



Quarterly Report APRIL 2015

PRESERVE CAPITAL... AND DELIVER CONSISTENT RETURNS.

In the financial markets, investment funds which first focus on generating substantial returns often face the consequence of putting capital at risk. At **AP Capital** we understand the importance of preserving each investor's initial investment and our fund follows disciplined policies and procedures in order to mitigate capital risk. We make decisions based on disciplined lending guidelines and after eight years of consistent performance we are becoming a dependable investment for Canadians. Of course past performance does not guarantee future results; however, historical fund management does provide evidence of our company values and decision making procedures. As we look forward, our commitment to all shareholders remains, **AP Capital will focus on protecting initial investments first and foremost. Secondly, we will ensure our lending decisions continue to result in consistent and reasonable returns for our shareholders.** As we near the end of our eighth fiscal year (June 30), we are on track to achieve and exceed our target return to investors of 7%. We continue to see a strong lending market in the short to medium term in Western Canada and have every expectation that our business model is sustainable from a long term perspective.

WE RELY ON FLOW... MORTGAGE FLOW.

One of the cornerstones of **AP Capital MIC's** business model is "mortgages to fund" and the consistent sourcing of potential borrowers. To achieve our target rate of return to investors, we must place funds in mortgages. We do so by cultivating relationships with top mortgage brokers and conventional lenders in Canada. Our strategy has been successful to date and led to a consistent flow of deals to consider. This has allowed the **AP Capital** underwriting team to choose mortgages that make the most sense. When we say, "mortgages that make the most sense," it's a decision making process that includes ensuring that the borrower can make all monthly payments and repay full principal at mortgage maturity. And every decision includes a what-if decision; what if the borrower does not repay? What steps will we take and will we have a high level of certainty that we will recover full capital plus interest upon conclusion of the process. Getting funds out isn't the most challenging; making good mortgage choices that lead to consistent monthly payments by borrowers and and full repayment of principal is the key!

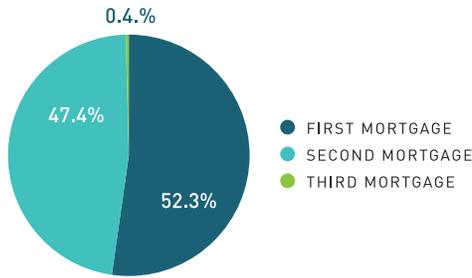
FUND OVERVIEW

Type of offering	Mortgage Investment Fund
Fund Offering	\$50,000,000.00
Current Fund size	\$32,534,623.04
Open for investment	Yes
Remaining available investment	\$17,465,376.96
Share issue price	\$100 per Class B Share
Minimum Investment	\$10,000.00
RRSP/RRIF/TFSA eligible	Yes
Retraction rights	Retractable on request <small>(redemption fees might be applicable)</small>
Monthly Distribution to investor	7% p.a. paid monthly
Past Performance	2014; 8.15%, 2013; 8.07%
Fund Manager	AP Capital MIC Management Corporation
Type of mortgage	Primarily Residential Mortgages
Average Loan to Value	68.40%
Number of Mortgages	271
Average Mortgage Size	\$125,602.00

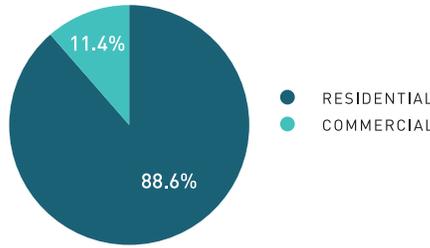


PORTFOLIO DIVERSIFICATION

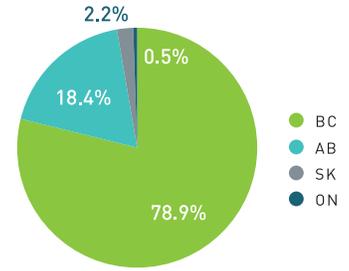
SECURITY RANK



ASSET CLASS



GEOGRAPHIC REGION



RECENT FUNDINGS

Principal	Position	Location	Mortgage Type	Interest Rate
\$84,000.00	Second	Surrey, BC	Residential	11.95%
\$340,000.00	First	Edmonton, AB	Commercial	9.99%
\$140,625.00	First	Chilliwack, BC	Residential	9.95%
\$31,370.85	Second	Edmonton, AB	Residential	12.99%
\$650,000.00	First	Maple Ridge, BC	Residential	9.00%
\$82,805.00	Second	Calgary, AB	Residential	9.95%
\$100,000.00	Second	North Vancouver, BC	Residential	10.95%
\$130,000.00	Second	Coquitlam, BC	Residential	6.99%
\$100,000.00	Second	Edmonton, AB	Residential	12.00%
\$150,000.00	First	Duncan, BC	Residential	11.00%

DISTRIBUTION HISTORY

2011	2012	2013	2014
11.65 %	9.50 %	8.07 %	8.15 %

UNCERTAINTY SELLS NEWS.

Read the local, national or global financial news in the last 5 years and you will read about uncertainty in every market. When oil prices dropped significantly in the fall of 2014 it seems uncertainty talk only increased. Uncertainty in the stock market, the Canadian dollar, Alberta real estate, short and long term interest rates, oil prices to name just a few. There are many opinions about local real estate and what will happen to the price of a home in Alberta or foreign ownership of real estate in Vancouver. One could fall victim to analysis paralysis if they attempted to make investment decisions from reading the news. At [AP Capital](#) we continue to make

decisions that make sense for our fund and for our shareholders. We certainly are mindful of real estate markets that may currently contain additional risk but we do not shy from making good decisions when faced with the facts. A sharper pencil when advancing mortgages in Alberta? Yes. A mindful eye on premium real estate in every province? Yes. Avoidance of development deals and construction mortgages? Yes. But then again, we have been following these principles since 2008. Making good decisions in uncertain times is business as usual.

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