

SEPTEMBER / OCTOBER 2010 NEWSLETTER

ALTA PACIFIC MORTGAGES & INVESTMENTS

www.altapacificmortgages.com

Vancouver • Fraser Valley • Edmonton

We are your Team...

Four partners founded and continue to operate Alta Pacific Mortgages & Investments. Dan Weiss and Steve Froese operate from Edmonton, Alberta while Brad Unrau and Ches Hagen in Vancouver, BC. This month we introduce Steve and Ches as well as a new addition to the team, Jennifer Hawkins (Executive Administrator).

Steve Froese - Steve has extensive experience in acquisition, management, development and financing of commercial and residential real estate. Together with Dan Weiss, they own and operate Dominion Properties. Based in Edmonton, Dominion Properties manages a large portfolio of commercial real estate in Western Canada. Steve also holds several Western Canadian poultry farms in his portfolio. Through Steve and Dan's relationships they source many lending opportunities for Alta Pacific. Steve can be reached directly by phone at 780.221.2582 or by email at steve@altapacificmortgages.com.

Ches Hagen - Ches is an active co-founder of a Saskatoon-based software company VendAsta Technologies Inc. VendAsta develops software for many large corporations in Western Canada, including Potash Corporation of Saskatchewan and Ritchie Bros. Auctioneers. Ches brings to Alta Pacific organizational and management experience; as well as an outside voice to the highly connected real estate and finance minds of Steve, Dan and Brad. Ches can be reached in the Vancouver office at 778.328.7401 or by email at ches@altapacificmortgages.com.

Jennifer Hawkins - Alta Pacific welcomed Jennifer to the Vancouver office in September. Originally from Saskatoon, she moved to BC two years ago. Jennifer comes to Alta Pacific with extensive experience in office administration and fund management. She oversees all investor subscriptions and works closely with the firm's financial advisors, shareholders and trust companies. Jennifer is reachable 8AM - 5PM Vancouver time, Monday to Friday to answer any questions; or to check on the status of your account. Call 778.328.7401 or email at jhawkins@altapacificmortgages.com

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.



Alta Pacific issues 12.21% dividend for 2010 fiscal year

Alta Pacific Mortgage Investment Corp is pleased to announce the issuance of the 2010 year-end dividend to all Class B shareholders of record on June 30, 2010. Net Income from the fund's operations for the 2010 fiscal year yielded an annual weighted return to investors of 12.21%; exceeding the fund's target return of 8-11%. The audit was completed at the end of August and signed in September. The processing of dividends has been completed; cheques and share certificates have been sent to shareholders.



Details that matter. All Alta Pacific Mortgage Investment Corp investors are issued Class B non-voting shares. All Class B shareholders of record on June 30 receive equal return; pro rata and weighted. The term *weighted* means that dividends are issued based on how long a shareholder's funds are invested during the fiscal year. See below for an example of weighted capital.

- An investment made in April 2010 has a weighted value of 25% of real value; 90 days of the 365 day year. This makes an \$80,000 investment \$20,000 weighted. $\$20,000 \times 12.21\% = \$2,442$ dividend.
- An investment made in July 2009, with a weighted value of 100% (365 days of 365 days); making an \$80,000 investment a full weighted value of $\$80,000 \times 12.21\% = \$9,768$ dividend.

Cheques have been sent to investors who chose the Cash dividend option. Investors who chose the share re-investment option, will receive share certificates by mail. Shareholders with registered funds (RRSP, LIRA, TFSA etc.) at either Olympia Trust Company or Canadian Western Trust will receive a copy of the share certificate by mail while original share certificates are delivered and held at the trust company.

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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

- 208 investors (BC, AB, SK)
- >\$6 million - capital under management
- 38% investors choose Alta Pacific's 8% p.a. monthly cash dividend
- 62% investors choose to re-invest dividends
- 70% investing with registered funds; RRSPs, TFSA, LIRA, RRIF etc.
- 30% investing with open funds (cash)
- Corporate year end is June 30
- Target LTV for overall fund – 65%
- Current LTV for fund – 54.76%
- Average LTV on residential – 58.3%
- Average LTV on commercial – 32.7%
- 1st mortgages – 67%
- 2nd mortgages – 33%
- 3rd mortgages – 0%
- Secured by residential mortgages – 66%*
- Secured by commercial mortgages – 33%*
- BC mortgages – 42%
- Alberta mortgages – 25%
- Saskatchewan mortgages – 33%
- Mortgages in foreclosure – 0

As of Oct 20, 2010. 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.

Daily updates from Alta Pacific



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Mortgages we fund...

We are often asked by current and prospective investors, “*what type of deals do you fund with my investment?*” In September we advanced funds to a borrower in the Greater Vancouver market with the borrower’s residential home securing the loan. This type of mortgage is favourable since loans secured by a ‘primary residence’ are often treated as priority by borrowers. In this case, there was an existing mortgage on the property and the equity available to the borrower was approximately \$300,000. The



value of the home was \$650,000 based on an independent appraisal; paid for by Alta Pacific. It is our policy to always procure appraisals independently to ensure the most conservative and fair valuation for Alta Pacific and its shareholders. With a Loan to Value (LTV*) of 50%, we advanced a mortgage in second position that brought the borrower’s LTV up to 75%. The need for funds is something we ask of borrowers as well as their plan to repay the loan. Funds are advanced on terms of one year or less meaning borrowers must have a clear plan for loan repayment. This borrower is using the funds for two purposes; completing the basement suite and personal credit repair. At the end of the term (one year) the borrower’s plan is to refinance the mortgage in first position and repay the Alta Pacific mortgage.

*LTV = total amount owed by borrower on the property compared to value of property.

Timing is everything...

“TIMING” It is the word that many times leads to success or failure no matter what the topic. Timing is oblivious to good intentions and possibly, even sound, well thought out strategy. So specifically, when it comes to Real Estate investments or holding mortgages it is safe to say that timing is paramount in the success of the venture. The market goes up and it goes down and depending on the timing of your decisions you will succeed or possibly fail.

So here is my question to you.... “When is the best time to get INTO a real estate venture or mortgage investment? When the market is up and everyone is feeling good about themselves and their investments? Or when the market is down?”

You know the answer!! But all of us need to be reminded.

When the market is down I get excited because I know great opportunities are available. When the market is flying, I get a bit nervous, because what goes up always comes down. But then it all comes back to “TIMING” and the experience to know what to do with it.

Dan Weiss

Alta Pacific Partner



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