



QUARTERLY REPORT | OCTOBER - DECEMBER 2023

# Quarterly Report for the three-month period ending December 31, 2023.

## Portfolio

Total Portfolio Size	\$203.4 million
Number of Mortgages	475
Average Mortgage Size	\$428,388
Average Portfolio LTV	54.5%
Average Interest Rate	10.11%

Dividends	2024 Target	2023 Actual	2022 Actual	2021 Actual
Annual <sup>(1)</sup> (net of mgmt. fee)	8.50%	8.13%	5.90%	6.04%
Declared Monthly <sup>(2)</sup> (Annualized)	7.25%			
Target Top-Up	1-1.25%			

## Liquidity\*

Share redemptions are permitted monthly on the 1<sup>st</sup> of each month. Please provide notice of redemption request by the 15<sup>th</sup> of the preceding month.

\* See Sec. 5.1 of the offering memorandum for full policy.

(1) Net dividend yield for past years is the audited return net of all expenses and fees incurred by ThreePoint. The actual rate of return earned by each investor may depend on the timing of the investor's transactions and how they elect to receive the monthly dividend distribution. Past performance is not indicative of future performance. Please read the ThreePoint offering memorandum for important information, including a description of the risks, before investing.

(2) Distributed monthly as  $7.25\% / 366 \times n$   
(where n = number of days in corresponding month).

To discuss details of this report further, or any questions, concerns or feedback, please contact:  
Ryan Lee (ryan@threepointcapital.ca) or  
Marylyn Needham (marylyn@threepointcapital.ca)

As December 31st, 2023 also marks the fiscal year-end for Three Point, we are very pleased to report that Three Point's total dividend yield for 2023 was 8.13%, significantly exceeding its target of 7% for the year. The target dividend yield for 2024 has been set at 8.5%.

Once the Grant Thornton audit is complete, a special top-up dividend will be declared for shareholders of record as at December 31st, 2023 and will be paid by March 15th, 2024. We can also confirm that the company intends to increase its monthly dividend distribution to shareholders to 7.25% annualized<sup>(2)</sup> (up from 6.5%). In addition to this monthly distribution, we fully anticipate being in a position to pay another top-up dividend to shareholders as at December 31st, 2024 to reflect the actual performance of the Company for the year.

There were two Bank of Canada interest rate announcements in Q4 of 2023 and on both occasions, including the most recent announcement on January 24th, the Bank of Canada held its policy interest rate steady for the fourth consecutive time. They also indicated that monetary policy discussions have shifted from whether to raise borrowing costs further, to how long the bank should wait before lowering them. It is widely believed that further recovery in the real estate market will occur once the Bank of Canada begins lowering its key lending rate.

In the fourth quarter of 2023 we funded a total of \$42 million in new mortgages (\$52 million in

Q3 2023) and received only \$25 million in mortgage payouts (\$38 million in Q3 2023), resulting in a net increase in portfolio size of \$17 million, ending the quarter, and the fiscal year, with a total portfolio of \$203 million (\$186 million in Q3 2023). This was achieved while maintaining the weighted average loan-to-value ratio at 54.5% (54.5% in Q3 2023), the average mortgage size remained stable at \$428,388 (\$412,950 in Q3) and we were able to increase the portfolio's average interest rate to 10.11% (10.01% in Q3 2023).

Despite mounting economic pressures continuing to impact Canadian borrowers, there remains a relatively low level of default within the portfolio. Even with this stability in the portfolio, we have taken a number of steps to preserve this position as we expect elevated interest rates to remain and challenges to continue to put pressure on the economy. We have shortened our timeline for uncooperative borrowers as it relates to missed payments and items of default. Files with flags are addressed quickly with missed payments rectified, in many cases, within a few days and we have modestly increased our allowance for doubtful accounts to over \$1 million as a precaution against future loan losses, should they occur. At the end of the fourth quarter, we still have one file in Saskatchewan in foreclosure where we have added a loss allowance (firm sale in place with expected January close). Additionally, there is one active foreclosure file in Ontario with 2 more files moving to foreclosure in January 2024, one in Alberta and one in Ontario. We are not anticipating any losses on these files at this time.



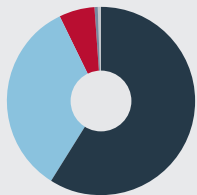
## Recent Mortgage Transactions

<p><b>\$700,000</b> Kelowna, BC</p> <p><b>57% LOAN TO VALUE</b></p> <p>First mortgage refinance to purchase new home</p>	<p><b>\$339,500</b> Calgary, AB</p> <p><b>70% LOAN TO VALUE</b></p> <p>First mortgage refinance to consolidate 1<sup>st</sup> &amp; 2<sup>nd</sup> mortgage</p>	<p><b>\$405,000</b> Ottawa, ON</p> <p><b>57% LOAN TO VALUE</b></p> <p>First mortgage refinance to consolidate 1<sup>st</sup> &amp; 2<sup>nd</sup> mortgage</p>
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## Portfolio Composition

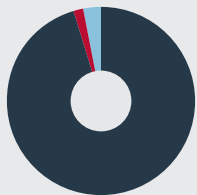
As of December 31, 2023

	Number of Mortgages	Dollar Amount	Percentage of Portfolio	Weighted Avg. Interest Rate
<b>Rank</b>				
First	370	187,750,566	92.0%	9.95%
Second	105	15,733,526	8.0%	11.99%
<b>Type</b>				
Residential Homes	455	194,174,607	95.4%	10.09%
Residential Construction	13	6,064,144	3.0%	10.50%
Residential Lots	7	3,245,341	1.6%	10.28%
<b>Location</b>				
BC	268	120,532,274	59.0%	10.09%
AB	42	11,806,644	6.0%	10.26%
SK	6	830,422	0.4%	10.00%
MB	6	718,877	0.4%	10.56%
ON	153	69,595,875	34.0%	10.12%
<b>TOTAL</b>	<b>475</b>	<b>203,484,092</b>	<b>100.0%</b>	<b>10.11%</b>



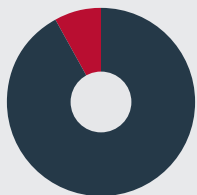
### LOCATION

- British Columbia 59%
- Ontario 34%
- Alberta 6%
- Manitoba .5%
- Saskatchewan .5%



### TYPE

- Residential Homes 95.4%
- Residential Lots 1.6%
- Residential Construction 3.0%



### RANK

- First Mortgage 92%
- Second Mortgage 8%

### HOW TO INVEST

Three Point Capital Wealth Management (TPCWM), is a company related to ThreePoint, and launched in order to help investors learn about and invest in ThreePoint.

Registered as an exempt market dealer in BC and Alberta, TPCWM works with investors to determine if a new or additional investment in ThreePoint may be right for them.

Take a look at our website for more information on TPCWM and how to invest in ThreePoint. As always, we encourage you to read the ThreePoint offering memorandum for valuable information before considering an investment.



Learn more about ThreePoint investment opportunities:

1.800.979.2911  
[wealthsupport@threepointcapital.ca](mailto:wealthsupport@threepointcapital.ca)  
[www.threepointwealth.ca](http://www.threepointwealth.ca)

**INVEST. LEND. GROW.**

Call: 1.800.979.2911  
 Email: [investing@threepointcapital.ca](mailto:investing@threepointcapital.ca)  
 Visit: [threepointcapital.ca](http://threepointcapital.ca)

