



March 2008

Monthly Update

Prime Rate Plus Corp is an Investment Corporation designed to pay monthly cash dividends. The Corporation invests in a diversified, high quality portfolio consisting of six Canadian Banks. Two types of shares are available, a Class A and a Preferred.

Objectives

Preferred Shares (TSX: PPL.PR.A):

(i) to provide holders of the Preferred Shares with cumulative preferential 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 (\$10) of those shares.

Class A Shares (TSX: PPL):

(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 (\$15) of those shares.

The current Prime Rate in Canada is **5.25%**.

Distributions (by record date)

	PPL	PPL.PR.A	Total
Total to Date	\$3.0781	\$1.7428	\$4.8210
2008 YTD	\$0.2875	\$0.1604	\$0.4479
2007	\$1.2156	\$0.6854	\$1.9010
2006	\$1.1625	\$0.6500	\$1.8125
2005	\$0.4125	\$0.2470*	\$0.6595

*Initial distribution for the period July 15/05 to Dec 29/05.

Commentary

Overall financial markets during the last two quarters were adversely impacted by deteriorating credit conditions originating from the US sub-prime lending market. At March 31, 2008, the Company's portfolio remained primarily invested in the 6 core Canadian Bank stocks. The dividend income in the portfolio continues to be supplemented by a limited covered call writing program which provides some additional income to the portfolio.

TD Bank (TSX: TD) increased its quarterly dividend to \$0.59 per share, a 3.5% increase from last quarter (Feb 08).

The Bank of Canada lowered its benchmark rate by 50 basis points which triggered a decrease in the Prime Rate in Canada to 5.25%. The move was taken due to a sagging economy, a more expensive Canadian dollar and a decline in exports. This move directly impacts the rate of distributions on the shares, as they are floating based on current Prime Rate.

The Prime Rate Plus portfolio has a current dividend yield of approx. 4.5%.

Details

Gross Proceeds:	\$288,125,000
Units Issued:	11,525,000
Inception Date:	July 15, 2005
Termination Date:	Dec 1, 2012
Net Asset Value:	\$20.73 (Mar 31/08)

Cash Weighting:	0%
Canadian Equity Weighting:	100%

PPL.PR.A Trading Price:	\$10.25 (Mar 31/08)
Current Yield:	5.8% annually
Asset Coverage:	207%
Market Capitalization:	\$110,968,038

PPL Trading Price:	\$10.93 (Mar 31/08)
Current Yield:	9.6% annually
Market Capitalization:	\$118,329,820

Top Holdings (sorted by weight)

Toronto-Dominion Bank	TD
Canadian Imperial Bank of Commerce	CM
Bank of Nova Scotia	BNS
Royal Bank of Canada	RY
Bank of Montreal	BMO
National Bank of Canada	NA

Weightings subject to change at any time.