



Quarterly Report SUMMER 2016

Independent Advisory Board

During the 2015/2016 fiscal year, AP Capital's management team discussed implementing an independent advisory board with the goal of providing unbiased oversight and input on matters pertaining to corporate governance, risk management and financial controls; all with the intention to further enhance and protect shareholder value. Management is pleased to announce the July 1st launch of the Advisory Board; and its members Terry Krepiakovich and Derral Moriyama.

Mr. Krepiakovich, CPA, CA, ICD.D, has over 30 years of extensive experience with multiple public companies. He has been the Chief Financial Officer of Toronto (TSX) and Hong Kong (HSX) Stock Exchange listed companies and has been a Director, Audit, Risk and Governance Committee Chair for TSX and New York Stock Exchange listed companies. In May 2011 Mr. Krepiakovich was recognized with the British Columbia Chief Financial Officer of the Year Award. Mr. Krepiakovich is a Chartered Professional Accountant and a certified member of the Institute of Corporate Directors.

Mr. Moriyama, MBA, a member of numerous Directorships, currently acts as Senior Vice President, Business Development with BMO Financial Group as well as Senior Vice President, Business Development at MNP LLP. Mr. Moriyama has over 32 years experience in the banking industry, having held numerous senior positions in commercial and corporate banking and account and risk management.

AP Capital welcomes Terry and Derral to the Advisory Board and looks forward to the strategic guidance in operational and market development that they will provide to executive management.

FUND OVERVIEW

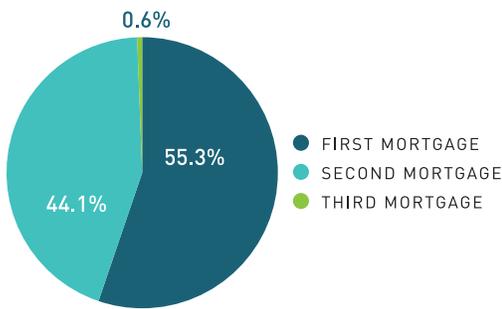
Type of offering	Mortgage Investment Corporation	Monthly Distribution to Investor	7% p.a. paid monthly
Fund Offering	\$60,000,000.00	Past Performance	2015; 15.28% 2014; 8.15%, 2013; 8.07%
Current Fund	\$47,331,198.00	Fund Manager	AP Capital MIC Management Corporation
Remaining Available Investment	\$12,668,802.00	Type of Mortgages	Primarily Residential Mortgages
Credit Facility	\$14,000,000.00 (HSBC)	Average Loan to Value	65.48%
Open for Investment	Yes	Number of Mortgages	261
Share Issue Price	\$100 per Class B Share	Average Mortgage Size	\$223,000
Minimum Investment	\$10,000.00		
RRSP/RRIF/TFSA Eligible	Yes		
Redemption Rights	Redeemable on request <small>(redemption fees including deferred service charge may apply)</small>		

Data as of June 30, 2016

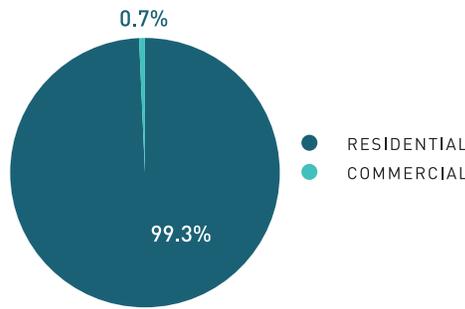


PORTFOLIO DIVERSIFICATION

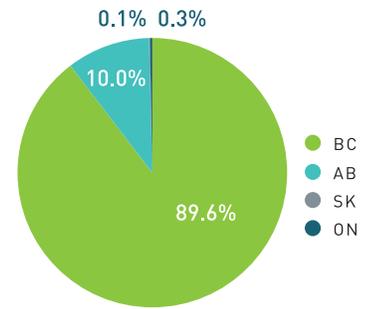
SECURITY RANK



ASSET CLASS



GEOGRAPHIC REGION



RECENT FUNDINGS

Principal	Position	Location	Mortgage Type	Interest Rate
\$130,500.00	Second	Vancouver, BC	Residential	10.95%
\$562,500.00	First	Kelowna, BC	Residential	8.00%
\$750,000.00	First	Delta, BC	Residential	8.50%
\$47,500.00	Second	Maple Ridge, BC	Residential	10.95%
\$158,821.83	Second	North Vancouver, BC	Residential	9.95%
\$260,000.00	Second	Burnaby, BC	Residential	9.75%
\$1,015,500.00	First	Vancouver, BC	Residential	7.50%
\$226,500.00	First	Victoria, BC	Residential	7.95%
\$71,000.00	Second	Mission, BC	Residential	10.95%
\$90,000.00	Second	Calgary, AB	Residential	9.95%

DISTRIBUTION HISTORY

2011	2012	2013	2014	2015
11.65 %	9.50 %	8.07 %	8.15 %	15.28 %

Look back and look forward

AP Capital Mortgage Investment Corporation (AP MIC) closed its fiscal year-end June 30th and accounting firm MNP LLP are conducting the fund's annual audit over the summer months. The audited yield to investors is expected to slightly exceed the fund's target return of 7% per annum. Audited statements and yield announcement will come in late September. Management looks back on the 2015/2016 fiscal year and is very pleased with the continued performance and health of the mortgage portfolio.

In a look ahead to the coming quarters, AP MIC continues to see robust lending activity and demand remains strong in the residential short-term mortgage markets. Management is very mindful of Greater Vancouver's hot housing market and underwriting policies have been altered to focus on higher deal quality and lower loan-to-value (LTV) threshold. Overall the fund has lowered its LTV from 70%

in January 2015 to 65.5% on June 30, 2016. Interest rates remain at all-time lows in Canada, and as previously reported, have decreased the lending rates for nonconventional lenders like AP MIC. As Management looks ahead, this combination of a more conservative approach to lending, coupled with low-interest rates, may require a small decrease in to the fund's monthly distribution in future quarters.

From all of us at AP Capital – have a safe and enjoyable summer.

For Further Information, please contact:

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Vancouver

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