threepoint CAPITAL

#210 - 1980 Cooper Road
Kelowna, B.C. V1Y 8K5

Tel: 250.979.2911
Fax: 250.762.3297

info@threepointcapital.ca
www.threepointcapital.ca

THREE POINT CAPITAL CORP.
Virtual Annual General Meeting – March 18, 2021
AGENDA

Chairman: Don Crompton

Call to Order

1) Welcome & Introductions

2) President's Message

3) Portfolio Report

4) Presentation of 2020 Audited Financial Statements

5) Appointment of Auditor for 2021

6) Setting of Number of Directors

7) Election of Directors

8) New Business, if any

9) Closing Remarks

2020 Annual Review & President's Message

I would like to start this report by saying "thank-you." Thank-you to our shareholders for your confidence and calmness throughout 2020. There were numerous opportunities to express panic or doubt, but we navigated our way through this uncertain year together and with success. Thank-you for your continued support and trust in this company.

The Year in Review

2020 provided ThreePoint Capital an opportunity to test, strengthen and refine our deeply rooted, company wide focus on clear and disciplined mortgage lending.

The first quarter of 2020 opened strong with an active mortgage market and rising real estate values across Canada. The quarter ended on March 31st with almost everything on pause due to the COVID-19 pandemic. As you recall, in response to this crisis, ThreePoint significantly scaled back new lending activity, transitioned the entire team to work remotely and, as a precaution, increased the company's contingency cash reserves and cautiously adjusted the target dividend from 6.5% to a range of 5.5% - 6%. We then implemented a payment deferral program for borrowers that genuinely needed the assistance during the months that followed.

The second quarter of 2020 placed the initial shock of the pandemic behind us but significant market vulnerabilities and uncertainties still ahead. In the second quarter, we gradually increased our lending activity, adding strong mortgages to the portfolio where the loan-to-value was 65% or lower and only to borrowers that had not had their incomes negatively impacted by COVID-19. During 2020, 23 borrowers took advantage of our deferral program choosing to defer 1 to 3 payments during April 1 to August 1. Borrowers have handled their accounts well since that time with a number of these mortgages being paid out in full.

The third and fourth quarters of 2020 were the busiest 6 months in the company's history, with $21.5 million in new mortgages funded in the third quarter and $24.9 million in the fourth. There seemed to be pent-up demand once a number of restrictions were relaxed. Homes and home ownership become critical as the "stay-at-home to stay safe" message grew more prominent. It is hard to think of any other time in our history where having a home was as important as it has been over the past year. This six month period saw the portfolio increase by $19 million, while the commitment to disciplined lending maintained the weighted average loan-to-value of the portfolio at 55.8% (just slightly up from 54% during the first six months of 2020). The fourth quarter of 2020 also saw the re-opening of the fund for new investment and the official launch of Three Point Capital Wealth Management Inc., the registered Exempt Market Dealer now required to handle the intake of new investor capital. ThreePoint took in $5 million in new share capital in the fourth quarter and we remain open to friends and family of our existing shareholders as well as others that may have interest in our company.

Portfolio Commentary

The ThreePoint portfolio remains strong with minimal default and delinquency. At year-end 2020, 94% of the portfolio was secured in the 1st position with a weighted average loan-to-value of 55.8% and an average mortgage size of $311,842. The portfolio size totaled $101 million at year end (up from $77 million at 2019 year-end) with the portfolio primarily secured by homes in BC (57% of the portfolio) and Ontario (34% of the portfolio). New mortgage originations for 2020 totalled $77.6 million with $51.8 million in mortgage repayments.

The portfolio at year end consisted of 323 mortgages from BC to Ontario. We continue to view ThreePoint's mortgage portfolio as a conservative, lower risk portfolio and while weighted averages are important when reviewing the overall strength of the portfolio, the details of the individual mortgages also provide insight. A greater understanding of the portfolio can be gathered by looking at the loan-to-value ranges and the number and value of the mortgages within the various ranges. Of the 323 mortgages in the portfolio, there are 4 mortgages over $1 million. Two of them are $1 million in size and 65% loan-to-value while the other two are $1.25 million and only 60% and 59% loan-to-value. Only 38 of the 323 mortgages in the portfolio, representing $14 million are over 70% loan-to-value with the balance of the portfolio at 70% loan-to-value or less. 217 of the 323 mortgages are at 65% loan-to-value or less.

At year-end there were 9 ThreePoint files representing a total of $2.4 million that were 2 or more payments in arrears and being managed successfully by our default department. A certain level of any mortgage portfolio is typically in a state of delinquency and we are pleased with our conservative delinquency rate of 2.4%. There were 5 files in foreclosure at year-end; only 3 remain as this report is written. At this point, we are not expecting any losses on these files other than a small amount of unrecoverable legal expenses. During the 2020 fiscal year, the ThreePoint portfolio had only one file with an actual loss ($84,055). This was an Alberta property discussed at last year's AGM; one of the borrowers died in a car accident and the exit from this property was long and challenging. The property was finally sold in October, 2020. During the year, we also saw the the successful resolution of 5 delinquent files with no losses incurred.

Summary

As reported in our 2021 Vision Report, with no intention to deviate from our disciplined approach to lending in search of higher yielding and higher risk mortgage opportunities, coupled with historically low interest rates, we have projected a more modest dividend in 2021. While we ended the 2020 fiscal year with an annualized dividend yield of 6.28%, slightly exceeding the adjusted target of 5.5% - 6% and just shy of the 6.5% target we set prior to the arrival of the pandemic, and while we are currently sitting at 6.39% as at January 2021 month end, we have set the overall target dividend for 2021 at 6%. The company intends to maintain its monthly dividend distribution to shareholders at 5% per annum and fully anticipates declaring another top-up dividend at December 31, 2021.

As you know, with the launch of ThreePoint Capital Wealth in 2020, the investment process looks a little different now. The addition of this new exempt market dealer has proven to be very manageable and the process quite efficient. We again thank those of you that have invested with us under these new regulations and ThreePoint Capital Wealth looks forward to helping more of you through this process in 2021.

As we continue to grow the ThreePoint brand and business together, we remain committed to the security of your capital and continuing to provide consistent, stable returns. ThreePoint will continue to serve our shareholders with discipline and care in all aspects of our business and we truly value each of you.

Thank you,

Ryan Lee, President & CEO
ThreePoint Capital

Please contact me if you would like to discuss details of this report further or have any questions or concerns.

Grant Thornton

Financial Statements

Three Point Capital Corp.

December 31, 2020

Contents

Grant Thornton

Independent Auditor's Report

Grant Thornton LLP
200-1633 Ellis Street
Kelowna, BC
V1Y 2A8

T +1 250 712 6800
F +1 250 712 6850

To the shareholders of
Three Point Capital Corp.

Opinion

We have audited the financial statements of Three Point Capital Corp. ("the Company"), which comprise the statement of financial position as at December 31, 2020, and the statement of net income and comprehensive income, statement of changes in shareholders' equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Three Point Capital Corp. as at December 31, 2020, and the results of its operations and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Grant Thornton LLP

Kelowna, Canada
March 2, 2021

Chartered Professional Accountants

Three Point Capital Corp.
Statement of Financial Position

December 31	**2020**	2019
Assets		
Cash	**$ -**	$ 2,239,159
Prepaid expenses	**31,292**	16,722
Mortgages receivable (Note 5)	**100,066,946**	76,376,262
Accounts receivable	**55,174**	-
	100,153,412	78,632,143
Liabilities		
Bank indebtedness (Note 7)	**15,319,156**	-
Payables and accruals	**255,983**	194,630
Dividends payable	**1,284,079**	736,725
	16,859,218	931,355
Shareholders' equity		
Share capital (Note 8)	**82,790,611**	77,403,629
Retained earnings	**503,583**	297,159
	83,294,194	77,700,788
	$ 100,153,412	$ 78,632,143

Commitment (Note 11)
Post-reporting date events (Note 14)

On behalf of the Board

Director

Director

Three Point Capital Corp.
Statement of Net Income and Comprehensive Income

Year ended December 31	**2020**	2019
Financial income		
Mortgage interest	**$ 6,967,749**	$ 6,355,245
Lender fees and penalties	**746,262**	729,865
	7,714,011	7,085,110
Expenses		
Dealer services fees	**118,790**	-
Directors' fees	**35,394**	30,306
Interest and bank charges	**192,495**	264,778
Licences and insurance	**20,384**	19,079
Management fees (Note 10)	**1,721,234**	1,519,888
Office and administration	**16,520**	12,342
Professional fees	**34,697**	38,021
Provision for credit losses (Note 6)	**296,090**	75,966
Share trustee fees	**4,905**	17,751
	2,440,509	1,978,131
Net income and comprehensive income	**$ 5,273,502**	$ 5,106,979

Three Point Capital Corp.
Statement of Changes in Shareholders' Equity

December 31, 2020

	Share capital	Retained earnings	Total
Balance on December 31, 2018	**$ 57,710,594**	**$ 113,904**	**$ 57,824,498**
Net income and comprehensive income	-	5,106,979	**5,106,979**
Dividends (Note 9)	-	(4,923,724)	**(4,923,724)**
Issuance of share capital:			
Dividends reinvested by shareholders	3,704,564	-	**3,704,564**
For cash consideration	19,989,420	-	**19,989,420**
Redemption of share capital	(3,586,595)	-	**(3,586,595)**
Share issuance costs	(414,354)	-	**(414,354)**
Balance on December 31, 2019	**$ 77,403,629**	**$ 297,159**	**$ 77,700,788**
Net income and comprehensive income	-	5,273,502	**5,273,502**
Dividends (Note 9)	-	(5,067,078)	**(5,067,078)**
Issuance of share capital:			
Dividends reinvested by shareholders	3,421,060	-	**3,421,060**
For cash consideration	8,390,036	-	**8,390,036**
Redemption of share capital	(6,308,266)	-	**(6,308,266)**
Share issuance costs	(115,848)	-	**(115,848)**
Balance on December 31, 2020	**$ 82,790,611**	**$ 503,583**	**$ 83,294,194**

See accompanying notes to the financial statements

Three Point Capital Corp.
Statement of Cash Flows

Year ended December 31	**2020**	2019
Increase (decrease) in cash		
Operating activities		
Net income and comprehensive income	**$ 5,273,502**	$ 5,106,979
Adjustments for non-cash items		
Provision for credit losses	**296,090**	75,966
Changes in non-cash operating working capital		
Accounts receivable	**(55,174)**	-
Payables and accruals	**61,353**	21,571
Prepaid expenses	**(14,570)**	3,874
	5,561,201	5,208,390
Financing activities		
Issuance of share capital, net of issuance costs	**8,274,188**	19,575,066
Redemption of share capital	**(6,308,266)**	(3,586,595)
Dividends paid	**(1,098,661)**	(1,055,541)
Proceeds from promissory notes payable	**-**	3,389,080
Repayment of promissory notes payable	**-**	(6,425,113)
	867,261	11,896,897
Investing activities		
Mortgages receivable, net	**(23,986,777)**	(7,285,092)
Net decrease in cash	**(17,558,315)**	9,820,195
Cash (Bank indebtedness), beginning of year	**2,239,159**	(7,581,036)
(Bank indebtedness) Cash, end of year	**$ (15,319,156)**	$ 2,239,159

Supplemental cash flow information	**2020**	2019
Issuance of share capital in settlement of dividends payable	**$ 3,421,060**	$ 3,704,564

1. Governing legislation and nature of operations

Three Point Capital Corp. ("the Company") is incorporated under the Companies Act of British Columbia and operates as a mortgage lender primarily in Western Canada and Ontario. The Company is restricted to the guidelines of a Mortgage Investment Corporation, as defined by Section 130.1(6) of the Income Tax Act of Canada. The Company's head office is located at 210 - 1980 Cooper Road, Kelowna, Canada.

These financial statements have been approved and authorized for issue by the Board of Directors on February 27, 2021.

On March 11, 2020, the World Health Organization officially declared the COVID-19 outbreak a pandemic. The pandemic has forced governments to implement extraordinary measures to slow the progress of infections and to stabilize disrupted economies and financial markets. The Company has deployed initiatives in order to protect the health and safety of its employees, to support its borrowers and mitigate the impact of the crisis while ensuring continuity of its activities. The pandemic has had an expected impact on the Company's financial statements to date. As of this time, it is difficult to assess the impact on the Company's future results as it is dependent on the length and severity of the pandemic. Management will continue to monitor and assess the situation and respond accordingly.

2. Summary of presentation and statement of compliance

Basis of presentation

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

The Company's functional and presentation currency is the Canadian dollar.

The preparation of financial statements in compliance with IFRS requires management to make certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

3. Summary of significant accounting policies

Financial instruments

Recognition and derecognition

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognized when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognized when it is extinguished, discharged, cancelled or expires.

(*continued*)

3. Summary of significant accounting policies (*continued*)

Financial instruments (*continued*)

Classification and initial measurement of financial assets

Except for trade receivables that do not contain a significant financing component, which are measured at their transaction price, all financial assets are initially measured at fair value. Financial assets, other than those designated and effective as hedging instruments, are classified into the following categories:

- amortized cost;
- fair value through other comprehensive income ("FVOCI"); or
- fair value through profit or loss ("FVTPL").

In the periods presented, the Company does not have any financial assets categorized as FVOCI or FVTPL.

The classification is determined by both:

- the entity's business model for managing the financial asset; and
- the contractual cash flow characteristics of the financial asset.

Subsequent measurement of financial assets

Financial assets at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, these are measured at amortized cost using the effective interest method. The Company's mortgages receivable, receivables and cash fall into this category of financial instruments.

(*continued*)

3. Summary of significant accounting policies (*continued*)

Financial instruments (*continued*)

Impairment of financial assets

IFRS 9's impairment standards require the use of forward-looking information to recognize expected credit losses – the 'expected credit loss (ECL) model'. Instruments within the scope of the requirements include all financial assets measured at amortized cost.

The Company considers a broad range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Stage 1'); and
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage 2').

'Stage 3' would cover financial assets that have objective evidence of impairment at the reporting date.

'12-month expected credit losses' are recognized for the first category while 'lifetime expected credit losses' are recognized for the second and third categories.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

Classification and measurement of financial liabilities

The Company's financial liabilities include payables and accruals and dividends payable.

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Company designated a financial liability at fair value through profit or loss.

Subsequently, financial liabilities are measured at amortized cost using the effective interest method.

Bad debts written off

Bad debts are written off from time to time as determined by management and approved by the Board of Directors when it is reasonable to expect that the recovery of the debt is unlikely. Bad debts are written off against the allowance for impaired mortgages receivable, if a Stage 2 or Stage 3 allowance for impaired mortgages receivable had previously been recognized. If no allowance had been recognized, the write offs are recognized as expenses in net income and comprehensive income.

(*continued*)

3. Summary of significant accounting policies (*continued*)

Share capital – Classification of Class A redeemable shares

Redeemable shares are classified as equity instruments when:

- The redeemable shares entitle the holder to a pro rata share of the Company's net assets in the event of the Company's liquidation;
- The redeemable shares are in the class of instruments that is subordinate to all other classes of instruments;
- All redeemable shares in the class of instruments that is subordinate to all other classes of instruments have identical features;
- The redeemable shares do not include any contractual obligation to deliver cash or another financial asset other than the holder's rights to a pro rata share of the Company's net assets; and
- The total expected cash flows attributable to the redeemable shares over the life of the instrument are based substantially on the profit or loss, the change in the recognized net assets or the change in the fair value of the recognized and unrecognized net assets of the Company over the life of the instrument.

In addition to the redeemable shares having all of the above features, the Company must have no other financial instrument or contract that has:

- Total cash flows based substantially on the profit or loss, the change in the recognized net assets or the change in the fair value of the recognized and unrecognized net assets of the Company; and
- The effect of the substantially restricting or fixing the residual return to the redeemable shareholders.

The Company continuously assesses the classification of the redeemable shares. If the redeemable shares cease to have all the features, or meet all the conditions set out, to be classified as equity, the Company will reclassify them as financial liabilities and measure them at fair value at the date of reclassification, with any differences from the previous carrying amount recognized in equity. If the redeemable shares subsequently have all the features and meet the conditions to be classified as equity, the Company will reclassify them as equity instruments and measure them at the carrying amount of the liabilities at the date of the reclassification.

The issuance, acquisition and cancellation of redeemable shares are accounted for as equity transactions.

Upon the issuance of shares, the consideration received is included in equity. Transaction costs incurred by the Company in issuing or acquiring its own equity instruments are accounted for as a deduction from equity to the extent that they are incremental costs directly attributable to the equity transaction that otherwise would have been avoided.

Redeemable equity instruments reacquired by the Company and returned to treasury are deducted from equity and accounted for at amounts equal to the consideration paid, including any directly attributable incremental costs. No gain or loss is recognized in the Statement of Net Income and Comprehensive Income on the purchase, issuance or cancellation of the Company's own redeemable equity instruments.

(*continued*)

3. Summary of significant accounting policies (*continued*)

Revenue recognition

Revenue arises mainly from interest and fees earned on mortgages receivable.

The accounting treatment for mortgage origination and renewal fees varies depending on the transaction. Significant fees that would result in an adjustment to the overall mortgage yield are capitalized and amortized using the effective interest method. Otherwise, fees are recognized in net income when earned. Mortgage prepayment fees and interest penalties are recognized in net income when received.

Standards, amendments and Interpretations not yet effective

At the date of authorization of these financial statements, several new, but not yet effective, Standards and amendments to existing Standards and Interpretations have been published by the IASB. None of these Standards or amendments to existing Standards have been adopted early by the Company. Management anticipates that all relevant pronouncements will be adopted for the first period beginning on or after the effective date of the pronouncement. New Standards, amendments and Interpretations not adopted in the current year have not been disclosed as they are not expected to have a material impact on the Company's financial statements.

4. Estimation uncertainty

When preparing the financial statements, management undertakes a number of judgments, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses.

The effect of a change in an accounting estimate is recognized prospectively by including it in net income in the period of the change, if the change affects that period only; or in the period of the change and future periods, if the change affects both. Information about the significant judgments, estimates and assumptions that have the most significant effect on the recognition and measurement of assets, liabilities, income and expenses is discussed below.

Fair value of financial instruments

Management uses valuation techniques in measuring the fair value of financial instruments, where active market quotes are not available. Details of the assumptions used are given in the notes regarding financial assets and liabilities.

In applying the valuation techniques management makes maximum use of market inputs, and uses estimates and assumptions that are, as far as possible, consistent with observable data that market participants would use in pricing the instrument. Where applicable data is not observable, management uses its best estimate about the assumptions that market participants would make. These estimates may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

Allowance for impaired mortgages

See Notes 5 and 6 for information regarding the allowance for impaired mortgages.

5. Mortgages receivable

	2020	#	2019	#
Residential mortgages				
Residential 1st mortgages	**$ 92,780,055**	**258**	$ 69,369,813	235
Residential 2nd mortgages	**6,451,372**	**61**	5,891,765	55
Commercial mortgages				
Commercial 1st mortgages	**1,493,467**	**4**	1,559,567	4
	100,724,894	**323**	76,821,145	294
Allowance for impaired mortgages (Note 6)	**(657,948)**		(444,883)	
	$ 100,066,946		$ 76,376,262	

Terms and conditions

Mortgages have a fixed rate of interest with varying maturity dates from one to two years.

The interest rates offered on fixed rate loans advanced at December 31, 2020 range from 3.00% to 12.50% (2019 – 3.00% to 13.45%).

Residential mortgages are mortgages secured by residential property and are generally repayable monthly with either blended payments of principal and interest or interest only.

Commercial mortgages consist of mortgages secured by commercial property and have various repayment terms.

Average yields to maturity

Mortgages bear interest at fixed rates with the following average yields at:

	2020		2019	
	Principal	**Yield**	Principal	Yield
Fixed rate due less than one year	**$ 93,139,238**	**7.82%**	$ 68,151,811	8.63%
Fixed rate due between one and two years	**7,585,656**	**8.73%**	8,669,334	8.92%
	$ 100,724,894		$ 76,821,145	

Credit quality of loans

It is not practical to value all collateral as at the balance sheet date due to the variety of assets and conditions. All mortgages within the mortgages receivable portfolio are secured by real property.

Fair value

The fair value of mortgages receivable at December 31, 2020 was $100,066,946 (2019 – $76,376,262).

The estimated fair value of the fixed rate mortgages is assumed to be equal to book value as the majority of the mortgages receivable mature within one year.

(*continued*)

5. Mortgages receivable (*continued*)

Guarantee

The Company has been issued a corporate guarantee from Paradigm Mortgage Investment Corporation ("Paradigm") on mortgages purchased as part of a reorganization in June 2017, to the extent of realized mortgages receivable losses up to $1,500,000 for a period of three years from the purchase date on June 27, 2017. This guarantee has been extended to June 27, 2022 as part of a Forbearance Agreement with Paradigm Mortgage Investment Corp. The guarantee is secured by a first priority general security agreement over the assets of Paradigm in favour of the Company. The guarantee applies to the performance of the 12 (2019 – 17) remaining guaranteed mortgages, which have an aggregate carrying value of $2,916,104 (2019 – $3,725,918), of which impaired mortgages comprise $984,077 at December 31, 2020 (2019 – $1,053,786). The definition of impaired mortgages is defined in Note 6.

As of December 31, 2020, $884,112 (2019 – $765,298) of the $1,500,000 guarantee amount had been utilized, and there is $615,888 (2019 – 734,702) remaining of the guarantee. The Company believes there is adequate security underlying the impaired guaranteed mortgages and that the above noted guarantee will sufficiently cover any realized impairment losses on the guaranteed mortgages.

Mortgage principal refund

The Company has agreed to refund to Paradigm, in cash, the difference between the final mortgage principal payout amount received by the Company, and the net book value, as of the purchase date, of the mortgages purchased in the case that the mortgages are paid out in excess of their original purchase price. As at December 31, 2020, $139,051 (2019 – $139,051) of refunds have been made to Paradigm in aggregate.

6. Allowance for impaired mortgages

The Company classifies a mortgage as impaired when one or more loss events have occurred, such as bankruptcy, default or delinquency. Mortgages are in default when the borrower is at least one day past due on payments towards the mortgage. However, generally, mortgages are classified as delinquent when payment is contractually 60 days past due or another event of default has been noted, such as a missed deadline for providing documentation or a deterioration in communication with the borrower. Generally, mortgages are classified as impaired when they have already been identified as delinquent, and there are impending losses expected upon final resolution of the mortgage.

For the purpose of measuring the amount to be written off, the determination of the recoverable amount includes an estimate of future recoveries.

A mortgage will be reclassified to performing status when the Company determines that there is reasonable assurance of full and timely repayment of interest and principal in accordance with the terms and conditions of the mortgage, and that none of the criteria for classification of the mortgage as impaired continue to apply.

(*continued*)

6. Allowance for impaired mortgages (*continued*)

Once a mortgage is identified as impaired, the Company continues to recognize interest income based on the original effective interest rate on the mortgage amount net of its related allowance. In the periods following the recognition of impairment, adjustments to the allowance for these mortgages reflecting the time value of money are recognized and presented as interest income.

Total allowance for impaired mortgages as at December 31, 2020:

				2020
	Stage 1	Stage 2	Stage 3	**Total**
Mortgages				
Allowance for credit losses	$ 475,711	$ 137,237	$ 45,000	**$ 657,948**
Carrying amount	$ 92,062,893	$ 6,493,549	$ 2,168,452	**$ 100,724,894**

The following table shows the continuity in the allowance for impaired mortgages for the year:

	January 1, 2020 Beginning balance	Write-offs	Provisions (recoveries)	December 31, 2020 Ending balance
Mortgages				
Stage 1	$ 367,511	$ -	$ 108,200	**$ 475,711**
Stage 2	17,372	-	119,865	**137,237**
Stage 3	60,000	-	(15,000)	**45,000**
Total provision	$ 444,883	$ -	$ 213,065	**$ 657,948**
Percentage of total mortgages and accrued interest	0.58%			**0.65%**

In addition to the adjustments to the above noted provisions, during the year $83,025 was directly written off to the provision for credit losses (2019 – $9,852).

(*continued*)

6. Allowance for impaired mortgages (*continued*)

Key inputs and assumptions

The measurement of expected credit losses is a complex calculation that involves a large number of interrelated inputs and assumptions. The key drivers of changes in the expected credit losses include the following:

Probability of default ("PD")

Probability of default is a forward-looking estimate of the realized default rate over either a 12-month or lifetime time horizon. It determines the probability a financial asset will default over the period considered.

The PD of the portfolio is based on the Company's historical default data, in addition to forward-looking data indicating relative economic strengths and weaknesses in particular geographic areas in which the Company lends.

Exposure at default ("EAD")

EAD is a forward-looking estimate of the realized EAD. It determines the proportion of a mortgage that will be in default if the account defaults over its expected remaining lifetime. These inputs include:

- The current outstanding balance of the mortgage at the reporting date;
- The payment amounts, assumed to be constant; and
- The interest rate paid per payment period.

The EAD for an amortizing mortgage decreases as payments are received. For mortgages that are only required to pay principal and interest by the end of the project or at other non-constant intervals, the EAD is assumed to be the outstanding balance at the reporting date.

For all mortgages, the assumptions are to be provided by the Company.

Loss given default ("LGD")

LGD is the proportion of the defaulted balance that is considered an accounting loss following a recovery period. Accounts that are not in default as at an observation point, but subsequently default within a given time horizon, are used to develop LGD estimates for non-defaulted exposures.

12-month LGD only considers losses related to default events that occur in the 12-month time horizon following the observation date. For lifetime, LGD is estimated over the subsequent 12-month time horizons.

Estimating the LGD requires:

- Estimating the exposure at default, which is done as noted above; and
- Estimating the net proceeds from the liquidation of the property.

(*continued*)

6. Allowance for impaired mortgages (*continued*)

Key inputs and assumptions (*continued*)

Loss given default ("LGD") (*continued*)

For residential and commercial mortgages, estimating the net proceeds from the liquidation of the property considers the following:

- The value of the property at its last valuation date;
- The type and use of property – single family, multi-family, condo, or other;
- The average regional property value; and
- The expected costs to liquidate the property, including commissions, legal, and others.

The recovered amount of uncollateralized exposure is calculated using the Company's historical mortgage loss percentages for each category of mortgages within the portfolio.

Staging

Changes in staging occur when there has been an increase in credit risk of a mortgage since its origination. This may include various types of loss events, such as bankruptcy, default or delinquency. This may also include other external indicators of potential loss on mortgages within a certain geographic area, commercial mortgages within a certain industry, or other non-mortgage specific indicators.

- In addition, the portfolio is assessed to determine if there are further concerns about specific mortgages which are currently not delinquent but are deemed impaired due to individual circumstances with the borrower or underlying security.
- The Company's expected credit loss model takes into account the probability of default and assumed loss given default on residential and commercial mortgages based on the historical portfolio to determine the present value of 12 month expected credit losses.

Lifetime

The lifetime of a residential or commercial mortgage is based on the contractual term of the mortgage.

Forward-looking information

The Company's expected credit loss model takes into consideration forward-looking information as follows:

- Residential mortgage LGD – Collateral value adjustments based on local and regional economic factors.
- Residential and commercial mortgage PD and LGD – Relationships with macroeconomic drivers such as interest rates, banking and other financial institution regulations, and economic indicators.

7. Bank indebtedness

The Company has a demand credit facility with TD Bank for an authorized amount totalling $25,000,000 (2019 – $25,000,000). Under the facility agreement, the Company could either borrow demand loans at bank prime rate plus 1.00% or use banker's acceptances at the banker's acceptance rate plus a stamping fee of 2.40% per annum. As at December 31, 2020, the outstanding facility balance is $3,228,508 (2019 – $nil), excluding outstanding cheques and deposits in transit, at an effective interest rate of prime plus 1.00, 3.45% (2019 – 4.95%) with outstanding banker's acceptances of $12,000,000 (2019 – $nil) at a stamping fee at 2.40% per annum.

As security for the bank indebtedness, the Company has provided the following:

- a general security agreement
- an assignment of certain mortgages

Under the Company's bank credit facilities, the Company is required to comply with certain financial covenants including a borrowing base condition, a quarterly debt to tangible net worth requirement and a quarterly interest coverage requirement. At December 31, 2020, the Company is in compliance with these covenants.

8. Share capital

Authorized

Unlimited	Class A voting common shares with a par value of $1
Unlimited	Class B-F voting common shares with no par value

		2020	2019
Issued			
83,822,734	Class A shares (2019 – 78,319,904)	**$ 82,790,611**	$ 77,403,629

Cumulative share issuance costs of $1,032,123 (2019 – $916,275) have been deducted from Class A shares.

All shares are equally eligible to receive dividends and the repayment of capital and each represents one vote at the shareholders meeting.

During the year, 8,390,036 (2019 – 19,989,420) Class A common voting shares were issued for consideration of $8,390,036 (2019 – $19,989,420); 3,421,060 (2019 – 3,704,564) Class A common voting shares were issued in settlement of dividends payable in the amount of $3,421,060 (2019 – $3,704,564); 6,308,266 (2019 – 3,586,595) Class A common voting shares were redeemed by the Company for cash consideration of $6,308,266 (2019 – $3,586,595).

9. Amount available for dividend distribution

The Company follows the practice of declaring dividends at the end of the fiscal year in an amount at least sufficient to remain non-taxable under the provisions of the Canadian Income Tax Act related to Mortgage Investment Corporations. The following table reconciles the amount of dividends declared under the Income Tax Act provisions:

	2020	2019
Net and comprehensive income	**$ 5,273,502**	$ 5,106,979
Less: share issuance costs deductible for tax purposes	**(206,424)**	(183,255)
Dividends declared	**$ 5,067,078**	$ 4,923,724

10. Related party transactions

The Company's related parties, which are defined by IAS 24 *Related Party Disclosures*, include:

- Paradigm Mortgage Investment Corp. ("Paradigm"), a company under common control;
- Three Point Capital Management Corp., a company under common management control;
- Three Point Capital Wealth Management Inc., a company under common management control; and
- Key management and their immediate family, as those persons having authority and responsibility for planning, directing and controlling the activities of the Company, including directors and management.

Unless otherwise stated, none of the transactions incorporate special terms and conditions and no guarantees were given or received, except as disclosed in Note 5. Outstanding balances noted below are unsecured and usually settled in cash.

The Company entered into the following transactions with the above noted related parties:

The Company has entered into a management agreement to receive mortgage origination, marketing, and administrative services from Three Point Capital Management Corp. The management fee related to these services is based on the balance of the net mortgages receivable. Management fees incurred during the year were $1,721,234 (2019 – $1,519,888) with management and other fees payable of $176,749 (2019 – $154,248) included in payables and accruals. Directly attributable share issuance costs, including share administration and commissions, incurred and deducted from share capital during the year were $88,826 (2019 – $352,418).

The Company has entered into a management agreement to receive investment and capital management services from Three Point Capital Wealth Management Inc. The dealer services fees related to these services is based on outstanding share capital. Dealer services fees incurred during the year were $118,790 (2019 – $nil).

At December 31, 2020, $55,174 (2019 – $nil) of guarantee payments were receivable from Paradigm. See Note 5 for further information on mortgage guarantees.

As at December 31, 2020, key management personnel, directors, and their immediate family held 13,077,627 (2019 – 11,039,018) Class A shares of the Company.

11. Commitment

In the normal course of business and as at December 31, 2020, the Company has committed and approved mortgages of $7,444,500 (2019 – $4,576,728) which have not yet been funded. The mortgages are expected to be fully advanced subsequent to December 31, 2021.

12. Financial instrument risk management

General objectives, policies, and processes

The Board of Directors has overall responsibility for the determination of the Company's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure effective implementation of the objectives and policies to the Company's finance function. The Board of Directors receives quarterly reports from the Company's Chief Financial Officer through which it reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets.

Credit risk

Credit risk is the risk of loss resulting from the failure of a borrower or counter party to honour its financial or contractual obligation to the Company. Credit risk primarily arises from mortgages receivable. Management and the Board of Directors reviews and updates the credit risk policy annually. The maximum exposure of the Company to credit risk before taking into account any collateral held is the carrying amount of the loans as disclosed on the statement of financial position.

Concentration of credit risk exists if a number of borrowers are engaged in similar economic activities or are located in the same geographic region, and indicate the relative sensitivity of the Company’s performance to developments affecting a particular segment of borrowers or geographic region. Geographic risk is mitigated in that the company lends to all provinces in Western Canada, as well as in Ontario.

Credit risk rating systems are designed to assess and quantify the risk inherent in credit activities in an accurate and consistent manner. To assess credit risk, the Company takes into consideration the borrower's character, ability to pay, and value of collateral available to secure the loan.

The Company's credit risk management principles are guided by its overall risk management principles. The Board of Directors ensures that management has a framework, and policies, processes and procedures in place to manage credit risks and that the overall credit risk policies are complied with at the business and transaction level.

(*continued*)

12. Financial instrument risk management (*continued*)

Credit risk (*continued*)

The Company's credit risk policies set out the minimum requirements for management of credit risk in a variety of transactional and portfolio management contexts. Its credit risk policies comprise the following:

- General mortgage policy statements including approval of lending policies, eligibility for loans, exceptions to policy, policy violations, liquidity, and loan administration;
- Mortgage lending limits including Board of Director limits, schedule of assigned limits and exemptions from aggregate indebtedness;
- Mortgage collateral security classifications which set loan classifications, advance ratios and amortization periods;
- Procedures outlining loan overdrafts, release or substitution of collateral, temporary suspension of payments and loan renegotiations;
- Mortgage delinquency controls regarding procedures followed for loans in arrears; and
- Internal audit procedures and processes for the Company's lending activities.

With respect to credit risk, the Board of Directors receives monthly reports summarizing new mortgages, delinquent loans and overdraft utilization. The Board of Directors also receives an analysis of bad debts and allowance for impaired mortgages receivable quarterly.

Liquidity risk

Liquidity risk is the risk that the Company cannot meet a demand for cash or fund its obligations as they come due. The Company’s management oversees the Company’s liquidity risk to ensure the Company has access to enough readily available funds to cover its financial obligations as they come due. The Company’s business requires such capital for operating and regulatory purposes.

The assessment of the Company's liquidity position reflects management's estimates, assumptions and judgments pertaining to current and prospective Company specific and market conditions and the related behaviour of its shareholders and counterparties.

The Company manages liquidity risk by:

- Continuously monitoring actual daily cash flows and longer term forecasted cash flows;
- Maintaining adequate reserves, liquidity support facilities and reserve borrowing facilities;
- Monitoring the maturity profiles of financial assets and liabilities; and
- Monitoring the liquidity ratios monthly.

The Board of Directors receives monthly liquidity reports as well as information regarding cash and bank indebtedness balances in order for it to monitor the Company's liquidity framework.

(*continued*)

12. Financial instrument risk management (*continued*)

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. For purposes of this disclosure, the Company segregates market risk into two categories: fair value risk and interest rate risk. The Company is not significantly exposed to currency risk or other price risk.

- **Fair value risk**

  Fair value risk is the potential for loss from an adverse movement in the value of a financial instrument. The Company incurs fair value risk primarily on its mortgages receivable held. The Company does not hedge its fair value risk.

- **Interest rate risk**

  Interest rate risk relates to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company incurs interest rate risk on its mortgages receivable, bank indebtedness, promissory notes payable and other interest bearing financial instruments. The Company manages its interest rate risk by ensuring that mortgages receivable are mostly offered on terms not exceeding one year. This enables the Company to match changes in market interest rates through changes to the interest rates it offers to borrowers upon renewal.

13. Capital management

The Company defines capital as bank indebtedness and share capital. The capital management objectives of the Company are to retain adequate capital resources to support its working capital needs, business and growth strategy and build long term shareholder value.

The Company's credit facilities are reviewed annually to ensure sufficient funds are available to meet operational needs as well as capital requirements (see Note 7).

14. Post-reporting date events

Subsequent to year-end, effective January 25, 2021, the demand operating facility agreement with TD Bank was amended and the authorized facility credit limit was extended from $25,000,000 to $42,500,000.

THREE POINT CAPITAL CORP.
Board of Directors Nomination Report

March 2021

On behalf of the Shareholders of Three Point Capital Corp. (TPC), I would like to thank our existing directors for their service over the past year. We have a strong group of dedicated and knowledgeable individuals that invest much time, effort, and expertise on behalf of the shareholders. They have served with commitment and excellence this past year and I am grateful that they are willing to stand for the 2021 fiscal year.

Establishing the Number of Directors:
Each year, the shareholders set the number of Directors for the upcoming year. Because of their varied experience and the meaningful contributions each of them make, as well as their involvement in ThreePoint since its inception, the existing Board is well versed in the issues at hand and I believe the fund and all TPC investors will be well served at this time in re-electing the existing Board for the ensuing year.

Following are brief bios on each of the eight (8) nominees:

Ruth Benedict

Ruth's working career was principally in the area of finance with a collection agency, oil company, and as a mortgage specialist with HLC/CIBC. She has lived in Kelowna since 2002 and manages her own portfolio of residential real estate. She is semi retired and has been a Director of ThreePoint since 2020.

Francis Braam

Francis Braam is a co-owner of Royal LePage Kelowna. He has been a Director of the Okanagan Mainline Real Estate Board and past Chair of the Real Estate Brokers Council of BC. Francis has been an investor and Director of TPC since its inception.

Don Crompton

Don Crompton is the Chairman of the Board of ThreePoint. He has been an investor and director of ThreePoint since its inception. He is a partner in the TPC Management Company and his working career has included 25 years in real estate and 10 years as the Canadian Director of Young Life of Canada.

Duncan Kippan

Duncan Kippan is a retired real estate agent having served the Okanagan Valley for 45 years. He has been an investor and Director of TPC since its inception. Duncan is actively involved in the Kelowna community including numerous recreational endeavors.

Alan MacKenzie

Alan MacKenzie retired in December 2017 after 28 years as a Financial Planner with Sun Life Financial in Kelowna. He is actively involved in the local and global community with several charitable organizations. He has been a TPC investor and Director since its inception.

Rick Pushor

Rick Pushor was a founding partner of Kelowna law firm Pushor Mitchell LLP and has now retired from law practice but continues to be involved in the business community of Kelowna. He has been an investor and Director of TPC since its inception.

Grant Turik

Grant Turik is a licensed realtor with Royal LePage Kelowna and has served the Okanagan community for 29 years. He has been a TPC investor and Director since its inception.

Joe Ungaro

Joe Ungaro has been licensed as a realtor in Kelowna since 1980 and is presently with Royal LePage Kelowna. He has been a TPC investor and Director since its inception.

Further to the Notice of Annual General Meeting dated March 4, 2021, the following motions will be put forward at the AGM:

#1:

That the number of Directors for the period March 18, 2021 to the date of the 2022 Annual General Meeting be set at eight (8);

#2:

That Ruth Benedict, Francis Braam, Don Crompton, Duncan Kippan, Alan MacKenzie, Rick Pushor, Grant Turik, and Joe Ungaro each be elected for a one-year term (for the period March 18, 2021 to the date of the 2022 Annual General Meeting) as Directors of ThreePoint Capital Corp.

Respectfully submitted,

Don Crompton, TPC Director

Criteria for Three Point Capital Board Membership

- A person of strong character and reputation
- A person with life experience and abilities that permit them to make a contribution at the Board level
- Willing and able to devote meaningful time to Board service including attending Board meetings
- Reasonable accessibility to the management of Three Point Capital as may be required from time to time
- Availability to sign required TPC documentation
- A shareholder in Three Point Capital Corp.

MINUTES OF THE April 30th, 2020 ANNUAL GENERAL MEETING
OF THE SHAREHOLDERS OF
THREE POINT CAPITAL CORP.
(the "Company")

CALL TO ORDER

The 3rd Annual General Meeting & 1st Virtual meeting of the shareholders of Three Point Capital Corp. was called to order at 2:00 p.m., Thursday, April 30, 2020 via Zoom online platform from Kelowna, B.C. with Don Crompton chairing the meeting. The Chairman confirmed that the necessary notice of meeting had been duly sent to all shareholders on April 20, 2020. Over 43% of outstanding shares were represented either in person or by proxy. 65 people were in attendance virtually including shareholders, guests, and associates. Notice of the Meeting having been duly given and a quorum of shareholders of the Company being present, the Chairman declared the Meeting to have been properly called and duly constituted for the transaction of business.

INTRODUCTIONS

PRESENTED BY: DON CROMPTON, Chair

Don thanked everyone for attending our 1st virtual meeting and introduced the Company's Directors and business partners including auditors from Grant Thornton and our TD Bank representative.

Minutes for 2019 were approved as circulated.

PRESIDENT'S MESSAGE

PRESENTED BY: RYAN LEE, President, Three Point Capital Corp.

Ryan thanked everyone for attending and provided an overview of the 2019 fiscal period and a look ahead at what to expect in 2020 and how the company is handling Covid-19 and working to protect all investors and the dividend.

PORTFOLIO REPORT

PRESENTED BY: BRAD GRAHAM, Chief Credit Officer & Portfolio Manager, Three Point Capital Corp.

Brad provided an overview of the Three Point portfolio and summarized the mortgages funded, mortgage payouts and delinquent files during the 2019 fiscal period.

2019 AUDITED FINANCIAL STATEMENTS

PRESENTED BY: MARYLYN NEEDHAM, CFO, Three Point Capital Corp.

Marylyn provided a review of the Statement of Financial Position, Statement of Net Income, Expenses, and Comprehensive Income and Statement of Changes in Shareholders' Equity.

APPOINTMENT OF AUDITORS FOR 2020

Motion #1:

To appoint Grant Thornton, Chartered Professional Accountants as auditors for the 2020 fiscal year.

UPON MOTION duly made (Marylyn Needham), seconded (Francis Braam) and unanimously carried, IT WAS RESOLVED THAT Grant Thornton LLP, Chartered Professional Accountants, of Vancouver, British Columbia, be appointed the Company's auditors for the 2020 financial year.

SETTING OF NUMBER OF DIRECTORS FOR 2020

PRESENTED BY: DON CROMPTON, Chair

The Company's Articles require that at each Annual General Meeting the Shareholders set the number of Directors for the next year. The Board recommended that the number of Directors for the ensuing year be raised to eight (8).

Motion #2:

Resolve that the number of Directors for the ensuing year be set at eight (8).

UPON MOTION duly made (Don Crompton), seconded (Francis Braam) and by a vote of 97% in favor of the motion, IT WAS RESOLVED THAT the number of directors for the period April 30, 2020 to the date of the 2021 Annual General Meeting be set at eight (8).

ELECTION OF DIRECTORS

PRESENTED BY: DON CROMPTON, Chair.

Don thanked the incumbent Directors for their commitment of time and expertise. The nominating committee recommended that the existing seven incumbent Directors be elected for a one-year term and further recommended that Ruth Benedict be added for a total of eight (8).

Motion #:3

That Don Crompton, Francis Braam, Rick Pushor, Joe Ungaro Duncan Kippan, Alan MacKenzie, Grant Turik, and Ruth Benedict each be elected for a one-year term (for the period April 30, 2020 to the date of the 2021 Annual General Meeting) as Directors of Three Point Capital Corp.

UPON MOTION duly made (Ryan Lee), seconded (Ted Schoepp) and unanimously carried, IT WAS RESOLVED THAT nominations for the election of directors be closed, and that Francis Braam, Don Crompton, Duncan Kippan, Alan MacKenzie, Rick Pushor, Grant Turik, Joe Ungaro and Ruth Benedict each be elected for a one-year term (for the period April 20, 2020 to the date of the 2021 Annual General Meeting) as Directors of Three Point Capital Corp.

Questions:

During the virtual meeting questions could be asked throughout via the online Zoom chat feature:

Q: Shareholder: Why are there no women on the Board of Directors?
A: Ruth Benedict was appointed to the Board of Directors earlier in the meeting.

Q: Shareholder: The Covid-19 Mortgage payment deferral program: For the files that are deferred, how will the payments come back to the company and the shareholders?
A: The shareholders still receive the income as the interest keeps accruing; this amount is not being written off.

Q: Shareholder: How much money is on the waiting list as of now for new share capital?
A: Approximately $500,000.00. The challenge is that with the new Exempt Market Dealer (EMD) rules we now have to determine if potential investors qualify to invest in the fund and how much they can invest.

Q: Shareholder: Why was there an increase on the Board of Directors from 7 to 8?
A: The board has been reviewing Board composition. We feel Ruth Benedict is a great addition to the Board of Directors; it also adds diversity to the current board.

Q: Shareholder: Could you explain the details on provisions for future loan losses like the Lloydminster property mentioned earlier?
A: The Lloydminster property has a $65,000.00 loss provision and it is also for sale for $65,000. **(Correction after the meeting:** it is listed for $89,900 and the expectation is that net sale proceeds will be $65,000; The numbers being the same is just a coincidence.

Q: Shareholder: Looking at our one-year mortgages how many of those would renew for a second year?
A: In 2019 based on payouts we had an 80% churn rate and in the 3 years of the portfolio the average has been81.5% which is very healthy. The average length of our mortgages is 18 months.

Q: Shareholder: Covid-19 Deferrals, is the amount deferred on these mortgage payments added to the end of the loan or is the amount paid sooner?
A: The interest is currently accruing; the interest will compound if they miss a payment, and TPC will receive more interest at the end of the term when it is renewed or paid out.

Q: Shareholder: Follow up on Lloydminster question: The list price is $65,000 and the loss provision is $65,000. What is loan amount?
A: The Loan amount for this file was $125,000 and it is presently listed for $65,000. (Correction: List price is $89,900). The loss provision is same amount at $65,000; it is just a coincidence that they are the same amounts. The allowance includes legal and real estate costs.

Q: Shareholder: How will the drop in loans affect the near-term return going forward?

A: We are one of the few MICS that have lender fees earned by shareholders. The more volume of business conducted, the more fees that are earned. e volume of business conducted the more fees are earned which are payouts and new lending
If there are significant drops in the amount of new business that would decrease fees that are earned by the MIC. That is part of our consideration for a targeted 5 – 6 % dividend.

Q: Shareholder: Can we expect Covid-19 to effect where Three Point is lending? It seems the impact of the pandemic is hitting different sectors and areas very differently.

A: We have expanded into the Ontario market, decreasing our diversity and decreasing our risk profile which is good for protection of investment; Ontario is still a strong market. TD Bank just released a report predicting price increases at 7.8% in the Toronto area for 2020. We are confident in our Ontario and BC Markets; Manitoba has been a small portion of the portfolio, as has Alberta which will likely be harder hit with Oil & Gas sector. We are very carefully watching things like locations and applicants' jobs and each file is looked at on a file by file basis.

Q: Shareholder: Is that figure (the 7.8% mentioned in the last answer) recent enough to take Covid-19 into account?

A: That just came out from the TD Bank report covering each province up to April 15th. There are lots of differing reports and information coming out and we are keeping an eye on all of it to give us a sense of where things are going moving forward.

CLOSING REMARKS
PRESENTED BY: Ryan Lee, President

Ryan thanked everyone for joining the afternoon meeting with the new format; the meeting has been recorded and will be provided to all shareholders shortly. Shareholders will be regularly updated and anyone with any other questions is welcomed to reach out following the meeting.

Ryan wished all attendees and their families health & safety as we navigate this difficult crisis.

ADJOURNMENT
PRESENTED BY: DON CROMPTON, Chair
There being no further business, UPON MOTION duly made and carried, IT WAS RESOLVED THAT the Meeting be terminated. The meeting was adjourned at 3:00 p.m.

DON CROMPTON

INSTRUMENT OF PROXY

Three Point Capital Corp.

(the "Company")

The undersigned, being a shareholder of the Company, hereby appoints (name) _____or, failing that person, _____ (name), as proxy holder for the undersigned to attend, act and vote for and on behalf of the undersigned at the meeting of shareholders of the Company to be held virtually on the 18th day of March 2021 and at any adjournment of that meeting.

Number of shares in respect of which this proxy is given (if no number is specified, then this proxy is given in respect of all shares registered in the name of the shareholder): _____.

Signed this _____ day of _____ , 2021

_____

Signature(s) of shareholder(s)

_____

Name(s) of shareholder(s) printed

Please return to Three Point Capital by way of:

Email: tracy@threepointcapital.ca
Fax: 250.762.3297
Mail: #210 - 1980 Cooper Rd
Kelowna, BC V1Y 8K5