

**THIRD CANADIAN GENERAL
INVESTMENT TRUST LIMITED**

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Managed by:



MorganMeighen
& ASSOCIATES

Investment Managers



THD

Third Canadian General
Investment Trust Limited

2005

**INCOME
AND GROWTH**

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First Quarter Report
March 31, 2005

Report to Shareholders

Third Canadian has delivered another strong performance to its shareholders in the first quarter of 2005. For the first three months to March 31, 2005, the net asset value per share (NAV) return with dividends reinvested was 9.0%, more than double the comparable 4.4% rise of the benchmark S&P/TSX Composite Total Return Index (S&P/TSX). Third Canadian's market return with dividends reinvested was a remarkable 13.4%, resulting in the two key measures for shareholders showing outperformance of the S&P/TSX, by a considerable margin.

In many respects, the first quarters of both 2004 and 2005 behaved in similar fashion for the S&P/TSX, with corrections in the final month interrupting strong upward trends in the first two months. In both quarters, March provided the extremes, with an index peak in the first few days followed by an index bottom in the last few days. Both years experienced a decline of greater than five percent during this time frame, resulting in single digit returns in the index for these periods. And in each of these years, it was the energy subsector that provided leadership and contributed most of the gains for the benchmark. In fact, the energy group's percentage return was more than twice that of the next closest group and accounted for approximately 3.8% of the 4.4% rise in the S&P/TSX in the first quarter of 2005. It is understandable, therefore, that results of six of the ten index subsectors underperformed the composite, with two-



Jonathan A. Morgan, Vanessa L. Morgan, with D. Greg Eckel and Michael A. Smedley, the responsible portfolio management executives of the Manager

thirds of those six actually posting negative returns. With these characteristics, the market could be characterized as narrowly based, providing a difficult challenge for market participants, and highlighting the need for active management.

Vanessa L. Morgan
Chairman

Jonathan A. Morgan
President & CEO

Top Ten Investments at Market* – March 31, 2005

(Portfolio details on page 9)

	%		%
Canadian General Investments, Limited	73.1	TransForce Income Fund	1.1
Canadian World Fund Limited	2.4	Home Capital Group Inc.	1.0
Great Canadian Gaming Corporation	1.2	United Natural Foods, Inc.	0.9
Northern Property Real Estate Investment Trust	1.1	MGM MIRAGE	0.9
		Russel Metals Inc.	0.9
		AltaGas Income Trust	0.9
		Total	83.5

*Excludes cash and non-convertible preference shares.

Weighting of Portfolio Investments at Market – March 31, 2005

	%
Principal Assets	75.4
Canadian Income Trusts	12.6
Canadian Equities/Other	8.6
Foreign Equities	3.4
Total	100.0

PRINCIPAL ASSETS

Canadian General Investments, Limited (CGI), the key principal asset, remained at over 70% of the total investment portfolio at quarter-end. Once again proving itself as an extraordinary performer, CGI was responsible for most of Third Canadian's gain. In the first quarter, CGI's NAV return, inclusive of dividends, was 5.9% and its market return, including dividends, was 10.5%. In spite of the rather difficult markets, CGI outperformed the benchmark aided by a slight overweighting in energy, along with a variety of investments arising from the bottom-up investment style of the Manager. It is in these aforementioned narrowly based markets, where "stockpickers" may be able to make a difference to fund shareholders.

The warrants of CGI made up approximately 12.0% of Third Canadian's total investment in principal assets at the quarter-end and represent a form of leverage for an investment in CGI. As part of their market valuation process, CGI's good historical results are incorporated along with expectations for the future. In the quarter, the market value of these warrants rose by an outstanding 29.4%, making a significant contribution to Third Canadian.

NON-PRINCIPAL ASSETS

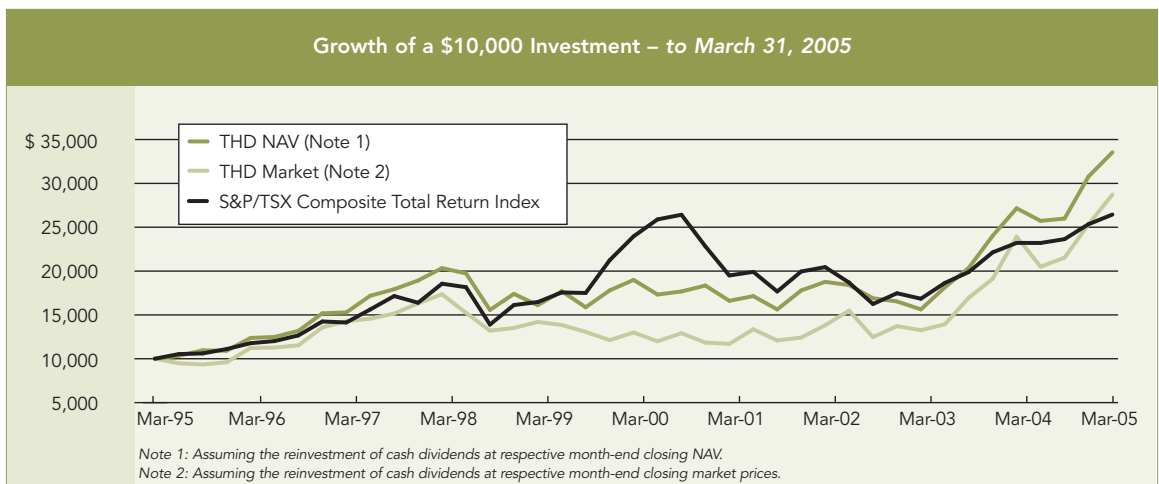
Non-principal assets represented approximately 25.0% of the investment portfolio at March 31, 2005, with income

trusts representing approximately half of the weighting. Similar to the commentary made on the S&P/TSX, the income trust sector had a robust first two months followed by a correction in the final month. In the first phase, new and follow-on issuances were readily accepted as product demand continued to outstrip supply, undoubtedly affected by the substantial liquidity provided by new related structured products. However, interest rate concerns came to the forefront and the sector was pressured to the downside. At quarter-end, the overall sector returns as measured by the S&P/TSX Income Trust Index were very similar to the S&P/TSX Composite.

OUTLOOK

Oil and interest rates are two overriding themes currently affecting markets. Longer-term fundamentals suggest that the price of a barrel of crude oil must trade at higher levels than was anticipated as recently as a few months ago. Expectations are that interest rates must also rise to higher levels. Unable to predict these levels, the markets will probably remain choppy until some measure of confidence can be restored. In spite of this backdrop, we remain optimistic that CGI and Third Canadian can outperform their benchmarks and provide outperformance to their shareholders.

Michael A. Smedley, *Chief Portfolio Officer of the Manager*
D. Greg Eckel, *Vice-President of the Manager*



Management's Discussion & Analysis

For the first quarter of 2005, Third Canadian achieved a 9.0% net asset value per share (NAV) return with dividends reinvested, strongly outperforming the 4.4% return of the benchmark S&P/TSX Composite Total Return Index (S&P/TSX).

FINANCIAL REVIEW

At March 31, 2005, net assets were \$166,099,000, up 8.8% from year-end 2004. The increase was largely attributable to a 12.1% uplift in the combined market value of the shares and warrants of Canadian General Investments, Limited (CGI), the Corporation's key principal asset, representing more than 70% of Third Canadian's portfolio at quarter-end.

For the quarter, Third Canadian had net investment income of \$501,000, compared to \$708,000 last year. Total investment income, comprised of dividends, interest and other income, increased by 1.2% to \$951,000 from \$940,000 for the same period in 2004. Regular dividends received from CGI continue to be the mainstay of this income category. At \$458,000 in both periods, these distributions represented 95.2% and 70.2% of total dividend income for the first quarters of 2005 and 2004, respectively. Interest and other income is comprised primarily of distributions from Canadian income trusts, which represented just over

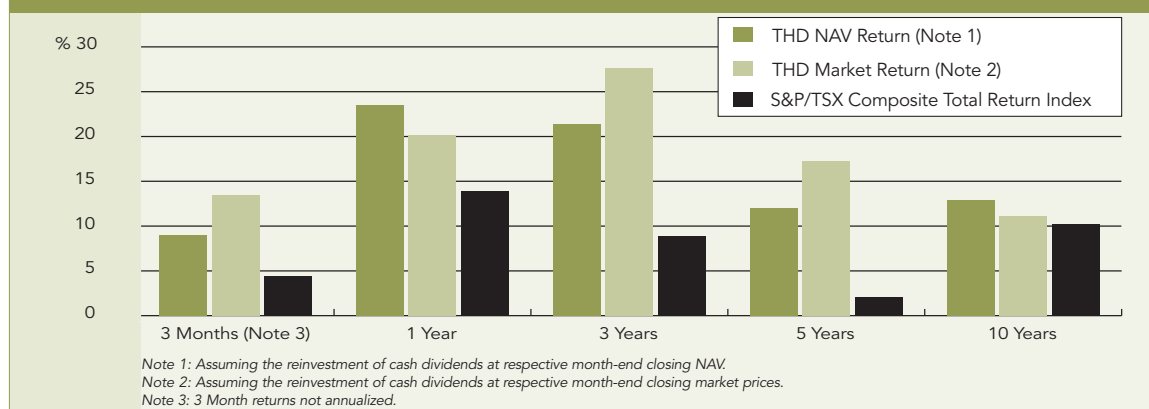
one-half of the non-principal assets at quarter-end, a weighting that has not changed significantly over the last three years.

Total expenses increased by 19.7% to \$438,000 quarter-over-quarter, attributable primarily to management fees, driven by higher portfolio values and interest on bank borrowings. Interest increased by 10.8% from the corresponding period last year, largely a result of higher borrowing levels supported by favourable market conditions. Borrowings averaged \$17 million during the first quarter of 2005 compared to an average of \$15 million over the same period in 2004.

The net gain on investments for the first three months of 2005 was \$13,273,000 compared to \$15,175,000 for the first quarter of 2004, including net realized losses on investments of \$504,000 and \$934,000, respectively. The net gain figures were largely impacted by increases in unrealized gain on investments, net of future income taxes, of \$13,777,000 and \$16,109,000 in 2005 and 2004, respectively.

During the first quarters of both 2005 and 2004, Third Canadian paid a regular quarterly dividend of \$0.075 per share to its shareholders. Subsequent to quarter-end, the Board approved a second quarter dividend of \$0.075 to be paid on June 15, 2005 to shareholders of record May 31, 2005.

Compound Average Annual Rates of Return vs. S&P/TSX Composite Total Return Index
– For the periods to March 31, 2005



INVESTMENT OBJECTIVE AND STRATEGIES

Third Canadian is a closed-end fund with the objective of providing its investors with above average returns; comprised of a blend of current income and long-term capital appreciation, primarily through its investment in its principal assets, Canadian income trusts and equities, as well as foreign equities. The Manager of Third Canadian primarily employs a bottom-up investment style. As a closed-end fund, the primary risk to the Corporation is market risk – the exposure to market price changes in the securities held within the portfolio. Third Canadian attempts to mitigate this risk by maintaining a diverse portfolio of non-principal assets. In addition, the principal assets themselves represent well-diversified underlying portfolios.

PRINCIPAL ASSETS

CGI is an actively managed Canadian closed-end equity fund also managed according to a bottom-up investment style. For the first quarter of 2005, CGI's diluted NAV and market returns, both including the reinvestment of dividends, were 5.9% and 10.5%, respectively.

CGI's top five S&P/TSX sectors and investments (excluding cash and non-convertible preference shares) as at March 31, 2005 were as shown in the table below. Information concerning CGI, including its quarterly report, is available at mmainvestments.com. Further information is also available via email (cgifund@mmainvestments.com) or toll-free at 1-866-443-6097.

Canadian World Fund Limited (CWF), established in 1994, is a global equities fund that constituted 2.4% of Third Canadian's portfolio at March 31, 2005. For the quarter, CWF's net asset value per share (NAV) return was 1.3%, while its share price advanced 6.2%, both measures outperforming the benchmark Morgan Stanley All-Country World Free Index, which declined 0.9% (in Canadian dollar terms).

PROSPECTS

So far we are optimistic that the marketplace will continue to reflect favourable results in 2005. Through its principal and other assets, Third Canadian will continue to offer investors a listed, leveraged and well diversified portfolio.

Canadian General Investments, Limited

<i>Top 5 Sectors</i>	<i>% at market</i>	<i>Top 5 Investments</i>	<i>% at market</i>
Financials	24.6	Cameco Corporation	3.0
Energy	20.9	TSX Group Inc.	2.1
Materials	19.1	TELUS Corporation	1.9
Industrials	7.4	Home Capital Group Inc.	1.8
Consumer Discretionary	6.8	Enbridge Inc.	1.7
	78.8		10.5

Comparison of Market Price to NAV – March 31, 1995 to March 31, 2005



Consolidated Statements of Net Assets

	As at March 31, 2005 (Unaudited) \$	As at December 31, 2004 (Audited) \$
<i>(in thousands of dollars, except per share amounts)</i>		
Assets		
Investments at market value	201,803	184,145
Cash	243	3,594
Receivable on securities sold	574	-
Accrued interest and dividends receivable	215	213
Income taxes recoverable	178	15
	203,013	187,967
Liabilities		
Bank indebtedness	16,994	16,984
Payable on securities purchased	-	1,247
Accounts payable and accrued liabilities	87	102
Future income taxes on unrealized net capital gains	19,833	16,908
	36,914	35,241
	166,099	152,726
Net Assets		
Shareholders' Equity		
Capital stock	6,504	6,504
Contributed surplus	2,681	2,681
Unrealized gain on investments*	119,771	105,994
Retained earnings	37,143	37,547
	166,099	152,726
Number of shares outstanding	4,805,910	4,805,910
Net asset value per share	34.56	31.78

* Refer to analysis provided in the accompanying Consolidated Schedule of Realized Loss and Unrealized Gain on Investments.

Note to Consolidated Financial Statements

The accompanying consolidated financial statements should be read in conjunction with the notes to the Company's audited financial statements for the year ended December 31, 2004. These interim financial statements follow the same accounting policies and methods of their application as the most recent annual financial statements.

Consolidated Statements of Operations

	<i>Three Months Ended</i>	
	March 31, 2005	March 31, 2004
<i>(Unaudited)</i> <i>(in thousands of dollars, except per share amounts)</i>	\$	\$
Investment income		
Dividends	481	652
Interest and other	470	288
	951	940
Expenses		
Management fees	208	158
Interest	164	148
Directors' fees	16	14
Investor relations	6	5
Other	44	41
	438	366
Net investment income before income taxes	513	574
Income tax recovery (provision)	(12)	134
Net investment income for the period	501	708
Realized and unrealized gains (losses) on investments*		
Net realized loss on investments	(504)	(934)
Change in unrealized gain on investments - net of future income taxes	13,777	16,109
Net gain on investments	13,273	15,175
Increase in net assets resulting from operations for the period	13,774	15,883
Increase in net assets resulting from operations per share		
(based on 4,805,910 (2004 - 4,805,910) weighted average shares outstanding during the period)	2.87	3.30

* Refer to analysis provided in the accompanying Consolidated Schedule of Realized Loss and Unrealized Gain on Investments.

Consolidated Statements of Retained Earnings

	Three Months Ended	
	March 31, 2005	March 31, 2004
<i>(Unaudited)</i>		
<i>(in thousands of dollars, except per share amounts)</i>	\$	\$
Retained earnings - Beginning of period	37,547	35,374
Net investment income for the period	501	708
Net realized loss on investments*	(504)	(934)
Net increase in refundable dividend tax on hand	(41)	(83)
	37,503	35,065
Dividends paid	(360)	(360)
Retained earnings - End of period	37,143	34,705
Dividends per share	0.075	0.075

* Refer to analysis provided in the accompanying Consolidated Schedule of Realized Loss and Unrealized Gain on Investments.

Consolidated Statements of Cash Flows

	Three Months Ended	
	March 31, 2005	March 31, 2004
<i>(Unaudited)</i>		
<i>(in thousands of dollars)</i>	\$	\$
Cash provided by (used in)		
Operating activities		
Increase in net assets resulting from operations for the period	13,774	15,883
Add (deduct) non-cash items		
Realized loss on disposition of investments before income taxes	504	1,279
Change in unrealized gain on investments	(16,702)	(19,659)
Increase in future income taxes on unrealized gain on investments	2,925	3,550
Purchases of investments during the period	(4,416)	(4,585)
Proceeds of disposition of investments during the period	2,956	3,432
Net change in non-cash balances related to operations	(2,001)	(783)
	(2,960)	(883)
Financing activities		
Increase in bank indebtedness	10	27
Dividends paid	(360)	(360)
Increase in refundable dividend tax on hand	(41)	(83)
	(391)	(416)
Net decrease in cash during the period	(3,351)	(1,299)
Cash - Beginning of period	3,594	2,166
Cash - End of period	243	867

Consolidated Schedule of Realized Loss and Unrealized Gain on Investments

	<i>Three Months Ended</i>	
	March 31, 2005	March 31, 2004
<i>(Unaudited)</i> <i>(in thousands of dollars)</i>	\$	\$
The net realized loss on investments was as follows:		
Proceeds from disposition of investments	2,956	3,432
Investments at cost - Beginning of period	61,243	58,016
Investments purchased during the period	4,416	4,585
Investments at cost - End of period	(62,199)	(57,890)
Cost of investments disposed of during the period	3,460	4,711
Realized loss on disposition of investments before income taxes	(504)	(1,279)
Income tax recovery on allowable capital losses	-	345
Net realized loss on investments	(504)	(934)
The unrealized gain on investments was as follows:		
Unrealized gain on investments - Beginning of period	105,994	77,052
Change in unrealized gain on investments - net of future income taxes	13,777	16,109
Unrealized gain on investments - End of period	119,771	93,161

Consolidated Statement of Investments

March 31, 2005 (Unaudited)

Number of Shares or Par Value	Investment	Cost \$	Market Value \$	Number of Shares or Par Value	Investment	Cost \$	Market Value \$
<i>(in thousands of dollars)</i>				<i>(in thousands of dollars)</i>			
PRINCIPAL ASSETS - 75.4%							
7,629,811	Canadian General Investments, Limited	20,969	129,707	105,000	Trinidad Energy Services Income Trust, units	882	1,134
1,526,578	Canadian General Investments, Limited, warrants	-	17,784	50,000	Westshore Income Fund, units	559	615
1,120,211	Canadian World Fund Limited	5,601	4,761	55,000	Yellow Pages Income Fund, units	546	733
TOTAL PRINCIPAL ASSETS				TOTAL CANADIAN INCOME TRUSTS			
		26,570	152,252			17,569	25,412
CANADIAN INCOME TRUSTS - 12.6%				CANADIAN EQUITIES/OTHER - 8.6%			
35,000	Advantage Energy Income Fund, units	655	681	200,000	Allen-Vanguard Corporation	1,020	920
75,000	AltaGas Income Trust, units	803	1,823	32,786	Canadian Western Bank	795	839
70,000	ARC Energy Trust, units	581	1,271	130,000	Cedara Software Corp.	978	1,592
60,000	Art In Motion Income Fund, units	580	432	14,400	Corby Distilleries Ltd., B NV	484	1,037
90,000	Associated Brands Income Fund, units	773	617	30,000	CryptoLogic Inc.	766	1,126
75,000	Connors Bros. Income Fund, units	717	1,361	40,000	DALSA Corporation	722	766
40,000	Davis + Henderson Income Fund, units	407	880	33,600	First Capital Realty Inc.	519	639
24,450	Enerplus Resources Fund, units	623	1,073	26,880	First Capital Realty Inc., warrants 8/31/08	-	188
10,000	Fording Canadian Coal Trust, units	312	1,109	50,000	Great Canadian Gaming Corporation	1,686	2,408
35,000	Gateway Casinos Income Fund, units	605	720	60,000	Home Capital Group Inc.	779	2,021
60,000	The Keg Royalties Income Fund, units	552	854	60,000	Nortel Networks Corporation, preferred Series 5	768	1,104
60,000	Livingston International Income Fund, units	979	1,263	14,000	Potash Corporation of Saskatchewan Inc.	1,374	1,486
60,000	Newalta Income Fund, units	952	1,365	54,800	Rothmans Inc.	598	1,315
30,000	North West Company Fund, units	454	922	115,700	Russel Metals Inc.	854	1,864
130,000	Northern Property Real Estate Investment Trust, units	1,781	2,301	TOTAL CANADIAN EQUITIES/OTHER			
85,000	Pembina Pipeline Income Fund, units	828	1,120			11,343	17,305
45,200	Shiningbank Energy Income Fund, units	205	971	FOREIGN EQUITIES - 3.4%			
55,200	Stoneham Drilling Trust, units	791	1,005	50,000	Dollar Financial Corp.	1,017	718
136,000	TransForce Income Fund, units	2,070	2,210	22,000	MGM MIRAGE	1,460	1,881
64,100	Tree Island Wire Income Fund, units	914	952	55,000	United Natural Foods, Inc.	1,840	1,905
				22,000	Walgreen Co.	1,221	1,182
				30,000	XM Satellite Radio Holdings Inc., A	1,179	1,148
				TOTAL FOREIGN EQUITIES			
						6,717	6,834
TOTAL INVESTMENTS				TOTAL INVESTMENTS			
				-March 31, 2005		62,199	201,803
				-December 31, 2004		61,243	184,145
				-March 31, 2004		57,890	165,346

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To change your address, eliminate multiple mailings or for other shareholder account inquiries, please contact Computershare at the above address.

STOCK EXCHANGE LISTING

The Toronto Stock Exchange
Trading Symbol: THD

PUBLICATION

Net asset value per share (NAV) and/or market price and market return are published daily/weekly in various media in Canada and the United States. These include: Globe and Mail, National Post, New York Times, Wall Street Journal, and Barron's.

The Corporation posts ongoing top 10 portfolio investments (priced at market), together with current NAV and market return information on its website. Similar information is available directly from the Corporation upon request.

The Corporation is a founding member of the Closed-End Fund Association (CEFA) in North America.

