



Executive Summary - MIC

The Business of AP Capital MIC

AP Capital Mortgage Investment Corp ("AP Capital", "AP Capital MIC", "the Corporation") is a mortgage investment corporation incorporated in 2007. It is in the business of securing mortgages sourced by AP Capital MIC Management Corp ("the Manager") through a well-established network of independent mortgage brokers and financial institutions. Security for the mortgage loans is in the form of independently valued real estate located mainly in the province of British Columbia and on occasion in the provinces of Alberta, Saskatchewan, Manitoba and Ontario. These mortgages are registered against the title of specific properties making AP Capital MIC secured creditors of the mortgagors/borrowers. The Corporation has established strict policies and procedures relating to how it can loan the funds that are secured by way of the mortgages, including:

1. Primarily lending on independently valued, single detached residential homes in urban areas of British Columbia and to a lesser extent select residential homes located in Alberta.
2. Balancing both first and second position mortgages in the portfolio.
3. Not allocating more than 75% of funds in second mortgages.
4. Neither first or second mortgages may exceed 85% loan to value of the appraised value of the underlying real property securing the mortgage.
5. When the Corporation's funds are not invested in its mortgage portfolio, such funds must be held in a Canadian chartered bank. The Corporation holds all Corporate funds with HSBC.

The Manager monitors and manages the mortgage (loan) portfolio of the Corporation and makes decisions in the best interest of AP Capital MIC.

On January 1, 2017, AP Capital had 256 mortgages (\$57.3MM) under administration. The Manager also develops and implements all aspects of the Corporation's marketing and distribution strategies and manages the ongoing business and administration of the Corporation. In exchange for the business operational services provided under the Management Contract, the Manager receives a fee from the Corporation, equal to 2.85 percent per annum of mortgages under management.

Under the Canadian Tax Act, a Mortgage Investment Corporation must distribute all income earned in a particular year of operations to its shareholders. The Corporation pays out all of its net income and net realized capital gains in the form of taxable distributions (referred to as "dividends") within the year earned, or within 90 days from the end of the year (Dec. 31) as specified in the Tax Act. As a result, the Corporation does not pay income tax. All distributions are generally taxed as income in the hands of the investors who own shares in the MIC (See more information on this in the Income Tax Consequence section of the Offering Memorandum and speak to your accounting professional).

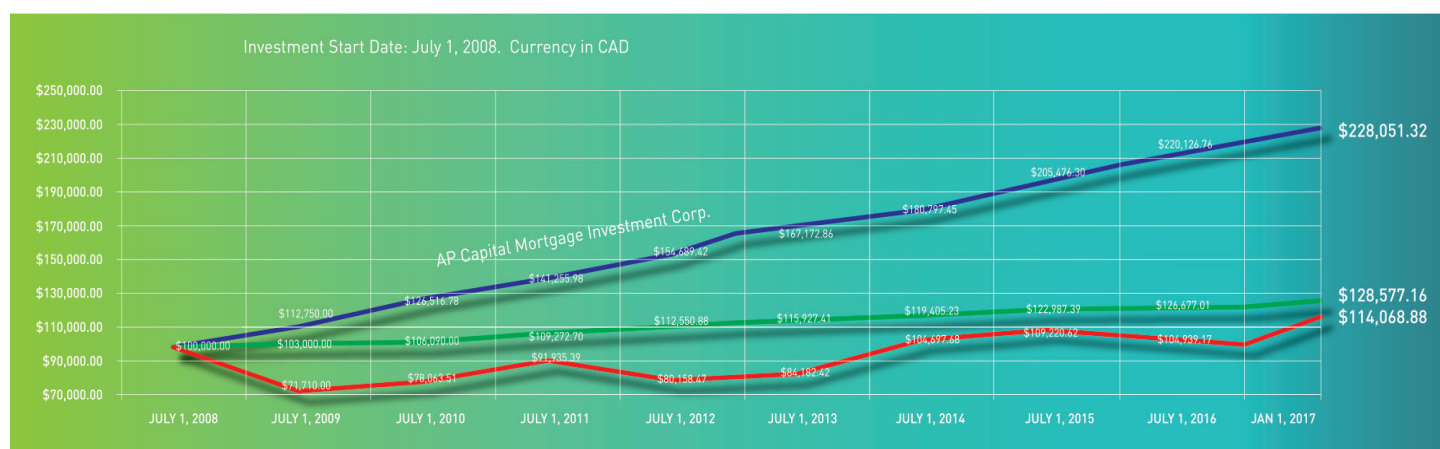


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Target and Historical Returns

AP Capital MIC's target return to investors is 7% per annum (net of Manager fees). This target has been reached each year since operations began in 2008. In each of the 2008 through 2016 fiscal years the Corporation's annual return to its investors has exceeded 7%.

Investors have the option to choose monthly cash distributions or to participate in the annual share reinvestment program. Investors choosing monthly cash distribution receive 7% per annum paid monthly, with a top up distribution, if applicable, after the fiscal year end audit. Investors choosing monthly dividend re-investment (DRIP) realize monthly compounding effect.



Blue Line: AP Capital Mortgage Investment Corp audited return reinvested annually, **Green Line:** 3% return compounded annually, **Red Line:** S&P/TSX Composite Index (Source: Yahoo! Finance Canada)
Investment returns do not reflect tax consequences. Past performance does not guarantee future results.

Directors and Advisory Board

AP Capital MIC was started in 2007 and is led by an experienced team of Managing Directors; Brad Unrau, Steve Froese, Dan Weiss, Ches Hagen, Sander van der Vorm and Roy Wiebe. Each of the managing partners own equal share of the Class A voting shares in AP Capital and the Manager. Together with close friends and family, the group owns approximately 10% of investor class shares and units in AP Capital funds.

All partners have many years of experience in real estate lending, acquisition, management and development. Brad Unrau has been a licensed mortgage broker for more than a decade and has extensive knowledge and vast connections in the Canadian lending industry. Ches Hagen is experienced in many aspects of business including raising capital for private companies from several channels including venture capital as well as private markets. Steve Froese has extensive experience in many elements of the real estate market; from his early career as a Realtor to acquisition and management of a large portfolio of commercial real estate in BC and Alberta. Sander van der Vorm has over fifteen years of experience in commercial real estate development and possesses extensive knowledge in business management. Dan Weiss has been a top performing Realtor in the Edmonton market for more than 20 years and owns several commercial properties. Roy Wiebe has many years of business ownership and management experience; including the operations and ongoing management of a commercial and residential portfolio.

The management team's diverse backgrounds and experience have led to a complementary and responsible management philosophy of preserving capital through smart decisions in lending; while always striving to achieve consistent returns to shareholders.

AP Capital introduced its Independent Advisory Board (IAB) in June of 2016. The IAB was established to implement a more rigorous corporate governance model for the Fund and operations. All material transactions are vetted by the IAB, and alignment with Managing Directors is ensured before proceeding. The board is comprised of Terry Krepiakovich and Derral Moriyama. Mr. Krepiakovich (CA, CPA, ICD.D) has 30 years experience with multiple public companies and has been Director, Audit, Risk and Governance Committee Chair for TSX and NYSE listed companies. Mr. Moriyama is a member of numerous directorships and is current acting Senior Vice President, Business Development with BMO Financial Group as well as Senior Vice President, Business Development at MNP LLP. Mr. Moriyama has 32 years experience in the banking industry.

Compliance and Partners

AP Capital MIC and its approved selling agents are regulated by Canadian Securities Regulators. The Corporation is also registered and compliant with Financial Institutions Commission of British Columbia (FICOM) as a mortgage lender. Additionally, AP Capital relies on third parties to audit operations. MNP LLP (MNP) of Vancouver, BC provides the annual audit of the fund. In addition, as the company's banker, HSBC Bank Canada, conducts quarterly and annual reviews of the Corporation's mortgage portfolio. Lead counsel for matters pertaining to the securities offering, is Clark Wilson LLP of Vancouver, BC. Conveyancing, foreclosure proceedings and notary services are provided by several law firms in cities and communities where the Manager and Corporation advance mortgages. The Manager works closely with many independent appraisal firms in areas where it lends.

Approved trust companies for investors with registered funds (RRSP, LIRA, TFSA etc.) include Computershare Trust, Olympia Trust Company, and several others. Share management services are provided by Computershare Ltd. AP Capital relies on a number of financial services firms, who are licensed and registered with appropriate Securities regulators - including Investment Dealers, Portfolio Managers and Exempt Market Dealers and their dealing representatives across Canada, for the promotion and sale of AP Capital MIC. These firms conduct ongoing due diligence on AP Capital.

Capital Structure

AP Capital MIC has two active classes of shares; Class A voting and Class B non-voting. Voting Class A shares are held by the Managing Directors of the fund and non-voting Class B shares are issued and held by individual investors. As at January 1, 2017 there were 1,076 Class B shareholder accounts.

The current offering allows for unlimited Class B shares to be issued at \$100 per share. On January 1, 2017, 525,000 Class B shares (\$52.5MM) were subscribed. Class B Shares are the sole class of shares entitled to receive income distributions and all Class B shareholders receive equal distribution pro-rated to the date of their investment. The corporation offers Class B shareholders who desire monthly income, the option to receive a 7% per annum, monthly cash distribution. Class B shareholders may also elect the monthly dividend re-investment (DRIP) option where the Corporation's annual return is distributed to them by the issuance of additional Class B shares. Class A voting shares (held by the 6 Managing Directors) receive no dividend distribution. New Class B share issuances are completed twice per month on the 5th and 15th. Securities Regulator filings are completed within 10 business days of these issuances; according to Securities requirements in jurisdictions across Canada.

The Corporation holds a revolving credit facility with HSBC Bank Canada. This credit facility creates additional working capital and liquidity in the event that loans need to be funded expeditiously or to fund share redemptions where appropriate.





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Shareholders Retraction/Redemption Rights

Class B shareholders may retract (redeem) their Class B shares with written notice to the Corporation. The Offering Memorandum states that 60 days' notice before the year end (Dec. 31st) is the notice period. The Corporation will then return funds to the investor within 120 days after year end. Mid-year retraction/redemption requests are accepted on a case by case basis and may include a processing fee. Retraction/redemption requests may be subject to a deferred service charge that is outlined in the Offering Memorandum.

Income Tax Consequences and RRSP Eligibility

You should consult your own professional adviser or accountant to obtain advice on the tax consequences that apply to you.

As a MIC, the Corporation does not pay income tax to Canada Revenue Agency (CRA) but rather distributes 100% of its net earnings to Class B shareholders. For non-registered (open/cash) investors, these distributions are treated by CRA as Investment Income and the Corporation issues T5 receipts to all open/cash investors each year. Investments held through registered funds (RRSP, TFSA, LIRA, etc.) do not receive T5 receipts. AP Capital MIC intends to maintain its qualification as a Mortgage Investment Corporation under the terms of the Canadian Tax Act, which means that its shares will remain eligible as a "qualified investment" for registered plans.

Compensation Paid to Sellers and Finders

The Corporation may pay approved, licensed, and registered entities up to 5% selling commissions, and trailing commissions of up to 1%, for bringing shareholders (investors) to AP Capital MIC. Commissions paid to these parties does not alter the value of the initial purchase amount of shares by an investor; meaning a \$100,000 investment results in \$100,000 value in shares distributed at the time of purchase. Compensation consists of cash compensation only; no securities will be issued as compensation.

Financial Statements

The corporation completes an annual audit at the completion of its fiscal year end - Dec. 31st. The audited statements are made available to every investor within 90 days of year end and the past two years of audited statements are included in the Offering Memorandum (OM). The company's website www.apcapital.ca includes information and interested investors are encouraged to download a copy of the OM and audited statements. You may also request a printed copy from AP Capital directly.

For Further information, please contact:

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