



MERIDIAN Financial Group

TRUSTS COMPANIES MORTGAGE FUND INSURANCE

Unfolding a world of international opportunity

QUARTERLY UPDATE

1st Quarter, 2011

Meridian Mortgage Fund Performance as of 31 March 2011

| | |
|--------------------------------------|--------------|
| 1ST QTR. 2011 DIVIDEND YIELD* | 7.32% |
| 4TH QTR. 2010 DIVIDEND YIELD* | 8.00% |
| 3RD QTR. 2010 DIVIDEND YIELD* | 8.04% |
| 2ND QTR. 2010 DIVIDEND YIELD* | 8.04% |
| 1ST QTR. 2010 DIVIDEND YIELD* | 8.11% |
| ACTUAL. 2009 DIVIDEND YIELD** | 9.28% |
| ANNUALIZED RETURN SINCE 1996 | 9.66% |

* Annualised return for year based on YTD performance

** Past performance is not necessarily a guide to future performance

PORTFOLIO SUMMARY

| | |
|--|----------------------|
| Total Loan Portfolio | \$ 39,901,690 |
| Cash | \$ 637,192 |
| Certificate Of Deposit | \$ - |
| Percentage of 2nd Mortgage | 0.00% |
| Percentage of 1st Mortgage | 100.00% |
| Market Value of Underlying Security | 93,913,881 |
| Loan to Value Ratio | 42.49% |

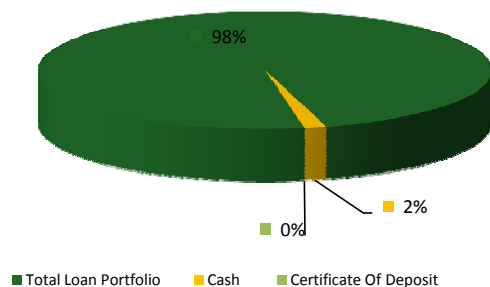
PROPERTY LOCATION

| | |
|---|----------------------|
| Turks & Caicos Loan Balance | \$ 36,570,287 |
| North America Loan Balance | \$ 3,331,403 |
| Cash & Certificate of Deposits | \$ 637,192 |
| Total Value of Portfolio | \$ 40,538,882 |

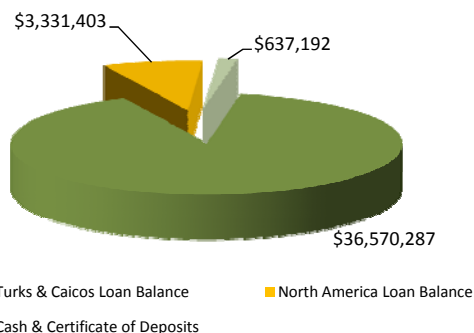
PROPERTY CLASSIFICATION

| | |
|-------------------------------|------------|
| Residential | 40 |
| Multi-unit Residential | 23 |
| Commercial | 24 |
| Vacant Land | 46 |
| Number of Loans | 133 |

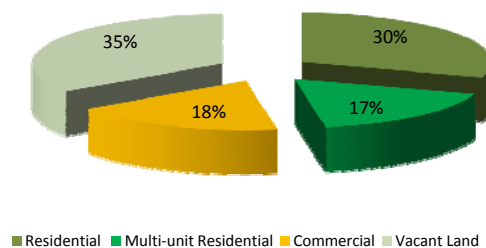
PRIORITY OF MORTGAGE



PROPERTY LOCATION



PROPERTY CLASSIFICATION



Market Performance as of 30 March 2011 *

| | 1 YR | 3YR | 5YR |
|-------------------|--------|--------|--------|
| MMFL | 7.70% | 8.80% | 8.89% |
| 30 Yr Govt | 7.86% | 4.51% | 6.64% |
| Equities | | | |
| DJIA | 16.26% | 3.34% | 4.84% |
| S&P 500 | 15.48% | 2.61% | 2.58% |
| FTSE 100 | 7.44% | 5.10% | 3.53% |
| MSCI EAFE | -1.07% | -5.40% | -5.15% |
| MSCI EM | 10.01% | 1.47% | 7.01% |

* Annualised return

Meridian Mortgage Fund Commentary - 1st Quarter 2011

The Meridian Mortgage Fund earned an annualised net return of 7.32% p.a. for its investors as at 31st March 2011.

During the quarter, management reduced the average lending rate by around 50 basis points in response to a softening in the demand for lending, which enabled the Fund to compete for the most attractive loan opportunities and protect its return, whilst balancing risk. There has been an increase in the number of loans secured by raw land over the last 5 months. This does not reflect any change in lending policy by Meridian, but rather, is a result of the actions mentioned in the previous quarter's summary report where Meridian stepped into a non-performing loan and proceeded to subdivide and sell the individual parcels. Meridian offered financing as part of this deal and has effectively converted one larger non-performing loan on a large parcel of land into thirteen smaller healthy loans using the same collateral divided into smaller individual parcels.

The TCI tourism product remains very attractive to North Americans and we are seeing record numbers of tourists for this time of year and there is also some evidence that the tourism season is extending even further. The arrival of new airlines Continental and JetBlue has done much to boost confidence in both the tourism and real estate sectors. Meridian has received numerous inquiries from visitors regarding the availability of properties from the Fund. One sale was completed in the first quarter and two went to contract this week. We are pleased to begin unwinding our non-performing loans and expect to see an improvement in the return of the Fund later in the year as regular interest payments are received on the funds released from these sales. Management continues to be proactive in exercising its right to sell properties where borrowers are in default of the terms of our lending. Where appropriate we also work with the borrower in the capacity of receiver, helping to let properties and collect rents for mortgage payments.

The finishing touches are currently being put to the extension of the runway at Providenciales Airport and the new Cheshire Hall Medical Centre in Providenciales, operated by Interhealth Canada, recently celebrated its first birthday. During the quarter, the TCI's public finances were stabilised through a \$260m loan facility provided by Scotiabank and guaranteed by the UK Government. This loan reduces the interest burden and allows the Interim Government to meet its ongoing commitments whilst it reorganises local revenue streams and spending in an effort to balance its budget for 2012. A new Commissioner to the Royal Turks and Caicos Police, Commissioner Farquhar was installed during the quarter. Commissioner Farquhar brings over 30 years of experience gained in the Royal Canadian Mounted Police and United Nations and is committed to ensuring frontline police officers have the support they need to continue to keep the TCI safe. The Special Investigative Prosecution Team continues to gather evidence and bring cases against those suspected of bribery and corruption and has begun restoring the proceeds of crime recovered to the public purse. In summary, the economy appears to be stabilising and we look forward to the implementation of measures to incentivise private sector growth going forward.

We remain cautiously optimistic for 2011, as real estate prices are stabilising and tourist numbers are increasing.

Thank you for your business.

The Meridian Mortgage Fund team.