

Monthly Update

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

Objectives

Preferred Shares (TSX: PDV.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: PDV):

(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.

The current Prime Rate in Canada is 6.25%.

Distributions (by record date)

	PDV	PDV.PR.A	Total
Total to Date	\$2.4656	\$1.4079	\$38735
2007 YTD	\$1.2156	\$0.6854	\$1.9010
2006	\$1.1625	\$0.6500	\$1.8125
2005	\$0.0875	\$0.07247	\$0.15997

*Initial distribution for the period Nov 16/05 to Dec 31/05.

Commentary

Sun Life Financial (TSX: SLF) increased their quarterly dividend 6% to \$0.34 per common share, up 13% year over year (July 07). Great West Life (TSX: GWO) increased their quarterly dividend 8% to \$0.2750 per common share (Aug 07).

Toronto-Dominion Bank (TSX: TD) increased its quarterly common share dividend to \$0.57 a share, an 8% increase (Aug 07). Royal Bank of Canada (TSX: RY) increased its quarterly common share dividend to \$0.50 a share, a 9% increase (Aug 07). Bank of Montreal (TSX: BMO) increased its quarterly common share dividend to \$0.70 a share, a 2.9% increase (Aug 07). Canadian Imperial Bank of Commerce (TSX: CM) increased its quarterly common share dividend to \$0.87 a share, a 12% increase (Aug 07).

SLF, GWO, TD, RY, BMO and CM are holdings of Prime Dividend.

The Prime Dividend portfolio has a current dividend yield of approx. 3.5%.

Details

Gross Proceeds:	\$60,000,000
Units Issued:	2,400,000
Inception Date:	Nov 16, 2005
Termination Date:	Dec 1, 2012
Net Asset Value:	\$24.50 (Dec 31/07)
Cash Weighting:	2%
Canadian Equity Weighting:	98%
PDV.PR.A Issue Price	\$10.00
Trading Price:	\$10.74 (Dec 31/07)
Current Yield:	6.3% annually
Asset Coverage:	245%
Market Capitalization:	\$24,973,722
PDV Issue Price:	\$15.00
Trading Price:	\$13.00 (Dec 31/07)
Current Yield:	9.2% annually
Market Capitalization:	\$30,228,900

Top Holdings (sorted by weight)

TransAlta Corporation	TA
TSX Group Inc.	X
AGF Management	AGF
Canadian Imperial Bank of Commerce	CM
Bell Canada Inc.	BCE
TransCanada Corporation	TRP
Toronto-Dominion Bank	TD
Manulife Financial	MLF
Power Financial	PWF
IGM Financial	IGM
National Bank of Canada	NA
Bank of Montreal	BMO
CI Financial Income Fund	CIX
Royal Bank of Canada	RY
Sun Life Financial	SLF
Great-West Lifeco	GWL
Bank of Nova Scotia	BNS

Weightings subject to change at any time.