

## MESSAGE FROM THE PRESIDENT

It has been a very busy and eventful year for Pacific Investments & Development Ltd. On behalf of our Staff and our Advisors, I would like to thank all of our Investors for their participation in our current and past projects.

The year 2011 has seen the start of subdivision development at Saprae Creek, critical advances to our projects in Panama, and the acquisition of the lands that will become Prairie Creek Business Park in Fort McMurray. Pacific continues to follow its strategic mandate to focus on lands that will provide excellent returns in jurisdictions with healthy local economies and stable drivers of growth. As it has turned out, the Country of Panama and the Province of Alberta have been relatively insulated from wider economic uncertainty in the United States and the EU.

We continue to search for quality investment opportunities within established and growing real estate markets around the globe, as well as close to home. Our commitment, as always, is the vigorous, innovative assembly and planning of these opportunities as we continue to create superior investment returns for our Investment partners.

### COMPANY NEWS

The Pacific team has investigated dozens of properties this fall, looking for growth opportunity worthy of the past performance of our projects.

At the time of writing, the opportunity list has been reduced to just a few potential projects, so expect an

announcement early in the New Year regarding our next offering.

We were sorry to see Sally Leung depart the Company in September to begin a career with an engineering firm. We do however warmly welcome Rachelle Davis to the position of Office Administrator. Rachelle fortunately was able to take control over the role almost immediately and with great enthusiasm.

Please note that we have changed our distribution model for our newsletter. Our feedback from Investors has been that they would rather have current information distributed more often, regardless of the format. We have therefore abandoned the time and expense of a print edition, and along with the scheduled online edition, we are developing further internet-based tools for Investors to access information on a more current basis.

The "Active Projects" tab on the company website, for instance, is a first place to check for ongoing updates as we are able to place significant information in a more timely fashion there, and notify Investors that are affected with a simple email link. The online edition of the newsletter, with complete updates on all projects, will be regularly distributed by email in December and June.



Happy Holidays, and All The Best in the New Year,

Dennis Doherty, President

For further information or questions regarding our Company, please contact your Pacific Investments and Development Advisor or Layne Gardner at 403-246-7250 or [layne@pacdev.com](mailto:layne@pacdev.com)

[www.pacdev.com](http://www.pacdev.com)

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# PRAIRIE CREEK BUSINESS PARK

## PRAIRIE CREEK GAINS OUTLINE APPROVAL

### PACIFIC ALBERTA INCOME FUND

We have now received conditional "Outline Plan Approval" from the Municipality of Wood Buffalo and continue to work through the Land Use Application stage we anticipate will wrap-up in the first half of 2012. We have come to an agreement with Alberta Transportation to access Highway 63 and make staged improvements to that intersection based on incremental acreage development.

Based on the above two points, all Conditions have been lifted on the Purchase Agreement, and the land is now registered in the name of the General Partner, on behalf of the Pacific Alberta Income Fund.

We are close to awarding a contract to begin clearing of the lands. We are only waiting for final approval from Alberta Environment to begin stripping of the land. We expect to have this Approval in hand any day, and will begin stripping immediately. We anticipate that the clearing work will be complete by Winter's end, which sets-up the grading of the property for Spring of next year. Engineering designs and subdivision plans continue to be developed by IBI Engineering and Brown & Associates on our behalf. It is still our goal to have our first lots available to end-users in the first half of 2013.

Demand and interest remains extremely high in the Fort McMurray region. We will meet with our marketing team in early January to approve the contents of the Reservation and Deposit Contracts. We have also had some positive meetings with a number of groups who are interested in leasing a portion of our lands for assembly operations prior to servicing, and moving to permanent lots once they are ready. The Regional Municipality of Wood Buffalo is on-board so far with this idea, which is a work in progress, but provides an example of how intense demand for our product is in the Fort McMurray region. Our pricing model for subdivided lots will be tested once the Reservation Process begins in the New Year.



### STUDIES IN PROGRESS

- *Water Network Analysis:* Engineering study to determine optimum sizing and alignment of potable water lines.
- *Storm Water Management:* Modelling of on and offsite SWM flows is underway including hydraulic flow measurement on potential receiving body
- *Sanitary Sewer:* Concept complete
- *Environmental Protection Plan:* Stage 1 being prepared
- *Grading Plan:* Being done in conjunction with SWM study
- *Transportation:* ongoing



TO DOWNLOAD THE CURRENT OUTLINE PLAN, VISIT [WWW.PACDEV.COM](http://WWW.PACDEV.COM)

# SAPRAE CREEK ESTATES

## SAPRAE LAND CLEARED AS LOT SALES BEGIN



LAND CLEARING ACTIVITY TOOK PLACE DURING OCTOBER AND NOVEMBER, PHOTO COURTESY OF THE LORE GROUP

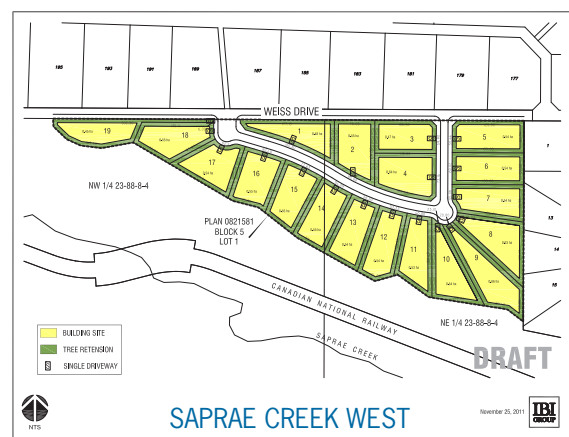
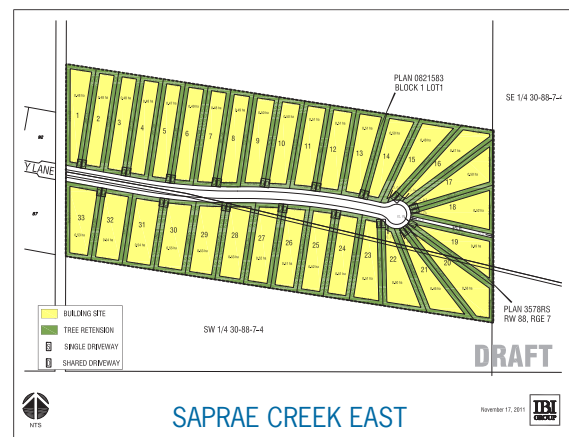
### PACIFIC NORTH AMERICA INCOME FUND

Clearing of the lands has been completed, and lot-marker signs have been installed. The lot reservations process, which occurred in September and October, went very smoothly and quickly.

The Purchase Agreement and Architectural Controls were created in November, and currently the Lore Group is meeting those with reserved lots to convert the agreements into Purchase Contracts with non-refundable deposits.

On the development side, we are working towards approval and registration of our engineering and subdivision plan for East and West Saprae.

We anticipate the installation of services in the Spring of 2012. It is our goal to start turning over serviced lots in the summer months of 2012.



TO DOWNLOAD THE SUBDIVISION PLANS,  
VISIT [WWW.PACDEV.COM](http://WWW.PACDEV.COM)

# PANAMA PROJECTS

## TRANSPORTATION ACCESS BOOSTS VALUE

### PANAMA HIGHLANDS GOLF ESTATES 1 & 2

#### A & B UNITS

The economy and markets in Panama continue to out-perform. Growth of the economy for 2011 is set to surpass 11%, making Panama one of the fastest growing economies in all of the Americas. Increased foreign investment, heavy private sector investment and an array of public sector infrastructure projects have reduced unemployment, and continue to bolster the growth of the country's middle class.

Planning efforts on our Bosques Del Golf property are very close to coming to fruition. We anticipate to have achieved full Construction Planning Approval on the land within the 1st Quarter of 2012.

Both water and sanitary lines have been installed along our South property line with capacity to handle the full build-out of the lands. The North Corridor Freeway's final leg, which will push through access to the airport to the East, is now underway and fully-funded. The future road connecting our frontage road (the Gonzalillo Freeway) to the North

Corridor Freeway is now approved. The Resolutions for the easement to locate the exact path of this road have been signed by area landowners. Construction of the this key roadway will commence in 2012. ([See map on next page](#))

These important transportation improvements will greatly enhance access to our area from other quadrants of the City, and make our properties more attractive to homeowners, as was anticipated.

We continue to communicate with our neighbour to the east of our lands, who has given us an offer to buy our lands at a price point above our break-even mark. We have countered his offer at a price point that we feel would represent a successful exit for our Investors. We will continue to discuss bridging the difference with this developer, but will remain very patient with the process, as we are comfortable that our property is increasing in value. Dialogue with other potential buyers in the marketplace are also underway through our representatives at NAI, and selling activity (site tours, information exchanges) have increased two-fold recently.

## READY LAND IN ARRAIJAN NOW A SCARCITY

### PARQUES DES VILLAS

The economy and market conditions are also bolstering our asking price for our Arraijan Villas project. Arraijan as a whole remains one of the more active development areas in the entire country. The new "mega" West Lands Mall, which is approximately 5 minutes from our development, is now open for business, bringing an incredible array of shops and services to the residents of Arraijan.

There have been some small delays in our planning approach due to the changes we had made to the plan in 2011 to increase the density of the development. Our planners have overcome these small obstacles, and we should have the complete construction plan approved within the 1st Quarter of 2012.

In November 2011 we completed an agreement to place a performance bond with the company from which we acquired the lands. The bond ensures us, or the future developer of the property, that the existing water treatment plant will be upgraded to its capacity to service our planned development. Also, we have negotiated this same company to deliver to

our land approximately 70,000 m3 of clean fill that will be needed to achieve grades to fully develop the project according to the approved plan. Solving these issues is "value added" to our asking price and will be an attractive addition to a potential purchaser.

Marketing activities through NAI International have started to increase rapidly over the past month, as we move into Panama's dry season. We have had several site visits from potential buyers and are expecting a Joint Venture proposal from one interested group. It is not necessarily our intention to develop these lands under a Joint Venture, but the proposal will help to clarify and confirm our anticipated development cost information package that we present to potential buyers. Development land in Arraijan with good access and services at the land's borders is becoming a scarcity in the area, which bodes well for the future exit of our Arraijan Villas Investors.

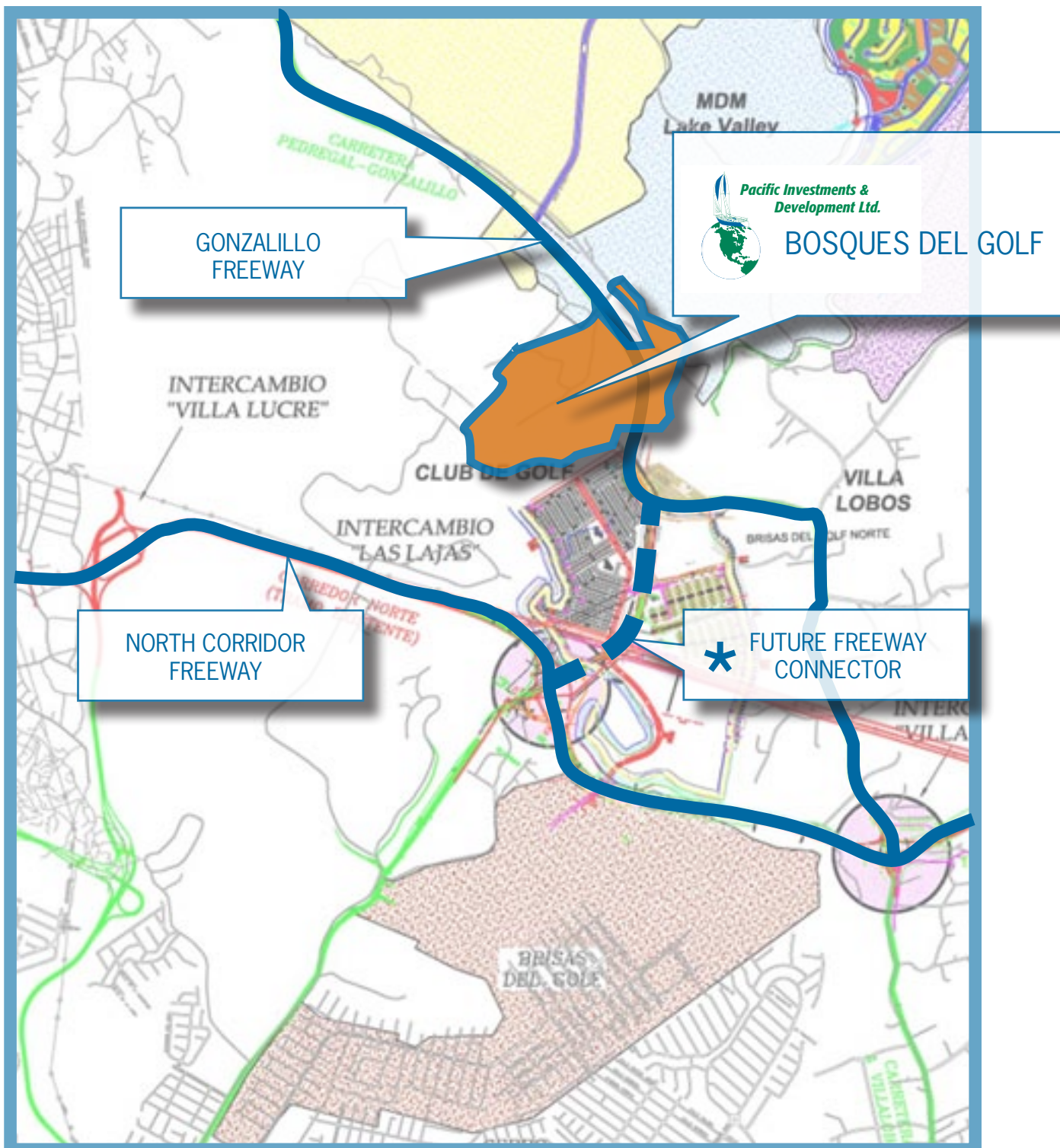


TO VIEW RELATED PLANS AND IMAGES  
FOR OUR PANAMA PROJECTS,  
VISIT [WWW.PACDEV.COM](http://WWW.PACDEV.COM)

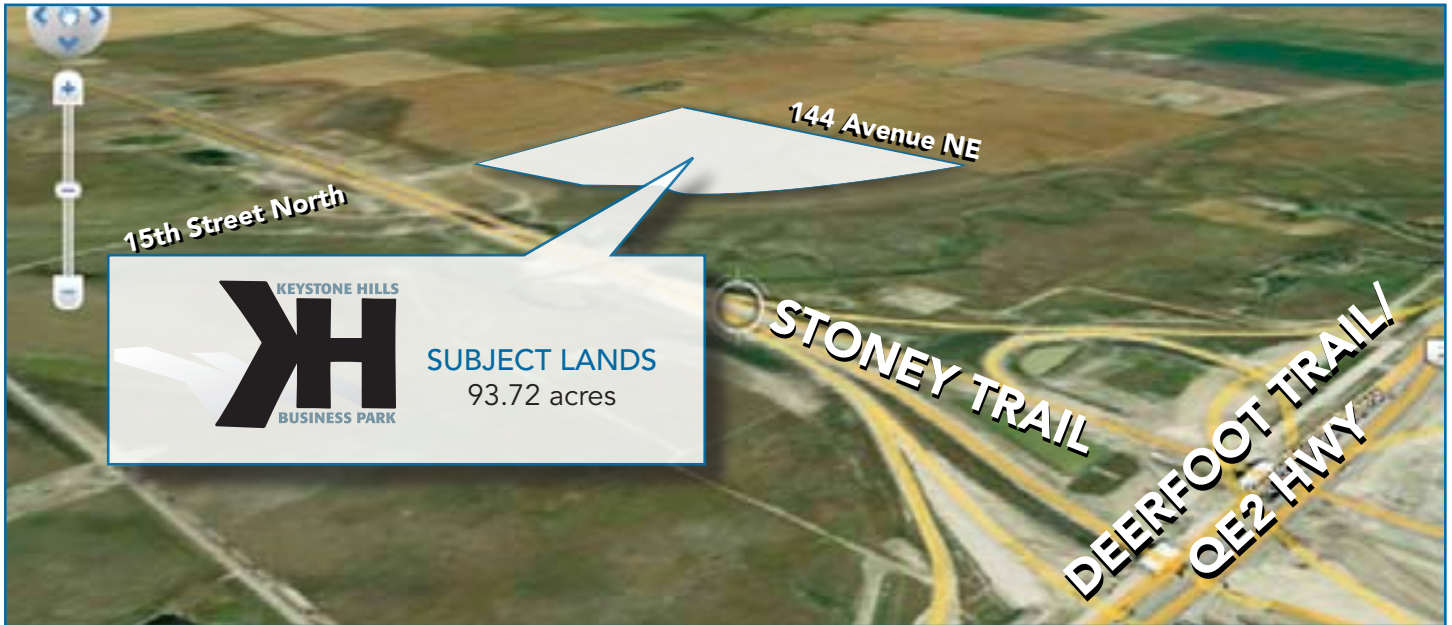
# PANAMA PROJECTS

## PANAMA CITY ACCESS ROUTES

MAP OF COMMUNITIES, FREEWAYS AND THE PROPOSED CONNECTING ROADWAY ADJACENT TO THE BOSQUES DEL GOLF SUBDIVISION



# COVENTRY CROSSING



## CITY ON SLOW PATH TO ASP ADOPTION

In October, Pacific created a marketing document that presents Keystone Hills Business Park, and we have approached several developers ahead of the formal adoption of the Area Structure Plan (ASP) to gauge their interest in not only the property, but also the Outline Plan, which will be circulated at the time of ASP Adoption. Initial feedback is that while developers are interested in our lands, the development community at large is awaiting the formal adoption of the ASP to make their commitments for lands in Cell G (where our lands are located).

Also, there is now movement from the landowners in the immediate vicinity of our lands to construct the transportation interchange at Stoney Trail and 11 Street NE. The cost-sharing agreement is under discussion, and if this interchange is speeded-up, it would add significant value to our property at a key juncture, which again will be the Adoption of the ASP.

According to John Hall, Senior Planner at The City of Calgary, New Community Planning, Land Use Planning & Policy, the approximate timeline for the ASP for “Cell G” within which our lands are located has been recently revised as such:

- “Proposed” document to internal circulation, December 1-15
- Changes to document based on internal circulation, December 15 through January 6
- External circulation, January 9
- Final formatting of document, January 9

- Calgary Planning Commission sign-up, January 17 or January 31
- Calgary Planning Commission review, February 2 or February 16
- City Council, April 9

A number of issues may affect the actual timing of the Adoption of the ASP for Cell G. Alberta Transportation, the Growth Management section of the City, Calgary Parks and Recreation, and the Energy Resource Control Board, to name a few of the agencies involved, are collaborating in this process and it is not guaranteed they will be able to strictly keep the timeline that was delivered to us by John Hall.

There are however, also a number of positives that are colluding to provide value to our property that also need to be expressed. Commercial/ Industrial property values in Calgary are steady and in some areas, buoyant. Increased transportation access and existing/ immediate access to servicing adds value to our property. Whereas the ASP Adoption process is not remotely within our or any landowner’s control, the combination of these factors will help to ensure we have created the conditions for a successful exit from these lands in due course. We appreciate your patience while this process unfolds, and we remain positive on the exit/ outcome of this property.



TO DOWNLOAD THE PROPOSED ASP PLAN,  
VISIT [WWW.PACDEV.COM](http://WWW.PACDEV.COM)