



## October 2022 In Review

AP Capital MIC's 152nd consecutive monthly distribution was made on Tuesday, November 1 at 6.30% per annum. In October, AP's underwriting team advanced 30 mortgages for \$13.2 MM. The loan-to-value (LTV) of 52.95% in October mortgages falls well below the fund's 70% target. Mortgage payouts received in the month summed \$8.4MM from 12 mortgages.

## Fund Update

AP Capital's board of directors is pleased to announce an increase to the MIC fund's monthly distribution to Class B and Class F shareholders. December's monthly distributions will increase from 6.30% to 6.50% p.a. The alternative mortgage market is experiencing rising interest rates similar to the conventional bank rate increases, however in a slightly delayed time cycle. Rates have moved more materially in the last three months after slower increases in the first half of the year. We expect this persisting rate environment to support AP MIC's return to 7%+ yield in 2023. The following are AP MIC's average borrower interest rates on funded deals in 2022.

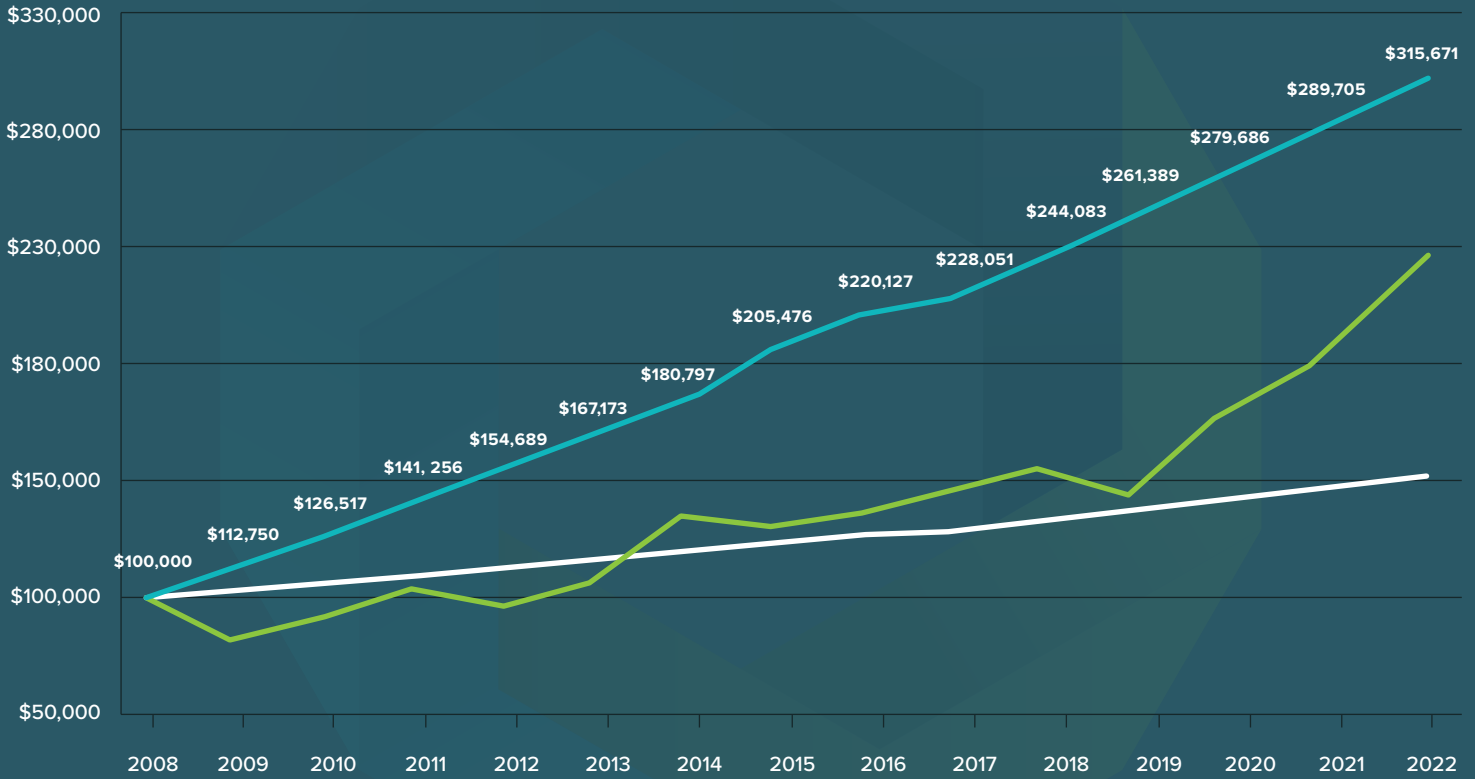
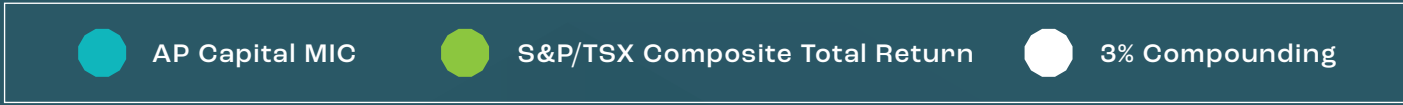
- Q1 2022 7.76%
- Q2 2022 8.42%
- Q3 2022 9.43%
- Q4 2022 on pace to exceed 10%

As we look ahead to 2023, AP management expects a more challenging business environment and the team is prepared to navigate these challenges. While sale transactions of Single Detached Homes/SDH (AP's asset of choice) have decreased considerably from the frenzied pace during ultra-low interest rates, the supply of SDH is also lagging as homeowners are listing homes for sale at a lesser rate than historical; leading to little change in SDH prices year over year. In addition to the supply/demand dynamic in SDH, conventional banks and B lenders are increasingly challenging for Canadians under federal regulatory requirements of both rate qualifying and GDS / TDS requirements. We believe these factors have driven improved quality borrowers over the past year+ and is evident by the steady increase in average credit score of all AP borrowers; from pre-pandemic (Feb 2020) of 670 to 705 in Oct 2022. Until next month!

## Monthly Distributions

AP Capital MIC's monthly distributions (in cash or shares/DRIP) are managed by transfer agent SGGG Fund Services. Online access to shareholder account services is available. Registered account holders (i.e. RRSP, TFSA), please access your trustee accounts for balances. All distributions and returns are "after deduction of Management Fees".

<b>Lendable Funds</b>	<b>\$230.07 MM</b>
Mortgages in Portfolio	313
Portfolio Loan to Value (LTV)	58%
Mortgage funds in BC	93%
Mortgage funds in AB	7%
Mortgage funds in ON	0%
Mortgage funds in 1 <sup>st</sup> position	84%
Mortgage funds in 2 <sup>nd</sup> position	16%
Residential Mortgages	93%
Detached Properties	55%
Condos	5%
Townhouses	3%
Other	30%
Owner Occupied	40%
Mortgages in foreclosure	1
% of portfolio in foreclosure	0.06%
Average LTV on foreclosures	50%
10-year average return	7.95%
3-year average return	6.5%
Consecutive months of distributions	152
Shareholder Accounts	1,301
Shareholders monthly cash distributions	50%
Shareholders share re-investment (DRIP)	50%
Open/cash shareholders	73%
Registered (RRSP, TFSA, etc) shareholders	27%



Does not reflect tax consequences of returns. Past performance does not guarantee future performance.

<b>12.75%</b>	<b>12.21%</b>	<b>11.65%</b>	<b>9.51%</b>	<b>8.07%</b>
JUNE 2009	JUNE 2010	JUNE 2011	JUNE 2012	JUNE 2013
<b>8.15%</b>	<b>13.65%</b>	<b>7.13%</b>	<b>3.6% (6mos.)</b>	<b>7.03%</b>
JUNE 2014	JUNE 2015	JUNE 2016	DECEMBER 2016	DECEMBER 2017
<b>7.09%</b>	<b>7.15%</b>	<b>6.80%</b>	<b>5.65%</b>	
DECEMBER 2018	DECEMBER 2019	DECEMBER 2020	DECEMBER 2021	

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