

## MANDATE NATIONAL MORTGAGE CORPORATION

### PRESIDENT'S REPORT

Revenue for the three months ending September 30, 2011 increased 25.9% to \$188,078 from \$149,306 a year earlier. This was due to an increase in mortgage interest income and syndication fees.

Net income for the three months decreased 22.9% to \$99,762 or \$.123 per share compared with \$129,352 or \$.15 per share for the same period in 2010. The lower net income was due to a loss realized on a mortgage receivable. The Manager waived their fee in order to preserve the yield to shareholders.

Interest rates continue at historic lows, with no changes anticipated for the next two years. Accordingly, many financial experts are recommending locking into a 3-5 year fixed rate term rather than a variable rate mortgage. The spread between fixed and variable rates is low by historical standards with any continued downtrend limited.

To update the Second Quarter Report on the status of the Chinatown property, the Company has re-listed the condos at "retail" value vs "rental". As a result, the potential recovery is anticipated to be higher.

### FINANCIAL HIGHLIGHTS

Source: [globefund.com](http://globefund.com)

As of September 30, 2011						
Fund name	5 Star Rating	1 yr %	3 yr %	5 yr %	10yr %	15yr %
Mandate	*****	5.60	7.38	8.43	7.91	7.76

- Annualized return on common shareholders' equity for the three (3) months ending September 30, 2011 was **5.32%** while return on preferred shareholders' equity was **4.91%**. This compares favourably to the average one year return of G.I.C.'s of up to 1.70% or Fixed Income Mutual Funds up to 2.20%.
- The yield once again exceeded the benchmark return to shareholders of Prime plus 2.0%.
- Provisions for losses totaled \$178,038 or 3.14% of the portfolio compared to \$74,753 or 1.68% in 2010. This is in keeping with the Company policy which is to provide a minimum provision of 60 basis points for all loans.