MIC Fast Facts

Version.173

July 2024 In Review

AP Capital MIC's 173rd consecutive monthly distribution was made on Thursday, August 1st. In July, AP's underwriting team advanced 32 mortgages for $15MM. The Loan-to-Values (LTV) of 51% in July falls well below the fund's 70% target. Mortgage payouts received in the month summed $13MM from 15 mortgages.

Fund Update

Impact of Declining Interest Rates on AP Capital Mortgage Fund. Central banks globally are striving to manage their economies carefully, aiming to achieve a "soft landing" and to avoid recessions. One of the key tools in their arsenal is the adjustment of interest rates to stimulate economic activity. The Bank of Canada has reduced the bank rate twice in 2024, resulting in a cumulative decrease of 0.50%. While future rate decisions remain uncertain, prevailing opinions suggest that rates will continue to decrease as central banks work towards this soft landing. What does this mean for AP Capital and the yield to our investors? There are opposing forces on AP's yield during a decreasing interest rate cycle.

Reduced Cost of Borrowed Funds: AP uses a combination of investor equity and bank credit to fund mortgages (approx 75-80% equity and 20-25% bank credit). As interest rates decline, the cost of funds borrowed by AP Capital to finance this portion of the fund's mortgage portfolio also decreases, lowering the fund's expenses and positively impacting our yield. This is a favorable outcome for investors.

Market Pricing of Mortgages: On the flip side, declining interest rates influence how mortgages are priced in the alternative mortgage market, albeit with some delay. Historically, we have observed that changes in bank rates typically take several months to filter through to the alternative lending market; where rates are determined by open market pricing. While lower rates on newly funded deals affect the fund's yield, this impact occurs gradually as older, higher-rate mortgages mature and are replaced by new, lower-rate loans.

Balancing Yield in a Declining Rate Environment: While the reduction in the cost of borrowed bank funds supports AP's yield, it does not entirely offset the eventual decrease in aggregate interest rates across our portfolio. Looking ahead, we anticipate that AP Capital's yield will remain at current levels for the remainder of 2024, with only gradual declines in 2025 expected if interest rates continue to decrease moderately from current levels. The key word is gradual and past performance does not assure future performance. Until next month, thank you for your continued trust in AP Capital.

Mortgages Under Administration	**$236 MM**
Mortgages in Portfolio	**389**
Portfolio Loan to Value (LTV)	**57%**
Mortgage funds in BC	**93%**
Mortgage funds in AB	**7%**
Mortgage funds in 1st position	**81%**
Mortgage funds in 2nd position	**19%**
Residential Mortgages	**95%**
Single Detached Home	**56%**
Condo	**7%**
Townhouse	**2%**
Serviced & Urban Lots	**30%**
Owner Occupied	**38%**
Average credit score of borrowers	**712**
% of portfolio in foreclosure	**5.04%**
Average LTV on foreclosures	**55%**
Consecutive months of distributions	**173 mo**
Monthly distribution Class B shares	**8.50% p.a.**
Monthly distribution Class F shares	**9.00% p.a.**
Shareholder Accounts	**1,505**
Shareholders monthly cash distributions	**50%**
Shareholders share re-investment (DRIP)	**50%**
Open/cash shareholders	**68%**
Registered (RRSP, TFSA, etc) shareholders	**32%**

APCAPITAL

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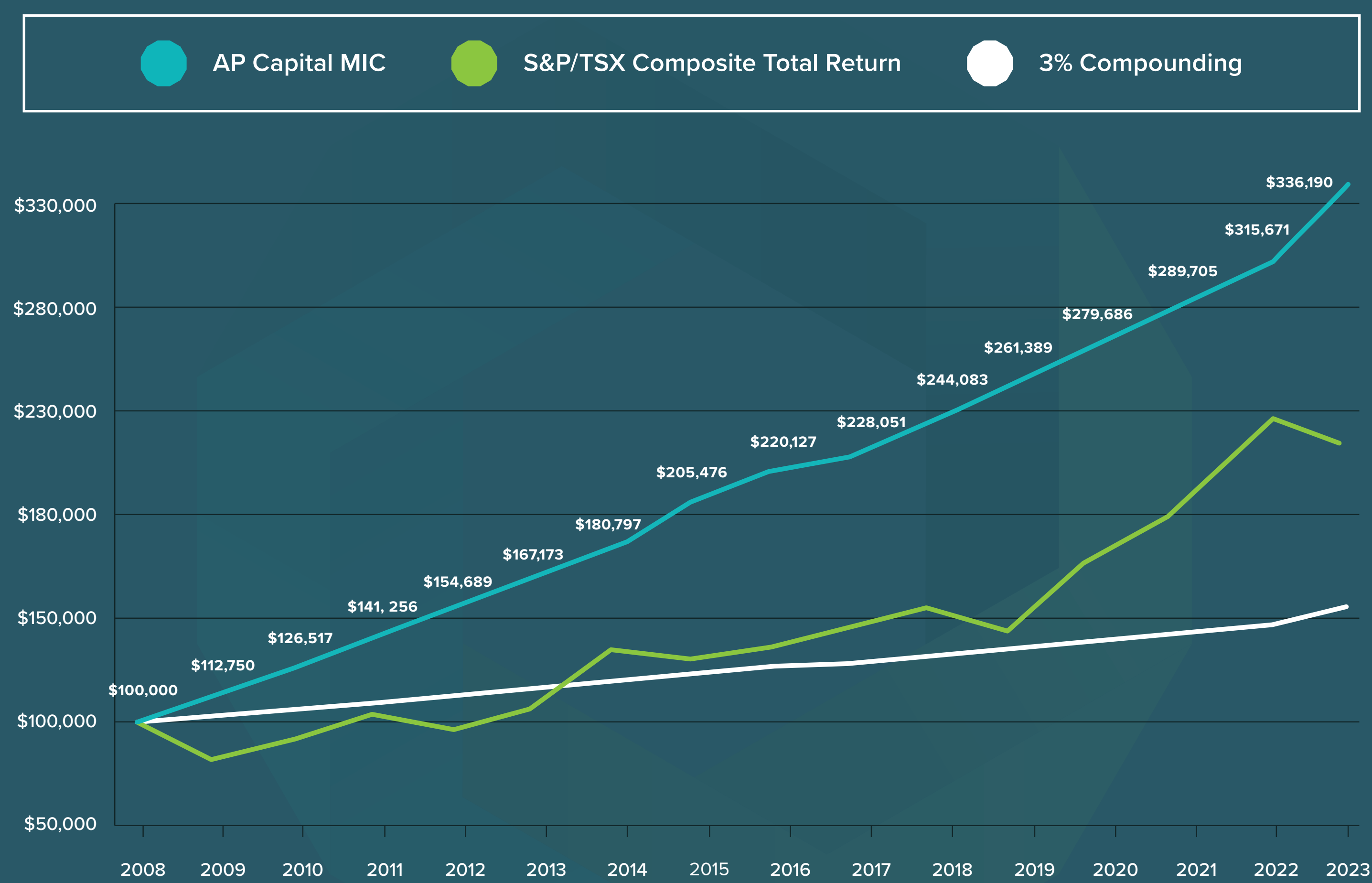

Does not reflect tax consequences of returns. Past performance does not guarantee future performance.

2014		8.15%	2019	B class	7.00%
				F class	7.71 %
2015		13.65%	2020	B class	6.80%
				F class	7.33%
2016		7.20%	2021	B class	5.68%
				F class	6.23%
2017		7.03%	2022	B class	6.34%
				F class	6.87%
2018	B Class	7.09%	2023	B class	7.84%
	F Class	7.65%*		F Class	8.36%

*Introduction of F class shares

THESE MATERIALS SHOULD BE READ IN CONJUNCTION WITH THE OFFERING MEMORANDUM DATED APRIL 30, 2024, INCLUDING THE RISK FACTORS IDENTIFIED THEREIN. THIS UPDATE HAS BEEN PROVIDED FOR GENERAL INFORMATION PURPOSES ONLY AND IS NOT INTENDED TO BE A SOLICITATION TO PURCHASE SHARES OF AP CAPITAL MORTGAGE INVESTMENT CORPORATION OR ADVICE REGARDING THE SUITABILITY OF THE INVESTMENT FOR SPECIFIC INVESTORS. ALL PURCHASES OF SHARES IN AP CAPITAL MORTGAGE INVESTMENT CORPORATION MUST BE MADE THROUGH AN APPROVED REGISTRANT (IIROC OR EXEMPT MARKET DEALER). ANY OPINIONS EXPRESSED HEREIN ARE EFFECTIVE AS AT THE DATE OF THE REPORT. MANAGEMENT DOES NOT UNDERTAKE TO NOTIFY THE READER OF ANY SUBSEQUENT CHANGE OF CIRCUMSTANCE OR OPINION. HISTORIC RETURNS SET OUT ABOVE ARE NET OF ALL FUND EXPENSES AND MANAGEMENT FEES. PAST RESULTS ARE NOT INDICATIVE OF FUTURE PERFORMANCE. FOR FURTHER INFORMATION AND DISCLOSURES PLEASE REFER TO THE INVESTOR SECTION ON OUR WEBSITE.

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