share
- (ii) on or about December 1, 2012 (termination date), to pay the holders of the Preferred Shares the original issue price of those shares.

Class A Shares:

- (i) to provide holders of the Class A Shares with regular floating rate monthly cash distributions targeted to be at a rate per annum equal to the Prime Rate in Canada plus 2.0% (minimum 5%, maximum 10%) based on original issue price of \$15.00 per share
- (ii) on or about December 1, 2012 (termination date), to pay the holders of Class A Shares at least the original issue price of those shares.

Prime Rate Plus Corp. invests in a portfolio of six publicly traded Canadian Banks as follows:

Bank of Montreal	National Bank of Canada	Bank of Nova Scotia
Canadian Imperial Bank of Commerce	Royal Bank of Canada	Toronto-Dominion Bank

Shares held within the Portfolio are expected to range between 5-20% in weight but may vary from time to time.

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