



MIC Fast Facts

- 599 investors (100% Canadian)
- 56.09% investors choose 8% per annum (pa) monthly dividend
- 43.91% investors choose to re-invest dividends
- 75.63% investing with registered funds (RRSP)
- 24.37% investing with open funds
- Corporate year end is June 30
- Target loan-to-value (LTV) for fund - 65%
- Current LTV for fund - 58.83%
- Average LTV residential - 58.65%
- Average LTV commercial - 61.87%
- 1st mortgages - 30.28%
- 2nd mortgages - 69.72%
- 3rd mortgages - 0%
- Residential mortgages - 97.23%
- Commercial mortgages - 2.77%
- BC mortgages - 26.64%
- Alberta mortgages - 69.59%
- Saskatchewan mortgages - 3.77%
- Mortgage in foreclosure - 1
- Foreclosure as a percentage of assets under management - 0.62%
- On track for 8-11% annual target return to investors in 11/12 – Yes

As of June 5, 2012. 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.

Inside Alta Pacific Mortgage Investment Corp - PART II

We are pleased to present part II of our Q&A series which touches on some of the most commonly asked questions we have heard in the past few months. To view part I see [here](#).

1. Do you believe the 8% dividend could head south over the next few years?

We remain confident in our ability to achieve our target rate of return (8-11%) for the following reasons:

- The market for specialty mortgages has always existed and yet often was carried out by private individuals or small groups of wealthy individuals. This market is now more widely served by organized lenders like Alta Pacific. Interest rates in this market have been largely consistent and are expected to remain; allowing specialty lenders to achieve returns in the mid to high single digit and low double digit range.
- Conventional lending rates have been at record lows for the past several years and still Alta Pacific has achieved its target return. Conventional rates are expected to rise in coming years which supports Alta Pacific's ability to deliver consistent returns in our target range.

2. Is this investment secured?

An investment in Alta Pacific is secured by mortgages placed on residential and commercial properties in Western Canada. Our key metric for measuring security is the loan to value (LTV) calculation for the fund. LTV = the value of a property divided by the amount(s) owed by the borrower and secured by the property. For example, a property valued at \$500,000 with a \$300,000 mortgage from a conventional lender, plus a \$50,000 mortgage from a specialty lender, has a LTV of 70% (\$300k + 50K)/\$500k. Alta Pacific's portfolio of mortgages has a target LTV of 65% and we have remained at or below this target for past periods. We are confident in Western Canada's real estate values remaining stable and whether they trend slightly up or down; we believe our fund is secured with adequate equity.

3. How liquid is my investment?

The very nature of our business is that funds invested with us are in turn placed in mortgages with terms of one year or less. We manage a portfolio of mortgages which means that at all times mortgages are being advanced while others are being repaid. We manage this process closely and ask that investors provide as much notice as possible when requesting redemption of shares. We understand that unforeseen circumstances come up and therefore we aim to fulfill redemption requests within 30 to 90 days. With that being said, we ask that investors think of their investment as being similar to investing in real estate – where there is the possibility to sell, but the time to complete the transaction can be weeks or months rather than hours or days. Our shareholders understand that an investment in Alta Pacific is not the same as an investment in a publicly traded stock; where on any given day a "sell" request can be posted and filled (if volume permits).

4. How is Alta Pacific different then other MICs?

There are many specialty mortgage lenders and MICs operating in Canada. Alta Pacific is a great choice for Canadian's who are looking for a diverse fund that focuses on the Western Provinces. We aim to maintain diversity on mortgages secured by residential and commercial properties as well as mortgages in Alberta and British Columbia. We favour the urban centres in the Western Provinces and we like to maintain a balance of 1st and 2nd position mortgages. We also do not act as a builder, developer or land syndicator. Mortgages are primarily originated through mortgage brokers therefore our borrowers are arms length; meaning transactions with Alta Pacific are between independent properties.

This concludes our two part Q&A series. We hope we were able to answer some of your questions and please feel free to contact us anytime should you have any more!

