

MANDATE NATIONAL MORTGAGE CORPORATION

PRESIDENT'S REPORT

Revenue for the three months ending March 31, 2011 decreased 11.7% to \$198,125 from \$224,354 a year earlier. This was due to a decrease in mortgage interest income from non performing loans.

Net income for the three months decreased to \$150,005 or \$.17 per share compared with \$180,400 or \$.21 per share for the same period in 2010.

Strong market fundamentals are keeping B.C.'s residential real estate among the most expensive in the country. A Royal LePage report released in April 2011 found that the price of a standard two-storey house and detached bungalow in Vancouver sold for nearly three times the average national price in 2011's first quarter. It cited limited housing supply and low interest rates as key price drivers in the traditionally strong spring real estate market.

The B.C. Real Estate Association noted the higher prices in February were due to higher sales in the city's more expensive communities, but even excluding those sales, Metro Vancouver house prices continued to rise 4%.

Strong demand for housing in B.C. due to strong net migration into the province remains a key market driver. According to Statistics Canada, immigration has displaced interprovincial migration to B.C. as the main contributor to the province's adult population growth. Since 1990, of the one million new residents to B.C., more than 777,000 were immigrants.

FINANCIAL HIGHLIGHTS

Source: globefund.com

| As of March 31, 2011 | | | | | | | |
|----------------------|---------------|---------|---------|---------|----------|----------|-----------|
| Fund Name | 5 Star Rating | 1 yr. % | 3 yr. % | 5 yr. % | 10 yr. % | 15 yr. % | Inception |
| Mandate | ***** | 6.55 | 8.43 | 8.92 | 8.09 | 7.84 | 10.08 |

- Annualized return on common shareholders' equity for the three (3) months ending March 31, 2011 was **7.60%** while return on preferred shareholders' equity was **7.03%**. This compares favourably to the highest one year return of G.I.C.'s of 1.75%, or 90 day term deposits up to .85% or fixed income Mutual Funds up to 3.6%.
- The weighted average interest rate on the portfolio was 10.54%.
- Provisions for losses was \$109,204 or 2.14% of the portfolio as at March 31st compared to \$91,992 or 1.75% in 2010.