



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 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 of those shares.

Distributions

	PPL	PPL.PR.A	Total
Total to Date	\$0.1594	\$0.1095	\$0.2689
2005 YTD	\$0.1594	\$0.1095*	\$0.2689

*Initial distribution for the period July 15/05 to Sep 30/05.

Commentary

Prime Rate Plus closed on July 15, 2005 with gross aggregate proceeds of \$288,125,000. The managers of the fund have actively invested the cash in the select six names: Bank of Montreal, Bank of Nova Scotia, CIBC, National Bank of Canada, Royal Bank of Canada, Toronto-Dominion Bank.

TD Royal Bank of Canada (RY-T), Bank of Montreal (BMO-T) Canadian Imperial Bank of Commerce (CM-T), The Toronto-Dominion Bank (TD-T) and The Bank of Nova Scotia (BNS-T) all reported 3rd quarter results in August 2005.

CM declared its quarterly dividend of \$0.68 per share. BNS raised its quarterly dividend to \$0.34 per share. RY raised its quarterly dividend to \$0.64 per share, up 4.9% from \$0.61 per share last quarter. TD raised its quarterly dividend to \$0.42 per share, up 5.0% from \$0.40 per share last quarter. BMO raised its quarterly dividend to \$0.49 per share, up 6.5% from \$0.46 per share last quarter. The average dividend yield on the five Canadian Banks is currently 3.3% per annum. As well, National Bank declared a quarterly dividend of \$0.44 per share.

Prime Rate Plus declared its monthly distribution on September 20th (for record date Sept 30/05) at the amount of \$0.08125 for each Class A share and \$0.04375 for each Preferred share.

Details

Gross Proceeds:	\$288,125,000
Units Issued:	11,525,000
Inception Date:	July 15, 2005
Termination Date:	Dec 1, 2012
Net Asset Value:	\$23.93 (Sep 30/05)

Cash Weighting:	5%
Canadian Equity Weighting:	95%

PPL.PR.A Issue Price	\$10.00
Trading Price:	\$10.89 (Sep 30/05)
Current Yield:	4.8% annually

PPL Issue Price:	\$15.00
Trading Price:	\$14.70 (Sep 30/05)
Current Yield:	6.6% annually

Holdings Sorted By Weight Symbol

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

Weightings subject to change at any time.