



May 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 **4.75%**.

Distributions (by record date)

	PPL	PPL.PR.A	Total
Total to Date	\$3.2531	\$1.8387	\$5.0918
2008 YTD	\$0.4625	\$0.2563	\$0.7188
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

In April dramatic action was taken by central banks around the world including the Bank of Canada which lowered the overnight lending rate another ½ percentage point. Lowering interest rates and providing liquidity to the market appears to have stabilized the credit crisis situation and allowed the market a confidence that has not been seen this year. This action by the BOC appears to have continued to stabilize the market throughout the month of May. The Toronto Stock Market hit an all time high (14,714) up 6.4% year to date with the crux of the return stemming from the commodity sector. The financial services sector has not performed well during this period of time with concerns about the ongoing announcements of the credit crisis / loan write downs. The nervousness is keeping large extended balances of cash in many investors' pockets until the credit concerns dissipate. It should be noted that the Canadian financial sector has little overall exposure to the U.S. sub prime loans.

The Prime Rate Plus portfolio has a current dividend yield of approx. 4.2%.

Details

Gross Proceeds:	\$288,125,000
Units Issued:	11,525,000
Inception Date:	July 15, 2005
Termination Date:	Dec 1, 2012
Net Asset Value:	\$22.37 (May 31/08)
Cash Weighting:	0%
Canadian Equity Weighting:	100%
PPL.PR.A Trading Price:	\$10.38 (May 31/08)
Current Yield:	5.3% annually
Asset Coverage:	223%
Market Capitalization:	\$112,375,437
PPL Trading Price:	\$11.90 (May 31/08)
Current Yield:	8.5% annually
Market Capitalization:	\$128,831,185

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.