

Press Release:



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Attention: Business Editors

Prime Dividend Corp. Sets to Increase IPO Distribution Rate

TORONTO, ONTARIO - October 18, 2005 / CCN Matthews: Prime Dividend Corp. ("Prime Dividend") sets to **increase** the initial public offering **distribution rate** for both the Floating Rate Preferred shares and the Floating Rate Class A shares by 0.25% per annum as a result of today's increase in the Prime Rate in Canada. The change in the Prime Rate to 4.75% (assuming this rate remains in effect as at December 15) effectively **increases the initial distribution** rate for the Floating Rate Preferred shares to 5.50% (Prime Rate plus 0.75%) per annum and the Floating Rate Class A shares to 6.75% (Prime Rate plus 2.00%) per annum.

The proposed offering of Prime Dividend is currently being marketed through a syndicate of dealers. CIBC and RBC Capital Markets are co-lead agents for the proposed offering. The other members of the syndicate are TD Securities Inc., BMO Nesbitt Burns, National Bank Financial, Desjardins Securities Inc., HSBC Securities (Canada) Inc., Canaccord Capital Corporation, Dundee Securities Corporation, Raymond James Ltd, Bieber Securities Inc., Blackmont Capital Inc., BLC Securities Inc., and Wellington West Capital Inc.

The offering is expected to close in mid November with the initial distributions paid to shareholders of record on December 31, 2005. Details of the offering are as follows:

Prime Dividend's **Floating Rate Preferred Shares** offer, cumulative preferential monthly cash dividends initially at a rate of 5.50% per annum. The dividend will float at the prime rate in Canada plus 0.75%, with the objective of repaying the original issue price upon termination. The Preferred shares have received a provisional rating of PFD-2 from DBRS.

Prime Dividend's **Floating Rate Class A Shares** offer regular monthly cash distributions initially targeted to be 6.75% per annum. The dividend will float at the prime rate in Canada plus 2.00%, with the objective of repaying the original issue price upon termination. The Class A shares will also provide holders with any capital appreciation or dividend growth achieved in the investment portfolio.

The net proceeds from the proposed offering will be used by Prime Dividend to invest in a portfolio of high yielding Canadian Companies as follows:

Banks	Investment Management	Life Insurance	Utilities & Other
Bank of Montreal The Bank of Nova Scotia CIBC National Bank of Canada Royal Bank of Canada Toronto-Dominion Bank	AGF Management Ltd. CI Fund Management Inc. IGM Financial Inc.	Great-West Lifeco Inc. Manulife Financial Corp. Sun Life Financial Inc.	BCE Inc. TransAlta Corp TransCanada Corp Power Financial Corp. TSX Group Inc.

Shares held within the Portfolio will generally represent no less than 4% and no more than 8% of the net asset value.

To supplement the dividends received on the portfolio and reduce risk, Prime Dividend will from time to time write covered call options.

Please visit the Prime Dividend Corp. website at www.primedividend.com.

For further information, please contact:

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