

JULY / AUGUST 2010 NEWSLETTER

ALTA PACIFIC MORTGAGES & INVESTMENTS

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We are your Team...

Many investors are introduced to Alta Pacific through Financial Planners meaning we (the Alta Pacific team) do not get the opportunity to meet some investors directly. Let us introduce ourselves and provide some background and history.

There are 4 partners who started and continue to operate Alta Pacific. Dan Weiss and Steve Froese work from Edmonton, AB while Brad Unrau and Ches Hagen are located in Vancouver, BC. Each partner is active in other business ventures that are closely aligned to Alta Pacific. This month we'll introduce Brad and Dan.

Brad Unrau is a licensed and certified mortgage broker and managing partner of Alta Pacific's broker franchise - Dominion Lending Alta Pacific. The Alta Pacific team of mortgage brokers and sub-brokers perform an average of one mortgage every day. The group is currently among the top 2% of licensed Mortgage Brokers in Canada. Brad can be reached directly by phone at 778.889.2583 or by email at brad@altapacificmortgages.com.

Dan Weiss - Dan and Steve Froese work together in property acquisition and management in their Edmonton based company - Dominion Properties. In addition, Dan is a licensed Realtor with Re/Max River City in Edmonton and holds the prestigious Lifetime Achievement Award. With a few *extra* years on the other partners (that's right, Dan's a shade older), he brings deep knowledge of the Western Canadian real estate industry to Alta Pacific. Dan can be reached by phone at 780.970.7908 or by email at dan@altapacificmortgages.com

We'll introduce Steve Froese and Ches Hagen in the September newsletter. As you learn more about us, we think you'll agree that the balance across the partners is unique; a balance that sets the foundation for a long-term, consistent performing investment fund for Canadians.

Alta Pacific's Dorianna Langman, Investor Relations, works closely with investors and financial advisors to ensure transactions are processed smoothly. If investments are registered (RSP, TFSA, LIRA etc.) Dorianna works directly with the trust companies (Olympia Trust / CWT) to ensure prompt and efficient processing. Dorianna works in the Vancouver office and can be reached Monday to Friday at 778.328.7401 - dorianna@altapacificmortgages.com.

There's more than just 4 partners and Dorianna that make Alta Pacific what it is today... we'll introduce all the others in future newsletters. Visit our website, including the *Contact Us* and *Partners* page for more details. All are welcome to visit us in either Edmonton or Vancouver. Please give us a call to setup an appointment, or stop by anytime.



Nearly one half of Canadians don't feel they're financially prepared for retirement

On June 15th, Investing Thesis (written by Arjun Rudra) ran an article that was directed at Canadians about retirement preparation and provided insight into stigmas surrounding the end of the traditional 9 to 5. The full article is available on www.investingthesis.com. We certainly thought it relevant to our Alta Pacific audience of customers and investors.

Nearly one half of Canadians don't feel that they're financially prepared for retirement according to an Ipsos Reid survey commissioned by the Canadian Institute of Actuaries (CIA) released Monday, June 14th, 2010.

The new survey finds that Canadians are worried about retirement - but they won't seek help. Only forty five percent of those surveyed agreed that they were confident in their financial future while thirty four percent disagreed. Furthermore, one in five (20%) said they would never fully retire and only one in ten (8%) respondents indicated that they were "very prepared" for retirement while forty two percent indicated that they were not prepared (13 per cent "not at all", 29 per cent "not very").

CIA President Robert Howard points to the fact that "72 percent of pre-retired Canadians are concerned about maintaining a reasonable standard of living in retirement and what impact increasing health care costs will have on their savings and overall quality of life." ... "They are very aware of the risks of retirement but there seems to be a reticence or perhaps a lack of knowledge about how to address those risks or how to manage them today," said Chris Fievoli a resident actuary with the Canadian Institute of Actuaries (CIA). "This indicates a significant gap between intent and action."

In a report entitled "Retirement Risk: Defining retirement horizons," the CIA identified three stages of retirement. The first stage is when your standard of living is very similar to what you had before retirement; the second stage is when you are able to do somewhat less which is a natural result of aging and the third stage is when you end up being able to do much less and that's the point at which you may want to look at a long term care facility and may not be able to care for yourself. Despite recognizing the various stages and financial requirements, just over half (53 percent) pre-retirees have focused the majority of their planning only on Stage I. Furthermore, just over half the respondents to the survey recognized that someday they may need to have a long term care facility but that means that almost half of the respondents didn't think that was concern. One can interpret that a couple of ways, said Fievoli, "either they think that is not going to happen to them or they are just not aware that is a risk they have to deal with now, so that's concerning." We would like to see more Canadians getting out having those conversations and being better prepared with some expert help.

The CIA hopes the survey results will urge Canadians to develop an action plan in order to ensure a secure financial future. The survey polled more than two thousand Canadians aged forty five and older, split between pre-retirees (adults who are not retired) and retirees (adults who identify themselves as retired).

Alta Pacific recommends that prospective investors seek the advice of independent financial advisors who specialize in retirement planning and preparation.

Arjun Rudra, is the founder of InvestingThesis.com, a website dedicated to personal finance and investment education.

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Alta Pacific's monthly newsletter 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.

ALTA PACIFIC MIC FAST FACTS

- 144 investors (BC, AB, SK)
- 24% investors choose Alta Pacific's 8% p.a. cash dividend
- 76% investors choose to re-invest dividends
- 67% investing with registered funds; RSPs, TFSA, LIRA, RIF etc.
- 33% investing with open funds (cash)
- Corporate year end is June 30
- Target LTV for overall fund – 65%
- Current LTV for fund – 54.9%
- 1st mortgages – 70%
- 2nd mortgages – 30%
- 3rd mortgages – 0%
- Secured by residential mortgages – 88%*
- Secured by commercial mortgages – 12%*
- BC mortgages – 40%
- Alberta mortgages – 20%
- Saskatchewan mortgages – 40%
- Average LTV on residential – 59.9%
- Average LTV on commercial – 32.7%
- Mortgages in default – 0

Loan to Value (LTV) percentages are based on independent third party appraisals performed in a reasonable time period prior to funding. Alta Pacific MIC does not currently hold mortgages with greater than 12 month terms. Appraisals are less than one year old and therefore the fund manager remains confident in the LTV stated in this newsletter.

* Alta Pacific's residential / commercial mortgage balance is targeted at 50% residential / 50% commercial. Due to the nature of mortgages maturing throughout the year, this balance varies month to month.

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Alta Pacific's year end is here...

Alta Pacific Mortgage Investment Corp. welcomed 45 new investors in June and July. June also included funding three residential 1st mortgages. See Fast Facts for full details of the fund's portfolio.

July is always a busy month with our year end (June 30) upon us. The fund's audit (by independent third party accounting firm, Alexander Christopher & Associates) is underway. Unaudited financial statements for 2010 showed **Alta Pacific MIC achieved its target return of 12% to investors** - so we are confident in continuing to deliver consistent returns again in the 2010 fiscal year.

At this time each year we are often asked questions around year ending activities. Below, we hope to answer some of the questions investors have.

First, there are two types of investors in Alta Pacific:

1. *Open Investor* - invested by sending a personal or business cheque for the purchase of shares
2. *Registered Investor* - invested through their registered funds (RRSP, LIRA, TFSA etc.)

At year end, investors receive their return on investment – issued as a dividend - through additional shares in Alta Pacific MIC or via dividend cheque. This distinction is determined by each investor when investment is first made. It is not uncommon to forget which was chosen so we invite you to contact Dorianna Langman for an update on your account status - 778.328.7401 dorianna@altapacificmortgages.com.

There are slight differences in how investor dividends – whether cheque or shares – are distributed to investors.

Open Investors

- Those who chose to receive a dividend cheque will receive a cheque from Alta Pacific MIC in September 2010
- Those who chose to receive shares will receive share certificates (via mail) from our corporate law firm; Linley Welwood LLP

Registered Investors

- Those who chose to receive a dividend cheque will be issued a cheque payable to their trust account (this will be sent to the trust company where your account resides - e.g. Olympia Trust Co.)
- Those who chose to receive shares will receive a copy of the share certificates in the mail; while the actual shares will be mailed to the trust company that holds your registered funds

In March 2010 we expanded Alta Pacific's offering to include a monthly cash dividend option. This option allows investors to select an 8% per annum paid monthly plan. Investors who chose the monthly plan also chose how to receive the year end top-up dividend; either in cash or additional shares. This year end top-up dividend is commonly called *the 13th dividend*.

Open Investors

- Those who chose the option to receive *the 13th dividend in cash*, will receive a cheque from Alta Pacific MIC in September 2010
- Those who chose the option to receive *the 13th dividend in shares*, will receive share certificates (via mail) from our corporate law firm; Linley Welwood LLP

Registered Investors

- Those who chose the option to receive *the 13th dividend in cash*, your trust account will receive a cheque from Alta Pacific MIC in September 2010. The funds will held 'in cash' by the trust company.
- Those who chose the option to receive *the 13th dividend in shares*, will receive a copy of the share certificates in the mail; while the actual shares will be mailed to the trust company that holds your registered funds.

If you have any questions, please don't hesitate to contact us Monday - Friday during business hours at 778-328-7401 or anytime by email - dorianna@altapacificmortgages.com.



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