

EXECUTIVE SUMMARY

Alta Pacific Mortgage Investment Corp. (MIC) is Western Canada's most secure specialty mortgage fund. The fund targets an 8-11% annual return to its investors and has achieved a 12% target return in the 2009 and 2010 fiscal years (12.75% and 12.21% respectively). Alta Pacific is a great choice for Canadians wishing to find a safe and reliable home for their registered funds (RRSP, RESP, LIRA etc) and open investments (Cash). Investor returns can be re-invested through the company's share re-investment program or withdrawn through cash dividends issued to investors as often as monthly.

Investing in today's financial world can be confusing. The founders of Alta Pacific believe that investing in Western Canadian mortgages is a better choice. With over 50 years combined experience in mortgages and real estate investing, we are helping Western Canadians realize consistent returns.

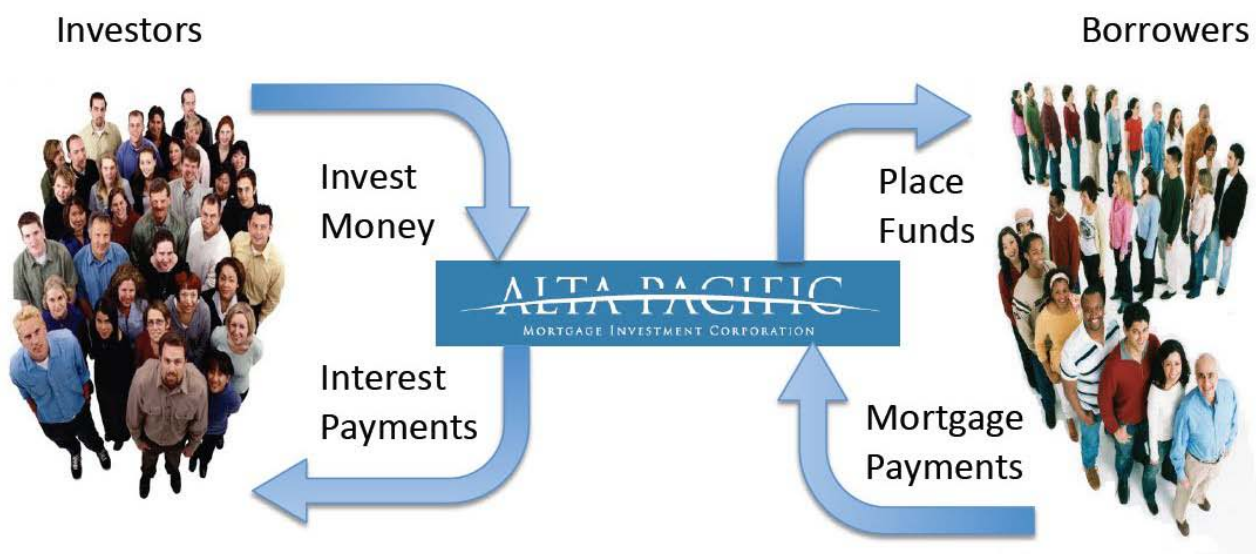
COMMONLY ASKED QUESTIONS

What is a MIC?

A Mortgage Investment Corporation (MIC) is a company created by virtue of the Canadian Income Tax Act which enables investors to invest in a pool of Canadian mortgages. Investing in mortgages has long been an investment vehicle only available to sophisticated and affluent investors. Alta Pacific allows investors at all levels to share in the returns generated by mortgages on Canadian real estate.

How does Alta Pacific work?

Investors' capital is used to fund mortgages – mortgages secured by Canadian residential and commercial properties. By their nature, mortgages generate a yield through interest rates and fees charged to borrowers. As opposed to many other real estate investments where future value is forecasted or assumed, MICs generate monthly cash flow through interest payment made by borrowers. The Income Tax Act requires that 100% of a MIC's annual net income – generated through interest and fees – be distributed to its shareholders in the form of a dividend.





I thought mortgages were provided by major Canadian lending institutions.

Full term (25-30 year) mortgages are most often provided by the large Canadian lending institutions. Alta Pacific provides *specialty* mortgage loans that Canadian banks often do not offer. Primarily, these include short term (e.g. 12 months) mortgages where the borrower requires funds for a minimal amount of time.

What about the liquidity of my investment?

By their nature, MICs are not considered liquid investments when compared to stocks traded on open exchanges (TSE, NYSE etc.). Understanding Alta Pacific's business helps investors appreciate the liquidity of their investment. Investor capital is placed in mortgages with terms of 6-12 months. In order to achieve the 8-11% target rate of return, the company works to place investor capital in quality mortgages. The company also plans for monthly dividend payments as well as return of capital requests from its investors. Alta Pacific aims to fulfil investor initial capital requests within 30-90 days. If investors can plan ahead for their retraction of shares, Alta Pacific would prefer capital requests made 60 days prior to the company's year-end (June 30).

How are the company's dividends distributed?

Alta Pacific offers two methods of dividend distribution.

1. **Cash** – Open or registered investors can choose the 8% cash dividend paid monthly. The company's audit at year end (June 30) determines the annual yield, meaning any variance between the 8% monthly dividend and the audited annual yield is distributed in an additional dividend payment after year end. We call this *the 13th dividend*. For example, an investor makes an original investment of \$150,000. With Alta Pacific's 8% monthly dividend, the investor will receive monthly deposits of \$1,000. If year one's audited yield is 12%, an additional 4% (\$6,000) will be paid to the investor after the fiscal year end. *The 13th dividend* can also be issued in shares to take advantage of appreciation of original investment.
2. **Class "B" share re-investment** – For investors who wish to see their investment value grow more quickly, the company's share re-investment option is the best choice. Following the company's June 30 audit, the annual yield results in dividends being issued as shares in Alta Pacific. For example, an investor purchases 1,500 shares at \$100/share for an original investment of \$150,000. If year one's audited yield is 12%, the investor will receive 180 shares at \$100/share; increasing their investment's value to \$168,000 at the end of year one.

Using the Alta Pacific's *share re-investment* program, original investments double a few weeks into year 7 (at a 12% annual rate of return).

Are there restrictions on how a MIC operates?

Yes, the Canadian Income Tax Act (Section 130.1) clearly outlines rules that all MICs must follow. They include:

- A MIC must have at least 20 shareholders
- No shareholder may hold more than 25% of total capital
- At least 50% of a MIC's assets must be comprised of Canadian residential mortgages, and/or cash and insured deposits at Canada Deposit Insurance Corporation member financial institutions
- A MIC may invest up to 25% of its assets directly in real estate, but may not develop land or engage in construction. This ceiling on real estate holdings does not include real estate acquired as a result of mortgage default
- A MIC is a flow-through investment vehicle, and distributes 100% of its net income to its shareholders
- All MIC investments must be in Canada
- A MIC's annual financial statements must be audited

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This does not constitute an offer to sell or a solicitation of an offer to purchase any investment product, which can only be made by the confidential Offering Memorandum (OM). Each potential investor should read the OM in its entirety and carefully consider the risks and disclosures as set out therein before making an investment decision. Past performance does not guarantee future results.



How is Alta Pacific different from other MICs?

In addition to following each of the Canadian Income Tax rules, Alta Pacific follows its own disciplined lending principles based on each founder's experience in the Canadian real estate market. Many of these principles are unique to Alta Pacific and we believe set us apart from other mortgage funds and real estate investment options.

- Alta Pacific mortgage loans are always held by arms length borrowers – meaning, Alta Pacific does not provide mortgage loans to Alta Pacific founders, directors, partners, family members or close friends
- Mortgage loans on commercial properties are held when...
 - Alta Pacific is in 1st mortgage position (or extremely favourable 2nd position)
And, if bare land
 - The loan to value is less than 50% (*loan to value* - loan extended to borrower (e.g. \$120K) divided by value of property (e.g. \$240K)).
- Mortgage loans on residential properties are targeted at under 75% loan to value (some exceptions may apply)
- Current market value of commercial and residential real estate is always determined by current appraisals performed by independent third parties
- No more than 75% of the available funds of the Corporation may be invested in second mortgages
- Alta Pacific maintains a balance of residential vs. commercial or industrial mortgage loans
- Mortgages are offered between 3 and 12 month terms

What is the track record of Alta Pacific?

Alta Pacific was incorporated in 2007 and has achieved its target rate of return since operations began in 2008. The company's founders have 50 years combined experience in real estate investing and mortgage placements in Western Canada. Prior to forming Alta Pacific, two of the company's founders – Steve Froese and Dan Weiss – held ownership positions in a Calgary based Mortgage Investment Corporation (MIC). After 5 years of attaining 10-13% annual returns, Froese and Weiss partnered with BC based Brad Unrau and Ches Hagen to launch Alta Pacific.

WHO ARE ALTA PACIFIC FOUNDERS, DIRECTORS AND PARTNER?

1. **Brad Unrau** - Brad is currently among the top 2% of licensed Mortgage Brokers in the fastest growing Mortgage Broker firm in Canada; Dominion Lending Centres (headquarters in Vancouver, British Columbia). Brad reached the "top 10 brokers by lending volume" in the 2,000+ broker firm in his first year of joining the company. He achieved this through aggressive relationship building with his vast reach of existing investment partners and contacts in Western Canada. Brad has extensive experience in the acquisition, financing and management of residential and commercial real estate in B.C. and Alberta. Brad was first licensed in British Columbia as a CREA® licensed Realtor® in 1994 and continues to hold his Real Estate license as well as his Mortgage Broker license.
2. **Steve Froese** - Steve is co-founder and partner in Alta Pacific as well as Dominion Properties - based in Edmonton Alberta. In the mid to late 90s, Steve was a Realtor and part owner of Windermere Realty in Abbotsford, BC. Steve has general contracted residential and commercial projects in BC and Alberta; he owns and manages a commercial mortgage portfolio, has built 17 spa locations across Western Canada and the USA, and owns multiple poultry farms in Western Canada. Steve has over 15 years experience in residential and commercial real estate and brings great knowledge and wisdom to Alta Pacific.
3. **Dan Weiss** - Dan is partner and director with Alta Pacific as well as Dominion Properties in Edmonton. Dan is a licensed realtor with Re/Max River City in Edmonton Alberta and excels as a top performer. Dan has over 20 years experience in residential and commercial real estate across Alberta and the Western Canadian market. Dan brings vast experience in real estate procurement and property development to Alta Pacific.

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4. **Ches Hagen** - In addition to being a partner in Alta Pacific, Ches is the co-founder of a Saskatoon based software company - VendAsta Technologies Inc. Ches works in Vancouver with Brad Unrau and shares his time between Alta Pacific and VendAsta. Prior to VendAsta, Ches was Chief Operating Officer with Point2 Technologies Inc. - ranked as "Canada's #1 e-Commerce Company" by the Globe and Mail in 2001. In addition, Ches has experience in the acquisition and management of residential real estate in British Columbia. Ches is educated at British Columbia Institute of Technology.

Each partner is more than happy to speak with you to answer any questions you might have. Steve Froese and Dan Weiss are located in the Edmonton office; Brad Unrau and Ches Hagen are located in the Vancouver location. Additional partner bio information can also be found on the company website as well as in the Alta Pacific Offering Memorandum. We look forward to partnering with you in this exciting investment.

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