

No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise. The securities offered under this short form prospectus have not been and will not be registered under the United States Securities Act of 1933, as amended or any state securities laws and, subject to certain exceptions, may not be offered or sold within the United States or to U.S. persons.

Information has been incorporated by reference in this prospectus from documents filed with securities commissions or similar authorities in Canada. Copies of the documents incorporated herein by reference may be obtained on request without charge from the Corporate Secretary of Canadian General Investments, Limited, 110 Yonge Street, Suite 1601, Toronto, Ontario, M5C 1T4 (Telephone: 416-366-2931), and are also available electronically at www.sedar.com.

SHORT FORM PROSPECTUS

New Issue

February 23, 2006



CGI

Canadian General Investments,
Limited

\$75,000,000

(3,000,000 shares)

3.90% Cumulative Redeemable Class A Preference Shares, Series 3

The 3.90% Cumulative Redeemable Class A Preference Shares, Series 3 (the "Series 3 Shares") will be entitled to fixed cumulative preferential cash dividends at a rate equal to \$0.9750 per share per annum, as and when declared by the Board of Directors of Canadian General Investments, Limited ("CGI" or the "Corporation"), which will accrue from the date of issue and will be payable quarterly on the 15th day of March, June, September and December in each year, with the initial dividend, if declared, payable on June 15, 2006 in the amount of \$0.27781, based upon an anticipated issue date of March 3, 2006. Thereafter, dividends will be payable quarterly at a rate of \$0.24375 per share. Certain provisions relating to the Series 3 Shares are summarized under "Details of the Offering".

On and after June 15, 2011, the Corporation may, on not less than 30 nor more than 60 days' notice, redeem for cash the Series 3 Shares in whole or in part, at the Corporation's option, at a price per share equal to: \$26.00 if redeemed on or after June 15, 2011, but before June 15, 2012; \$25.75 if redeemed on or after June 15, 2012, but before June 15, 2013; \$25.50 if redeemed on or after June 15, 2013, but before June 15, 2014; \$25.25 if redeemed on or after June 15, 2014, but before June 15, 2015; and \$25.00 thereafter, together, in each case, with all accrued and unpaid dividends to the date fixed for redemption. On or after June 15, 2016 the Series 3 Shares will be redeemable for cash, at the option of the holder, for \$25.00 per share, together with any accrued and unpaid dividends to but excluding the date of redemption by deposit by the holder of the Series 3 Shares to be redeemed not less than 30 days before redemption. See "Details of the Offering".

Scotia Capital Inc., TD Securities Inc., BMO Nesbitt Burns Inc. and Desjardins Securities Inc. (collectively, the "Underwriters") have agreed to purchase the Series 3 Shares from the Corporation subject to the terms and conditions set forth in the Underwriting Agreement referred to under "Plan of Distribution". The price at which the Series 3 Shares are being offered hereunder was determined by negotiation between the Corporation and the Underwriters. Subject to applicable laws and in connection with this offering, the Underwriters may over-allot or effect transactions which stabilize or maintain the market price of the Series 3 Shares at a level above that which might otherwise prevail in the open market. Such transactions, if commenced, may be discontinued at any time. See "Plan of Distribution".

Price: \$25.00 per share to yield 3.90%

	Price to Public	Underwriters' Fee⁽¹⁾	Net Proceeds to the Corporation⁽¹⁾⁽²⁾
Per Series 3 Share	\$25.00	\$0.75	\$24.25
Total	\$75,000,000	\$2,250,000	\$72,750,000

(1) The Underwriters' fee is \$0.25 for each Series 3 Share sold to certain institutions and \$0.75 for all other Series 3 Shares sold. The Underwriters' fee set forth in the table assumes that no Series 3 Shares are sold to such institutions.

(2) Before deduction of the expenses of this offering, estimated at \$250,000, which together with the Underwriters' fee, will be paid from the general funds of the Corporation.

The Underwriters, as principals, conditionally offer the Series 3 Shares, subject to prior sale, if, as and when issued by the Corporation and accepted by them in accordance with the conditions contained in the Underwriting Agreement and subject to the approval of certain legal matters on behalf of the Corporation by Blake, Cassels & Graydon LLP and on behalf of the Underwriters by Fasken Martineau DuMoulin LLP. See "Plan of Distribution".

Investing in the Series 3 Shares involves risks which potential investors should carefully consider. See "Risk Factors".

The Toronto Stock Exchange (the "TSX") has conditionally approved the listing of the Series 3 Shares under the symbol "CGI.PR.C". Listing is subject to the Corporation fulfilling all of the listing requirements of the TSX on or prior to May 16, 2006.

Subscriptions will be received subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time without notice. A book-entry only certificate representing the Series 3 Shares distributed hereunder will be issued in registered form only to The Canadian Depository for Securities Limited ("CDS") or its nominee and will be deposited with CDS on the closing of this offering.

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ELIGIBILITY FOR INVESTMENT

In the opinion of Blake, Cassels & Graydon LLP, counsel to the Corporation, and Fasken Martineau DuMoulin LLP, counsel to the Underwriters, the Series 3 Shares, if issued on the date hereof, would be qualified investments under the *Income Tax Act* (Canada) (the "Tax Act") and the Regulations thereunder for trusts governed by registered retirement savings plans, registered retirement income funds, deferred profit sharing plans and registered education savings plans.

DOCUMENTS INCORPORATED BY REFERENCE

The following documents of the Corporation filed with the securities commissions or similar authorities in each of the provinces of Canada are specifically incorporated by reference into, and form an integral part of, this short form prospectus:

- (a) the audited comparative financial statements as at and for the year ended December 31, 2005, and the report of the auditors thereon;
- (b) the Management Report of Fund Performance for the year ended December 31, 2005;
- (c) the Management Information Circular dated February 8, 2005; and
- (d) the Annual Information Form for the year ended December 31, 2004, including documents incorporated by reference therein.

All documents of the type referred to above, including all annual information forms, financial statements, material change reports (other than confidential material change reports) and information circulars, filed by the Corporation with the provincial securities commissions or similar authorities in Canada after the date of this short form prospectus and prior to the termination of the offering shall be deemed to be incorporated by reference into this short form prospectus.

Information has been incorporated by reference in this short form prospectus from documents filed with securities commissions or similar authorities in Canada. Copies of the documents so incorporated by reference may be obtained on request without charge from the Corporate Secretary of Canadian General Investments, Limited, 110 Yonge Street, Suite 1601, Toronto, Ontario, M5C 1T4 (Telephone: 416-366-2931).

Any statement contained in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded, for purposes of this short form prospectus, to the extent that a statement contained herein or in any other subsequently filed document which also is or is deemed to be incorporated by reference herein modifies or supersedes such statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document that it modifies or supersedes. The making of such modifying or superseding statement shall not be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this short form prospectus.

FORWARD LOOKING STATEMENTS

Certain statements included in this prospectus constitute forward looking statements, including those identified by the expressions “anticipate”, “believe”, “plan”, “estimate”, “expect”, “intend” and similar expressions to the extent they relate to the Corporation or the Investment Manager (as defined herein). The forward looking statements are not historical facts but reflect the Corporation’s current expectations regarding future results or events. These forward looking statements are subject to a number of risks and uncertainties that could cause actual results or events to differ materially from current expectations, including the matters discussed under “Risk Factors” and in other sections of this prospectus.

CANADIAN GENERAL INVESTMENTS, LIMITED

General

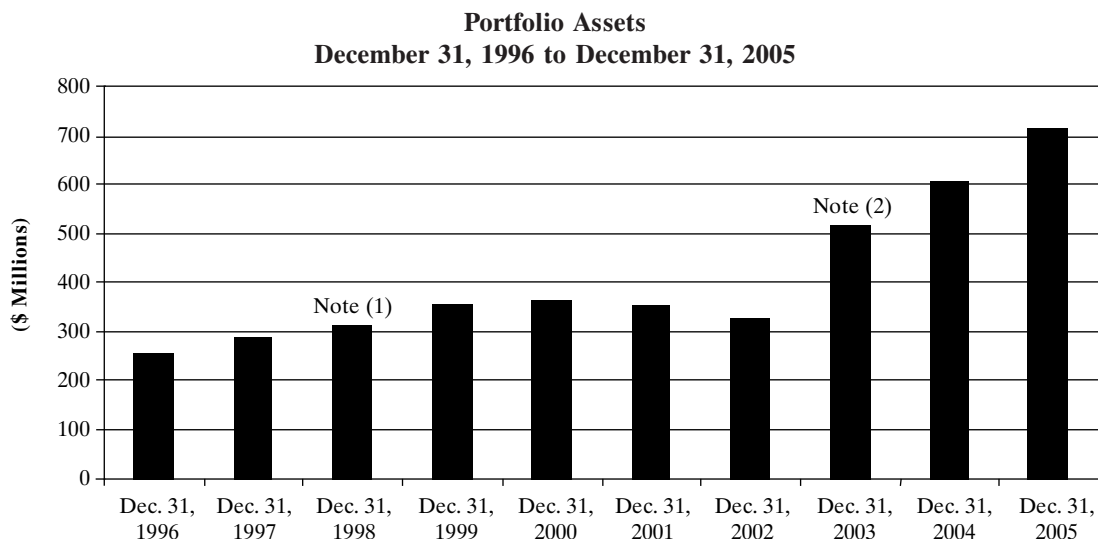
Established under the laws of Ontario in January 1930, the Corporation is one of the oldest closed-end investment companies in North America. CGI's investment objective is to seek long-term growth and income from investment in Canada through diversified holdings, with minor or no exposure to non-quoted securities, and to outperform the market without incurring high risk. Income is derived mainly from dividends on shares, from interest on debentures, term deposits and cash balances, and from unit trust distributions. At December 31, 2005, the sector weightings of the investment portfolio were as follows: Financials (26.5%), Energy (25.9%), Materials (14.1%), Industrials (8.8%), Telecommunication Services (7.6%), Consumer Discretionary (6.8%), Consumer Staples (4.2%), Information Technology (3.4%) and other sectors (2.7%).

The long-term success of the Corporation can be illustrated by the compound average annual net asset value returns attributable to common shareholders of CGI (as measured by diluted net asset value appreciation attributable to CGI's common shares with dividends reinvested) compared to the total return of the S&P/TSX Composite Index for the comparable periods as set out below.

	<u>CGI</u>	<u>S&P/TSX Composite Index</u>
5 years ended December 31, 2005	16.8%	6.6%
10 years ended December 31, 2005	14.0%	11.0%
15 years ended December 31, 2005	13.1%	10.9%

The common shares and common share purchase warrants of the Corporation are listed on the TSX (symbols: CGI, CGI.WT, respectively) and the London Stock Exchange (symbols: CGI, CGIW, respectively). The 5.40% cumulative redeemable Class A preference shares, Series 1 of the Corporation (the "Series 1 Shares") and the 4.65% cumulative redeemable Class A preference shares, Series 2 of the Corporation (the "Series 2 Shares") are listed on the TSX (symbol: CGI.PR.A and CGI.PR.B, respectively). The head office of the Corporation is located at 110 Yonge Street, Suite 1601, Toronto, Ontario, M5C 1T4. The Corporation has no subsidiaries.

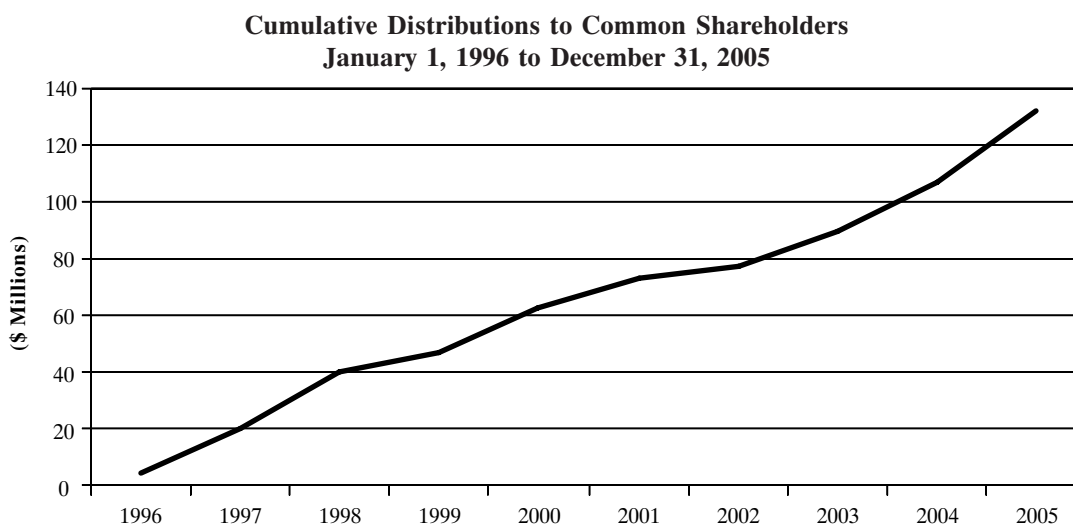
The following chart illustrates the value of CGI's portfolio assets (comprised of investments, cash, accrued interest and dividends and receivables on securities sold less payables on securities purchased) from December 31, 1996 to December 31, 2005.



Notes:

- (1) Portfolio assets were liquidated in February 1998 to fund a payment of \$8,890,000 pursuant to a 1994 partial substantial issuer bid to shareholders pursuant to which CGI acquired 2,802,288 common shares. In October 1998, the Corporation completed a public offering of 2,400,000 Series 1 Shares resulting in net proceeds to CGI of \$58,339,000 (after deducting expenses of the offering).
- (2) In November 2003, the Corporation completed a public offering of 3,000,000 Series 2 Shares, resulting in net proceeds to CGI of \$72,666,000 (after deducting expenses of the offering).

The above chart understates the growth in CGI's portfolio assets over the period, as it does not include distributions (including dividends) that have been paid to CGI's common shareholders. Cumulative distributions to CGI's common shareholders over the corresponding period are shown below:

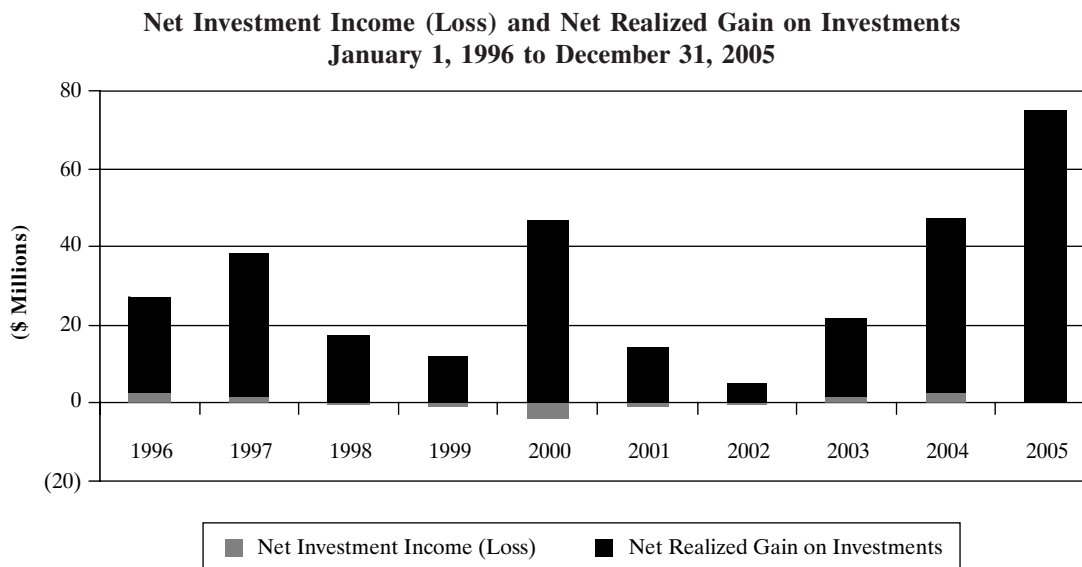


Notes:

- (1) Cash dividend payments to common shareholders were as follows: 1996 — \$4,285,000; 1997 — \$15,939,000; 1998 — \$10,562,000; 1999 — \$7,099,000; 2000 — \$15,815,000; 2001 — \$10,032,000; 2002 — \$4,914,000; 2003 — \$12,292,000; 2004 — \$17,218,000; and 2005 — \$25,503,000.
- (2) An additional payment of \$8,890,000 was made to certain shareholders in February 1998 pursuant to the 1994 partial substantial issuer bid.

CGI has a dividend reinvestment and share purchase plan which provides common shareholders with an efficient method of acquiring additional common shares. As well as reinvesting dividends, common shareholders may purchase additional common shares for cash (minimum \$100 — maximum \$5,000) in each of CGI’s fiscal quarters. Common shares are purchased for the plan in the open market during the 30 days prior to each regular common share dividend payment date. Plan participants pay the average cost of the purchase of such shares and administrative charges are paid by the Corporation.

The following chart illustrates the Corporation’s net investment income or loss and net realized gain during the periods indicated:



Note:

(1) Certain of the prior year’s figures have been reclassified to conform with the presentation adopted in 2005.

Investment Corporation Status

The Corporation currently manages its investments so as to qualify as an “investment corporation” for purposes of the Tax Act. The primary benefits of such status may be summarized as follows:

- (a) the Corporation is entitled to obtain a refund of any tax paid by it on its realized capital gains by distributing its capital gains to shareholders by way of dividend. The Corporation must file an election with Canada Revenue Agency (“CRA”) with respect to the dividend. The dividend is then regarded as a “capital gains dividend”. A capital gains dividend is treated as a capital gain in the hands of the shareholder. The effect of this mechanism is to treat the shareholders as if they had directly realized the capital gain realized by the investment corporation. In effect, therefore, there is no corporate level tax on the capital gains realized by the Corporation; and
- (b) generally, the Corporation is entitled to relief from tax under Part VI.1 of the Tax Act in respect of dividends paid by the Corporation on taxable preferred shares, other than dividends paid to a “controlling corporation” or to a “specified person” in relation to such “controlling corporation” under the Tax Act.

There are certain limiting aspects of maintaining such status, including that not more than 25% of the Corporation’s gross revenues may be from interest income and that at least 85% of the Corporation’s gross revenues must be from Canadian sources.

CGI regularly reviews the benefits and limitations of continuing to maintain such “investment corporation” status.

USE OF PROCEEDS

The net proceeds from the sale of the Series 3 Shares offered hereunder will amount to approximately \$72,500,000 after deducting the Underwriters' fee and estimated expenses of the offering. Such fee and expenses will be paid out of the general funds of the Corporation. The net proceeds of this offering will be used to augment the investment portfolio of the Corporation through the purchase of additional securities.

DETAILS OF THE OFFERING

The authorized capital of the Corporation consists of an unlimited number of Class A Preference Shares, issuable in series, and an unlimited number of common shares.

The Class A Preference Shares of the Corporation may be issued in one or more series with such rights, privileges, restrictions and conditions as the Board of Directors of the Corporation may designate. As of the date hereof, the Series 1 Shares and Series 2 Shares are the only two series of Class A Preference Shares outstanding. The following is a summary of certain provisions of the Class A Preference Shares as a class and of the Series 3 Shares.

Certain Provisions of the Class A Preference Shares as a Class

Issuable in Series

The Board of Directors may, without further approval of the shareholders, issue the Class A Preference Shares at any time and from time to time in one or more series and shall at such time determine the number of shares of such series and the attributes thereof, including, without limitation, dividend rights, redemption and retraction rights, voting rights, conversion or exchange rights or other provisions attaching thereto. Each series of Class A Preference Shares must be evidenced by Articles of Amendment in prescribed form.

Ranking

The Class A Preference Shares shall be entitled to priority over the common shares with respect to the payment of dividends and the return of capital and the distribution of assets in the event of the liquidation, dissolution or winding-up of the Corporation, whether voluntary or involuntary, or any other distribution of the assets of the Corporation among its shareholders for the purpose of winding-up its affairs.

Restriction on Dividends and Purchase for Cancellation

No dividends shall be declared or paid on the common shares nor shall any common shares be purchased for cancellation unless all dividends are current on all series of Class A Preference Shares.

Voting Rights

Except in the case of the creation of shares ranking prior to or on a parity with the Class A Preference Shares or as otherwise provided in the case of a particular series or provided by law, the holders of the Class A Preference Shares shall not be entitled to receive notice of, or to vote at, any meeting of shareholders of the Corporation.

Certain Provisions of the Series 3 Shares

Dividends

The holders of the Series 3 Shares will be entitled to receive quarterly cumulative preferential cash dividends on the 15th day of March, June, September and December in each year at a rate equal to \$0.24375 per share. The initial dividend, if declared, will be payable on June 15, 2006 and will be \$0.27781 per share, assuming an issue date of March 3, 2006.

Redemption by the Corporation

Prior to June 15, 2011, the Corporation may not redeem any Series 3 Shares. Subject to the provisions of any shares of the Corporation ranking prior to or *pari passu* with the Series 3 Shares, and to the provisions described under “Restrictions on Dividends and Retirement of Shares”, on and after June 15, 2011, the Corporation may on not less than 30 nor more than 60 days’ notice, redeem for cash the Series 3 Shares in whole or in part, at the Corporation’s option, at a price per share equal to: \$26.00 if redeemed on or after June 15, 2011, but before June 15, 2012; \$25.75 if redeemed on or after June 15, 2012, but before June 15, 2013; \$25.50 if redeemed on or after June 15, 2013, but before June 15, 2014; \$25.25 if redeemed on or after June 15, 2014, but before June 15, 2015; and \$25.00 thereafter, together, in each case, with all accrued and unpaid dividends to but excluding the date fixed for redemption.

If less than all outstanding Series 3 Shares are at any time to be redeemed, the shares to be redeemed will be selected pro rata (disregarding fractions) or in such other manner as the Corporation may determine, but in no event will there be a partial redemption by lot.

Retraction by the Holder

Prior to June 15, 2016, a holder of Series 3 Shares may not require the Corporation to redeem any Series 3 Shares. Subject to the provisions of any shares of the Corporation ranking prior to or *pari passu* with the Series 3 Shares, and to the provisions described under “Restrictions on Dividends and Retirement of Shares”, a holder of Series 3 Shares may require the Corporation to redeem such shares (by deposit by the holder of the Series 3 Shares to be redeemed not less than 30 days before redemption) on or after June 15, 2016 for a cash price of \$25.00, together with any accrued and unpaid dividends to but excluding the date of redemption. The Corporation will provide not less than 60 days’ notice of the retraction privilege.

Purchase for Cancellation

Subject to the provisions of any shares of the Corporation ranking prior to or *pari passu* with the Series 3 Shares, and to the provisions described under “Restrictions on Dividends and Retirement of Shares”, the Corporation may at any time or times purchase for cancellation all or any part of the Series 3 Shares on the open market, by private agreement, pursuant to tenders received by the Corporation upon an invitation for tenders addressed to all holders of the Series 3 Shares, or otherwise, at the lowest price or prices at which in the opinion of the Board of Directors of the Corporation such shares are obtainable.

Restrictions on Dividends and Retirement of Shares

So long as any of the Series 3 Shares are outstanding, the Corporation shall not, without the approval of the holders of the outstanding Series 3 Shares given as described under “Modification of Series”:

- (i) declare or pay any dividend on the common shares or any other shares of the Corporation ranking junior to the Series 3 Shares;
- (ii) redeem, purchase for cancellation or otherwise retire any common shares or other shares ranking junior to the Series 3 Shares;
- (iii) except in connection with the exercise of any purchase obligation, sinking fund, retraction privilege or mandatory redemption privilege attaching thereto, redeem, purchase for cancellation or otherwise retire any shares ranking *pari passu* with the Series 3 Shares;
- (iv) except in connection with the exercise of any purchase obligation, sinking fund, retraction privilege or mandatory redemption privilege attaching thereto or out of the net cash proceeds of an issue of shares ranking junior to the Series 3 Shares, redeem, purchase for cancellation or otherwise retire any shares ranking in priority to the Series 3 Shares; or
- (v) redeem, purchase or otherwise retire less than all of the Series 3 Shares then outstanding;

unless, in each case, all cumulative dividends then accrued and unpaid up to and including the immediately preceding dividend payment date in respect of the Series 3 Shares and all other shares ranking prior to or *pari passu* with the Series 3 Shares shall have been declared and paid or monies set aside for payment.

Other Restrictions

So long as any of the Series 3 Shares are outstanding, the Corporation shall not, without the approval of the holders of the Series 3 Shares given as described under "Modification of Series": (i) incur any Obligations (as defined below) ranking *pari passu* with or senior to the Series 3 Shares; or (ii) declare, make or pay any Distribution (as defined below) to holders of securities ranking junior to the Series 3 Shares, unless, after giving effect thereto, the ratio of Assets (as defined below) to Obligations (as defined below) exceeds 2.5 times.

For the purposes of the foregoing:

"Obligations" means all indebtedness for borrowed money (other than short term borrowings for settlement purposes, not to exceed \$10 million and for periods not to exceed five trading days) and all amounts payable on the redemption of any share capital of the Corporation which, by the terms thereof, are capable of being required to be redeemed, purchased or retired by the Corporation at the request of the holders thereof;

"Distribution" means (i) any dividend (other than in shares of the Corporation's capital stock which rank junior to the Series 3 Shares) on, or any other distribution to the Corporation's shareholders in respect of, a class or series of shares; (ii) any purchase, redemption, retirement, or other acquisition of a class or series of shares of the Corporation's capital stock or of warrants, rights or options to purchase or acquire a class or series of shares of the Corporation's capital stock, whether directly or indirectly; and (iii) any other cash distribution, either directly or indirectly, in respect of the Corporation's capital stock; and

"Assets" means (i) investments, cash, receivables on securities sold, accrued interest and dividends, less (ii) payables on securities purchased, accounts payable and accrued liabilities.

Voting Rights

The holders of the Series 3 Shares will not be entitled as such to receive notice of, or to attend or to vote at, any meeting of the shareholders of the Corporation unless and until the Corporation shall have failed to declare and pay the whole amount of eight quarterly dividends on the Series 3 Shares. In that event, until such time as the Corporation pays the whole amount of such quarterly dividends on the Series 3 Shares, the holders of such shares will be entitled to receive notice of and to attend meetings of the shareholders of the Corporation at which directors are to be elected and will be entitled to vote for the election of two directors to be elected in conjunction with the holders of any other series of Class A Preference Shares which may have a similar right. On any such vote, holders of Series 3 Shares will be entitled to one vote per share, provided that if the shares of any other series of Class A Preference Shares have a retraction, redemption or issue price of less than \$25.00 per share, the number of votes per Series 3 Share will be adjusted pro rata.

Rights on Liquidation

In the event of the liquidation, dissolution or winding-up of the Corporation or other distribution of the assets of the Corporation among its shareholders for the purpose of winding-up its affairs, whether voluntary or involuntary, subject to the prior satisfaction of the claims of all creditors of the Corporation and of holders of shares of the Corporation ranking prior to the Series 3 Shares, the holders of the Series 3 Shares shall be entitled to be paid and to receive an amount equal to \$25.00 per Series 3 Share, together with all accrued and unpaid dividends up to and including the date of distribution before any amount shall be paid or any assets of the Corporation shall be distributed to the holders of common shares or of shares of any other class of the Corporation ranking junior to the Series 3 Shares. After payment to the holders of the Series 3 Shares of the amount so payable to them, such holders shall not be entitled to share in any further distribution of the assets of the Corporation.

Modification of Series

Approval of variations to the provisions of the Series 3 Shares as a series and any other authorization required to be given by the holders of such shares may be given by a resolution passed by an affirmative vote of not less than two-thirds of the votes cast at a meeting of the holders of Series 3 Shares duly called for such purpose and held upon at least 21 days' notice at which the holders of at least 25% of the outstanding shares of such series are present in person or represented by duly qualified proxy or, if no quorum is present at such meeting, at an adjourned meeting at which the holders of Series 3 Shares then present in person or represented by duly qualified proxy will form the necessary quorum. On any vote held in respect of such a resolution, holders of Series 3 Shares will be entitled to one vote per share.

Tax Election

The terms of the Series 3 Shares will require the Corporation to make an election under subsection 191.2(1) of the Tax Act by filing the applicable prescribed form with CRA.

EARNINGS COVERAGE RATIOS

The Corporation's dividend requirements on all its Class A Preference Shares, after giving effect to the issue of the Series 3 Shares, and adjusted to a before-tax equivalent using an effective income tax rate of 21%, amounted to \$9,652,500 for the 12 months ended December 31, 2005. Given that growth is one of the primary investment objectives of the Corporation, the Corporation is of the view that the total of the Corporation's net investment income and realized gain on investments provides the best indication of the Corporation's ability to pay the dividends on the Series 3 Shares. As at December 31, 2005 the Corporation also had approximately \$260,222,000 in unrealized gains which may be available for this purpose if required.

The total of the Corporation's net investment income and realized gain on investments before dividends on Class A Preference Shares, amortization of deferred financing charge and income taxes for the 12 months ended December 31, 2005 was \$82,119,000, which is 8.51 times the aggregate dividend requirements for this period.

Excluding realized gain on investments, the net investment income before dividends on Class A Preference Shares, amortization of deferred financing charge and income taxes for the 12 months ended December 31, 2005 was \$7,195,000, which is approximately \$2,458,000 below that required to have one-to-one coverage.

CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

In the opinion of Blake, Cassels & Graydon LLP, counsel to the Corporation, and Fasken Martineau DuMoulin LLP, counsel to the Underwriters, the following is a summary of the principal Canadian federal income tax considerations generally applicable to a purchaser who acquires Series 3 Shares pursuant to this short form prospectus (a "Holder") who, for purposes of the Tax Act, is, or is deemed to be, resident in Canada, deals at arm's length with and is not affiliated with the Corporation, holds such Series 3 Shares as capital property, and is not a "financial institution" as defined by Section 142.2 of the Tax Act.

This summary is of a general nature only and is not intended to be, nor should it be construed to be, legal or tax advice to any particular purchaser. Accordingly, prospective purchasers should consult their own tax advisors with respect to their particular circumstances.

This summary is based upon the current provisions of the Tax Act, the regulations thereunder, all specific proposals to amend the Tax Act and such regulations publicly announced by the Minister of Finance prior to the date hereof, and counsel's understanding of the administrative policies and assessing practices of CRA publicly available prior to the date hereof. This summary does not otherwise take into account or anticipate any changes in law or in the administrative policies or assessing practices of CRA, whether by legislative, governmental or judicial action, nor does it take into account any provincial, territorial or foreign income tax legislation or considerations. No assurance can be given that the proposed amendments will be enacted in the form proposed, or at all.

Dividends

Dividends (other than capital gains dividends) (“Ordinary Dividends”) received or deemed to be received on the Series 3 Shares by an individual will be included in the individual’s income and will generally be subject to the gross-up and dividend tax credit rules normally applicable to taxable dividends received from taxable Canadian corporations. In the Notice of Ways and Means Motion tabled in the House of Commons by the Minister of Finance (Canada) (the “Minister”) on November 23, 2005, the Minister proposed to enhance the gross-up and dividend tax credit for eligible dividends paid to eligible shareholders after 2005. At that time, the Minister indicated that eligible dividends would generally include dividends paid after 2005 by certain corporations that are subject to the general corporate income tax rate, and accordingly it is possible that Ordinary Dividends paid by the Corporation will not be eligible dividends for this purpose. In any event, there can be no assurance that the new federal government, which was elected on January 23, 2006, will seek enactment of this proposal.

Ordinary Dividends received or deemed to be received on Series 3 Shares by a corporation other than a “specified financial institution”, as defined in the Tax Act, will be included in computing the corporation’s income and will generally be deductible in computing the corporation’s taxable income.

An Ordinary Dividend received or deemed to be received on a Series 3 Share by a corporation that is a specified financial institution will be included in computing the institution’s income. The institution will generally be entitled to deduct the amount of the dividend (or deemed dividend) in computing the amount of its taxable income if, but only if, either: (i) the institution did not acquire such share in the ordinary course of the business carried on by it, or (ii) at the time the dividend is received (or deemed to be received) the Series 3 Share is not a term preferred share within the meaning of the Tax Act. A Series 3 Share will not be a term preferred share with respect to a specified financial institution that receives (or is deemed to receive) a dividend on a Series 3 Share if at the time the dividend is received (or deemed to be received) the share is listed on a prescribed stock exchange in Canada (which currently includes the TSX) and the institution, either alone or together with persons with whom it does not deal at arm’s length, does not receive (and is not deemed to receive) in the aggregate dividends in respect of more than 10% of the Series 3 Shares outstanding at that time.

For these purposes, a beneficiary of a trust will be deemed to receive the amount of any dividend received by the trust and designated to that beneficiary, effective at the time the dividend was received by the trust, and a member of a partnership will be considered to have received that partner’s share of a dividend received by the partnership, effective at the time the dividend was received by the partnership.

The Series 3 Shares are “taxable preferred shares” as defined in the Tax Act. The terms of the Series 3 Shares require the Corporation to make the necessary election under Part VI.1 of the Tax Act so that Holders will not be subject to tax under Part IV.1 of the Tax Act on Ordinary Dividends received (or deemed to be received) on the Series 3 Shares. The Corporation has advised counsel that it will be eligible to make such election at closing, and that, in accordance with the terms of the Underwriting Agreement, it will make such election on the date of the closing.

A “private corporation”, as defined in the Tax Act, or any other corporation controlled by or for the benefit of an individual (other than a trust) or a related group of individuals (other than trusts), will generally be liable to pay a 33 $\frac{1}{3}$ % refundable tax under Part IV of the Tax Act on Ordinary Dividends received (or deemed to be received) on the Series 3 Shares to the extent such dividends are deductible in computing its taxable income.

Counsel understands that the Corporation does not currently intend to pay capital gains dividends on the Series 3 Shares, and accordingly the tax considerations related to the receipt of capital gains dividends are not discussed herein.

Dispositions

A Holder who disposes of or is deemed to dispose of Series 3 Shares (including on a redemption retraction, purchase for cancellation, or otherwise) will generally realize a capital gain (or sustain a capital loss) to the extent that the Holder’s proceeds of disposition, net of any reasonable costs of disposition, exceed (or are less than) the adjusted cost base of such shares to the Holder. The amount of any deemed dividend arising on the redemption or acquisition by the Corporation of Series 3 Shares will generally not be included in computing the

Holder's proceeds of disposition for purposes of computing the capital gain or loss arising on disposition of such Series 3 Shares. If the Holder is a corporation, any capital loss arising on a disposition of a Series 3 Share may in certain circumstances be reduced by the amount of any Ordinary Dividends, including deemed dividends which are Ordinary Dividends, which have been received on the Series 3 Share. Analogous rules apply to a partnership or trust of which a corporation, partnership or trust is a member or beneficiary. One-half of a capital gain (a taxable capital gain) is included in income and one-half of a capital loss may be deducted against taxable capital gains in accordance with the rules in the Tax Act.

A Holder realizing net capital gains may be subject to an alternative minimum tax under the Tax Act.

A Holder that is a "Canadian-controlled private corporation" (as defined in the Tax Act) throughout a taxation year may be liable to pay an additional refundable tax of 6 $\frac{2}{3}$ % on its "aggregate investment income" for a year, which is defined to include taxable capital gains.

Redemption

If the Corporation redeems Series 3 Shares, or otherwise acquires or cancels Series 3 Shares (other than by a purchase in the open market in the manner in which shares are normally purchased by any member of the public in the open market), the Holder will be deemed to have received a dividend equal to the amount, if any, paid by the Corporation in excess of the paid-up capital of such shares at such time as computed for purposes of the Tax Act. Generally, the difference between the amount paid and the amount of the deemed dividend will be treated as proceeds of disposition for purposes of computing the capital gain or capital loss arising on the disposition of such shares. In the case of a corporate Holder, it is possible that in certain circumstances all or part of any such deemed dividend may be treated as proceeds of disposition and not as a dividend.

PLAN OF DISTRIBUTION

Pursuant to an underwriting agreement (the "Underwriting Agreement") dated February 15, 2006 between the Corporation and the Underwriters, the Corporation has agreed to sell and the Underwriters have severally agreed to purchase, as principals, subject to compliance with all necessary legal requirements and to the terms and conditions contained therein, on March 3, 2006 or such other date not later than March 31, 2006 as may be agreed upon by the parties (the "Closing Date"), all but not less than all of the Series 3 Shares offered hereby at an aggregate price of \$75,000,000, payable in cash to the Corporation against delivery on such Closing Date. The price at which the Series 3 Shares are being offered hereunder was determined by negotiation between the Corporation and the Underwriters.

In consideration for their services in connection with this offering, the Corporation has agreed to pay the Underwriters a fee equal to \$0.25 per Series 3 Share sold to certain institutions and \$0.75 per share with respect to all other sales of Series 3 Shares. Assuming that no Series 3 Shares are sold to such institutions, the Underwriters' fee will be \$2,250,000. All fees payable to the Underwriters will be paid on account of services rendered in connection with this offering and will be paid out of the general funds of the Corporation.

This short form prospectus qualifies the distribution of the Series 3 Shares offered hereunder in each of the provinces of Canada, except the Province of Quebec.

The obligations of the Underwriters to purchase the Series 3 Shares are several and not joint, and the Underwriting Agreement provides that the Underwriters may, at their discretion, terminate their obligations thereunder on the basis of their reasonable assessment of the state of the financial markets and upon the occurrence of certain stated events. The Underwriters are, however, obligated to take up and pay for all the Series 3 Shares if any Series 3 Shares are purchased under the Underwriting Agreement.

Pursuant to a policy statement of the Ontario Securities Commission, the Underwriters may not, throughout the period of distribution under this short form prospectus, bid for or purchase any Series 3 Shares. The foregoing restriction is subject to certain exceptions, including (i) a bid or purchase permitted under the by-laws and rules of the TSX relating to market stabilization and passive market-making activities; and (ii) a bid or purchase made for and on behalf of a customer where the order was not solicited during the period of the distribution, provided that the bid or purchase was not engaged in for the purpose of creating actual or apparent active trading in, or raising the price of, such securities. In connection with this offering, the Underwriters may

over-allot or effect transactions which stabilize or maintain the market price of the Series 3 Shares at a level other than that which might otherwise prevail in the open market. Such transactions, if commenced, may be discontinued at any time.

The Corporation has agreed that it will not, without the prior consent of the Underwriters, which consent is not to be unreasonably withheld or delayed, issue, agree to issue or announce an intention to issue any additional Class A Preference Shares or any securities convertible into or exchangeable for shares of the Corporation until May 15, 2006.

The Series 3 Shares have not been and will not be registered under the United States *Securities Act of 1933*, as amended or any state securities laws and, subject to certain exemptions, may not be offered or sold within the United States or to U.S. persons. The offering and sale of the Series 3 Shares are also subject to certain restrictions under the laws of certain jurisdictions outside of Canada. Each Underwriter has agreed that it will not offer for sale or sell or deliver the Series 3 Shares in any such jurisdiction except in accordance with the laws thereof.

The TSX has conditionally approved the listing of the Series 3 Shares under the symbol "CGI.PR.C". Listing is subject to the Corporation fulfilling all of the listing requirements of the TSX on or prior to May 16, 2006.

RATINGS

The Series 3 Shares are provisionally rated Pfd-1 by Dominion Bond Rating Service Limited ("DBRS"). This rating is the second highest of sixteen ratings used by DBRS for preferred shares. Preferred Shares with a Pfd-1 rating are of superior credit quality, and are supported by entities with strong earnings and balance sheet characteristics.

Credit ratings are intended to provide investors with an independent assessment of the credit quality of an issue or issuer of securities and do not speak to the suitability of particular securities for any particular investor. A security rating is therefore not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time by the rating agency.

EXPERTS

Certain legal matters in connection with this offering will be passed upon by Blake, Cassels & Graydon LLP for the Corporation and by Fasken Martineau DuMoulin LLP for the Underwriters. As of February 14, 2006, the partners and associates of Blake, Cassels & Graydon LLP as a group and the partners and associates of Fasken Martineau DuMoulin LLP as a group, beneficially owned, directly or indirectly, less than one percent of any class of securities of the Corporation.

RISK FACTORS

Investors should consider the following investment considerations before making a decision to purchase Series 3 Shares, as well as the other information in this short form prospectus and the documents incorporated by reference herein.

Performance of Issuers

The value of the Corporation's shares, including the Series 3 Shares, will vary according to the value of the securities in which the Corporation invests, which will depend, in part, upon the performance of the issuers of such securities. The amount of distributions available for payment to shareholders of CGI will depend in part on the amount of distributions paid by the issuers of the securities held by the Corporation in the Corporation's portfolio. The Corporation cannot predict whether the securities of issuers held by it will trade at a discount from, a premium to, or equal to the net asset values of the issuers of such securities.

Changes in Legislation

There can be no assurance that income tax laws and government incentive programs relating to the treatment of closed-end investment companies and entities in whose securities the Corporation invests under the

Tax Act will not be changed in a manner that adversely affects the distributions received by the Corporation and its shareholders.

Leverage

One element of the Corporation's investment strategy is the utilization of leverage to invest in securities. The risk to shareholders may increase if securities purchased using leverage decline in value.

Status as Investment Corporation

The Corporation currently manages its investments so as to qualify as an "investment corporation" for the purposes of the Tax Act (See "Canadian General Investments, Limited — Investment Corporation Status"). However, it is possible that the Corporation could lose its status as an "investment corporation" for reasons that are beyond the Corporation's control including certain actions which could be taken by the Corporation's principal shareholders, or potentially in certain circumstances upon the redemption of any shares of the Corporation. In addition, the Corporation may determine in the future that it does not wish to maintain such status any longer. The loss of such status could result in the loss of certain benefits currently available under the Tax Act, including those described under the heading "Canadian General Investments, Limited — Investment Corporation Status".

Termination of Management Contract

The Corporation is party to a management contract (the "Management Contract") with Morgan Meighen & Associates Limited (the "Investment Manager"), a Toronto-based investment management firm, pursuant to which the Investment Manager provides investment, portfolio management and other services to the Corporation. As the Management Contract is terminable at the option of the Investment Manager for any reason on 180 days' notice, there is no guarantee that the Investment Manager will continue to act as the Corporation's investment manager. The termination of the Management Contract by the Investment Manager could have an adverse effect on the Corporation.

Regulatory Environment

The ability of the Investment Manager to carry on its business and to perform its obligations under the Management Contract is dependent upon its continued registration under the various securities acts under which the Investment Manager and its employees are currently registered. Any change in the regulatory framework or failure to comply with any of these laws, rules or regulations could, as a result, have an adverse effect on the Investment Manager and its ability to perform its obligations under the Management Contract.

Reliance on Management and Key Personnel

The performance of the Corporation's investment portfolio and the ability of the Corporation to generate sufficient income and realized gains to make the required dividend payments on the Series 3 Shares will be primarily dependent on the performance of the Investment Manager. Investors who are not willing to rely on the management of the Investment Manager should not invest in the Series 3 Shares.

The contribution of certain of the Investment Manager's professionals is particularly important to the performance of the Corporation's investment portfolio and, in turn, to the Corporation's profitability. Individuals employed by the Investment Manager may, however, choose to leave at any time to pursue other opportunities. The loss of certain of the Investment Manager's professionals could have an adverse effect on the Corporation.

Series 3 Shares

The value of Series 3 Shares will be affected by the general creditworthiness of the Corporation. The Corporation's Management Report of Fund Performance for the year ended December 31, 2005 is incorporated by reference in this short form prospectus, and contains information relating to the Corporation's business, financial condition and/or results of operations. See also the discussion under "Earnings Coverage Ratios",

which is relevant to an assessment of the risk that the Corporation will be unable to pay dividends on the Series 3 Shares.

The market value of the Series 3 Shares, as with other preferred shares, is primarily affected by changes (actual or anticipated) in prevailing interest rates and in the credit rating assigned to such shares. Real or anticipated changes in credit ratings on the Series 3 Shares may also affect the cost at which the Corporation can transact or obtain funding, and thereby affect its liquidity, business, financial condition or results of operations.

The Series 3 Shares rank equally with other Class A Preference Shares of the Corporation in the event of an insolvency or winding-up of the Corporation. If the Corporation becomes insolvent or is wound-up, the Corporation's assets must be used to pay debt, including subordinated debt, before payments may be made on Series 3 Shares and other Class A Preference Shares.

Prevailing yields on similar securities will affect the market value of the Series 3 Shares. Assuming all other factors remain unchanged, the market value of the Series 3 Shares would be expected to decline as prevailing yields for similar securities rise and would be expected to increase as prevailing yields for similar securities decline.

There can be no assurance that an active trading market will develop for the Series 3 Shares after the offering, or if developed, that such a market will be sustained at the offering price of the Series 3 Shares.

BOOK-BASED SYSTEM

Registration of interest in and transfers of the Series 3 Shares will only be made through the book-based system administered by CDS. On or about the Closing Date, the Corporation will deliver to CDS a certificate evidencing the aggregate number of Series 3 Shares subscribed for under this offering. Series 3 Shares must be purchased, transferred and surrendered for retraction or redemption through a participant in CDS (a "CDS Participant"). All rights of an owner of Series 3 Shares must be exercised through, and all payments or other property to which such owner is entitled will be made or delivered by, CDS or the CDS Participant through which the owner holds Series 3 Shares. Upon a purchase of any Series 3 Shares, the owner will receive only the customary confirmation. References in this short form prospectus to a holder of Series 3 Shares mean, unless the context otherwise requires, the owner of the beneficial interest in such shares.

The ability of a beneficial owner of Series 3 Shares to pledge such shares or otherwise take action with respect to such owner's interest in such shares (other than through a CDS Participant) may be limited due to the lack of a physical certificate.

The Corporation has the option to terminate registration of the Series 3 Shares through the book-based system, in which event certificates for Series 3 Shares in fully registered form will be issued to the beneficial owners of such shares or their nominees.

AUDITORS, REGISTRAR AND TRANSFER AGENT

The auditors of the Corporation are PricewaterhouseCoopers LLP, Toronto, Ontario. The registrar and transfer agent for the Series 3 Shares will be Computershare Trust Company of Canada at its principal office in the city of Toronto.

PURCHASERS' STATUTORY RIGHTS

Securities legislation in certain of the provinces of Canada provides purchasers with the right to withdraw from an agreement to purchase securities. This right may be exercised within two business days after receipt or deemed receipt of a prospectus and any amendment. In several of the provinces, the securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, damages if the prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province for the particulars of these rights or consult with a legal advisor.

AUDITORS' CONSENT

We have read the short form prospectus of Canadian General Investments, Limited ("CGI") dated February 23, 2006 relating to the issue and sale of 3.90% Cumulative Redeemable Class A Preference Shares, Series 3 (the "Prospectus"). We have complied with Canadian generally accepted standards for an auditor's involvement with offering documents.

We consent to the incorporation by reference in the above-mentioned Prospectus of our report to the shareholders of CGI on the statements of net assets of CGI as at December 31, 2005 and 2004, the statement of investment portfolio as at December 31, 2005 and the statements of operations, changes in net assets and cash flows for the years ended December 31, 2005 and 2004. Our report is dated January 27, 2006.

Toronto, Canada
February 23, 2006

(Signed) PRICEWATERHOUSECOOPERS LLP
Chartered Accountants

CERTIFICATE OF THE CORPORATION

Dated: February 23, 2006

This short form prospectus, together with the documents incorporated herein by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this short form prospectus as required by the securities legislation of the provinces of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland and Labrador.

By: (Signed) JONATHAN A. MORGAN
President
(as Chief Executive Officer)

By: (Signed) COLIN D. SMITH
Secretary-Treasurer
(as Chief Financial Officer)

On behalf of the Board of Directors

By: (Signed) JAMES G. COOK
Director

By: (Signed) JAMES F. BILLET
Director

CERTIFICATE OF THE UNDERWRITERS

Dated: February 23, 2006

To the best of our knowledge, information and belief, this short form prospectus, together with the documents incorporated herein by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this short form prospectus as required by the securities legislation of the provinces of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland and Labrador.

SCOTIA CAPITAL INC.

By: (Signed) MARY ROBERTSON

TD SECURITIES INC.

By: (Signed) J. DAVID BEATTIE

BMO NESBITT BURNS INC.

By: (Signed) DAVID R. THOMAS

DESJARDINS SECURITIES INC.

By: (Signed) THOMAS L. JARMAI



CGI

Canadian General Investments,
Limited