December 23, 2009

Dear Shareholders of M Split Corp.:

You are invited to a special meeting of shareholders of M Split Corp. (the **Fund**) to be held at 10:30 a.m. (Eastern Time) on Wednesday, February 3, 2010 at the offices of Blake, Cassels & Graydon LLP, 199 Bay Street, 23rd Floor, Commerce Court West, Toronto, Ontario.

The purpose of the meeting is to consider and vote upon a special resolution to reorganize the share capital of the Fund as described in the Management Information Circular (the "Circular") dated December 23, 2009. The special resolution, if passed, would provide holders of Priority Equity and Class A shares with an opportunity to have their existing shares reorganized into a new series of shares that would potentially provide greater distribution and capital growth potential, especially if the common shares of Manulife increase over the remaining 5-year term of the Fund.

Current Company Status and Outlook

Since the commencement of investment operations on April 18, 2007, the price of Manulife common shares declined from $41.08 to a low of $9.02 on March 6, 2009. As a result of this significant decline, the Fund was required under the prospectus to implement the Priority Equity Portfolio Protection Plan (as more fully described under "*Description of M Split Corp. − Priority Equity Portfolio Protection Plan*" on page C-5 of the Circular). As at December 15, 2009, the Company had approximately 99% of its net assets in the Priority Equity Portfolio Protection Plan and only the remaining 1% was in the common shares of Manulife. The securities purchased in the Priority Equity Protection Plan were Canadian provincial government-backed strip coupons. These fixed income securities mature at a specified amount on maturity but do not pay cash interest income during the term of the coupon. The net asset value per Unit was $8.41 as at December 15, 2009.

The implementation of the Priority Equity Portfolio Protection Plan, as required by the prospectus, has had the effect of materially limiting the impact of future price movements of Manulife common shares on the net asset value of the Fund. The future movements of the net asset value will be predominately correlated to the changes in interest rates and the impact on the prices of the fixed income securities held in the portfolio. Implementing the Priority Equity Portfolio Protection Plan has also eliminated the ability of the Company to generate income from dividends and the writing of covered call options and this has made it impossible for the Fund to meet its dividend and distribution objectives to both Classes of shareholders for the remaining term of the Fund.

Effectively, the Company's primary remaining investment focus is to achieve the $10 repayment objective of the Priority Equity shares. As at December 15, 2009, the estimated future value of the cash and fixed income securities was approximately $10.14 per Priority Equity share. An additional $0.4375 per unit in cumulative dividends accounted for as a liability in the Fund's accounting records and approximately $0.08 in the common shares of Manulife would also be available to meet that objective. However, these amounts will be required to fund the ongoing expenses of the Fund. The following factors could increase the expenses of the Fund and could have an adverse impact on the Fund's ability to meet the Priority Equity shares repayment objective: 1) increasing retractions especially on the scale experienced at the 2009 annual retraction in which 22% of the Fund units were retracted could lead to a material increase in the management expense ratio of the Fund, 2) increases in regulatory or other expenses over the remaining term of the Fund, and 3) the Fund could become taxable on the interest earned on its fixed income securities.

Furthermore, if retractions continue to grow, this could increase the possibility of a TSX delisting before the termination date of the Fund, which is 5 years away. The Fund as at December 15, 2009 had $26 million in net assets but it must maintain a minimum number of shares of each class, a minimum aggregate value of its shares and a minimum number of board lot holders to maintain its TSX listing (as more fully described in the Circular).

Most importantly, since the Fund's portfolio is primarily composed of strip coupons with a 5-year maturity, the impact of any rise in interest rates from the current low historic and relative rates could adversely impact the net asset value over the next few years.

Therefore, in order to restore the ability of the Fund to achieve meaningful levels of future dividend payments and to potentially grow the net asset value per unit should the share price of Manulife's common shares increase during the remaining term of the Fund, the Manager has presented to the Board of Directors of the Fund with a proposed capital reorganization of the Fund which it believes offers potentially much greater Shareholder value for both classes of shares, especially in the event of a recovery in the price of the Manulife common shares. This capital reorganization is being brought before the Shareholders at the meeting for their consideration and approval.

The New M Split Fund would have the following attributes:

The objective of the New M Split Fund is to allow holders of both the Priority Equity Shares and the Class A Shares with improved distribution and capital appreciation potential by re-establishing higher levels of exposure to Manulife common shares than is the case with the current Fund. The higher levels of exposure would result from the liquidation of the fixed income securities (and the elimination of the requirement to maintain the Priority Equity Portfolio Protection Plan) and a reinvestment in common shares of Manulife. The increased exposure to such common shares would create higher dividend income (assuming no changes to current dividends paid on Manulife common shares) and the potential for much higher levels of income through the covered call writing program. In addition, the increased exposure to such common shares would offer much greater capital growth potential for both classes of investors if Manulife common shares increase in value over the remaining life of the Fund.

In summary, holders of the existing Priority Equity Shares would receive the following securities for each Priority Equity share held:

One $5 Class I Preferred share: paying fixed cumulative preferential monthly dividends to yield 7.5% per annum and having a repayment objective on the Termination Date of $5

One $5 Class II Preferred share: paying distributions to yield 7.5% per annum on the $5 notional issue price if and when the net asset value per Unit of the New M Split Fund exceeds $12.50 and having a repayment objective on the Termination date of $5.00

One 2011 Warrant: each Warrant can be used to purchase one Unit (consisting of one Class I Preferred share, one Class II Preferred share and one Capital share) for an exercise price of $10.00 at specified times until February 28, 2011

One 2012 Warrant: each Warrant can be used to purchase one Unit (consisting of one Class I Preferred share, one Class II Preferred share and one Capital share) for an exercise price of $12.50 at specified times until February 28, 2012

Holders of the existing Class A Shares would receive a Capital share for each Class A share held:

One Capital Share: Capital shares would continue to participate in any net asset value growth over $10.00 per Unit and dividends would only be reinstated if and when the net asset value per Unit exceeds $15.00. The increased exposure to the Manulife common shares would offer much greater capital appreciation potential, especially if the value of such common shares were to increase over the remaining life of the Fund.

Therefore, the special meeting resolution if passed will effectively offer all shareholders a choice of participating in a new Fund that potentially could offer increased distribution and capital growth potential. This election would be made available to all shareholders within a few weeks after the meeting date. If the resolution is passed, a special retraction right would be offered to all shareholders immediately prior to the implementation of the reorganization.

If the reorganization is passed, the Manager will lower its annual management fee from 0.55% to 0.45% per annum of the net asset value of the Fund. In addition the discount to net asset value for the monthly redemption fee will be decreased from 4% to 3% on the New M Split Fund and this reduced fee would be paid to the Manager and not retained by the Fund. These measures are intended to lower ongoing expenses of the Fund and improve trading prices relative to the net asset value for each Fund.

The attached Notice of Special Meeting of Shareholders and the Circular, which you should read carefully, contains a detailed description of the special resolution and other information that will help you make an informed decision.

The Manager and the Board of Directors of M Split have unanimously determined that the reorganization of the Fund as contemplated in the Circular is in the best interests of Shareholders. In addition, as required by the terms of National Instrument 81-107, the Manager referred the proposed reorganization of the Fund to the Independent Review Committee (IRC) for its recommendation. On December 16, 2009, the IRC advised the Manager that it had concluded that the calling of the Meeting to put before Shareholders the proposal to organize the Fund as contemplated in the Circular achieved a fair and reasonable result for the Fund and its Shareholders.

Accordingly, the Manager and the Board of Directors of the Fund each recommends that Shareholders vote FOR the special resolution.

If you are a Shareholder of the Fund, you are urged to vote on the special resolution by completing and returning the attached proxy to Computershare Investor Services using any of the methods described on the Proxy as soon as possible, but no later than February 1, 2010 at 10:30 a.m.

Sincerely,

WAYNE FINCH
President and Chief Executive Officer
Quadravest Inc., in its role as Manager of
M Split Corp.