

Three Point Capital Corp.

Strong Mortgage Growth Amid Easing Rates

Expected Yield (2026):
8.01%
Rating*: 2
Risk*: 2

Sector: Mortgage Investment Corporations

[Click here for more research on the company](#)

Highlights

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Head of Research

- In the first nine months of 2025, gross mortgage receivables were up 23% to \$244M, **the highest in Three Point's history**.
- 2024 revenue rose 23% YoY to \$22.83M, driven by higher lending rates, **nearly matching our estimate** of \$22.85M. Net income increased 37% YoY, beating our estimate by 2%. 2025 (9M) net income rose 10% YoY, despite lower lending rates, supported by higher mortgage receivables.
- 2024 yield was 9.68% (vs our estimate of 9.27%) vs 8.13% in 2023. **2025 (9M) yield was 9.00%**
- Focus remains on first mortgages on **single-family units**. As of September 2025, 47% of mortgages were in B.C., and 44% in ON. First mortgages accounted for 93% of the portfolio.
- Since June 2024, the Bank of Canada has cut rates eight times (totaling 250 bps), bringing the policy rate to 2.50%. Despite an uptick in inflation last month, we believe **one more cut is possible** over the next six months amid slowing GDP growth, elevated trade tensions, and high unemployment. While delinquencies remain a concern, easing monetary policy should help mitigate risks.
- At the end of Q3-2025, the MIC had \$6M (2.48% of the portfolio vs the sector average of 5.98%) in stage three (**impaired**) mortgages vs \$4M (1.85% of the portfolio) at the end of 2024.
- While impaired mortgages increased, we believe the fund remains well-positioned with **a conservative LTV of 56%**.
- **Outlook:** We project yields of 8.70% in 2025, and 8.01% in 2026.

Offering Summary	
Issuer	Three Point Capital Corp.
Securities Offered	Class A Shares
Unit Price	\$1
Minimum Subscription	N/A
Distribution to Investors	Monthly
Redemption (penalties)	n/a
Management Fee	1.50% p.a.
Sales Commissions	up to 1% p.a.
Auditor	Grant Thornton

Financial Summary	2021	2022	2023	2024	2025E	2026E
Mortgage Investments (net)	\$136,120,907	\$181,102,955	\$202,477,294	\$197,855,513	\$250,000,000	\$275,000,000
Debt as a % of Mortgage Outstanding	25%	34%	34%	19%	28%	27%
Revenue	\$9,256,099	\$13,091,999	\$18,553,077	\$22,828,182	\$22,301,378	\$24,330,332
Net Income	\$5,826,514	\$6,708,840	\$9,992,155	\$13,658,197	\$14,269,558	\$14,665,008
Net Asset Value	\$1.00	\$1.00	\$1.00	\$1.00	\$1.00	\$1.00
Yield	6.04%	5.90%	8.13%	9.68%	8.70%	8.01%

* Three Point Capital has paid FRC a fee for research coverage and distribution of reports. See last page for other important disclosures, rating, and risk definitions. All figures in C\$ unless otherwise specified.

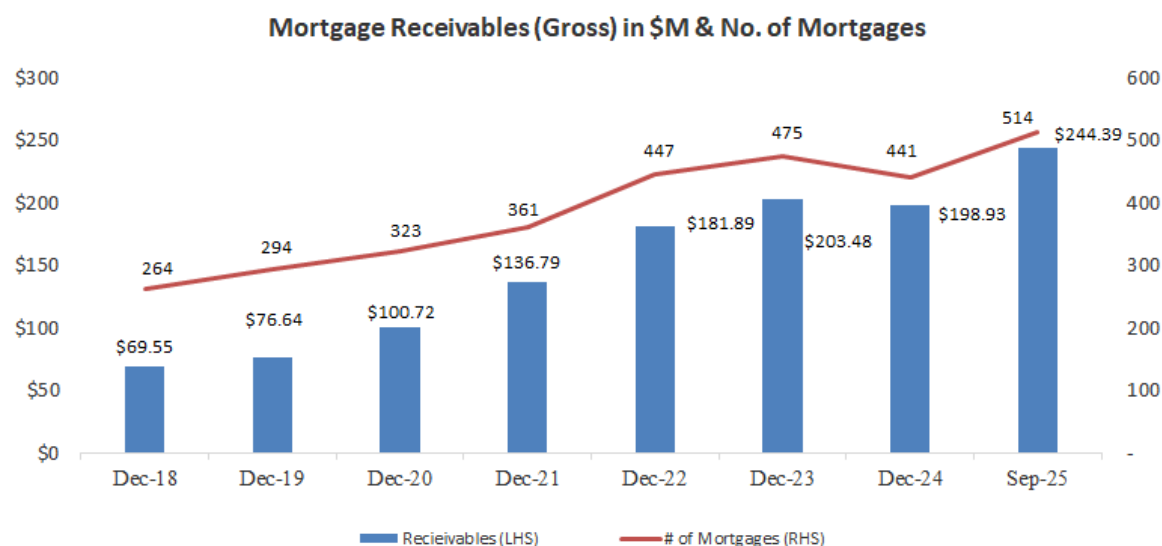
The table below compares Three Point's portfolio with other MICs (AUM \$100M+) focused on already-built single-family residential units.

	Three Point	Average
First Mortgage	93%	73%
B.C.	47%	37%
ON	44%	51%
AB	8%	8%
Others	0%	4%
LTV	56%	59%
Yield	9.0%	9.2%
Debt to Capital	28%	22%
Average Loan Size	\$475,459	\$449,912
Stage Three Mortgages % of Total	1.9%	6.0%
Allowances % of Mortgages	0.6%	0.8%

Source: FRC / Various

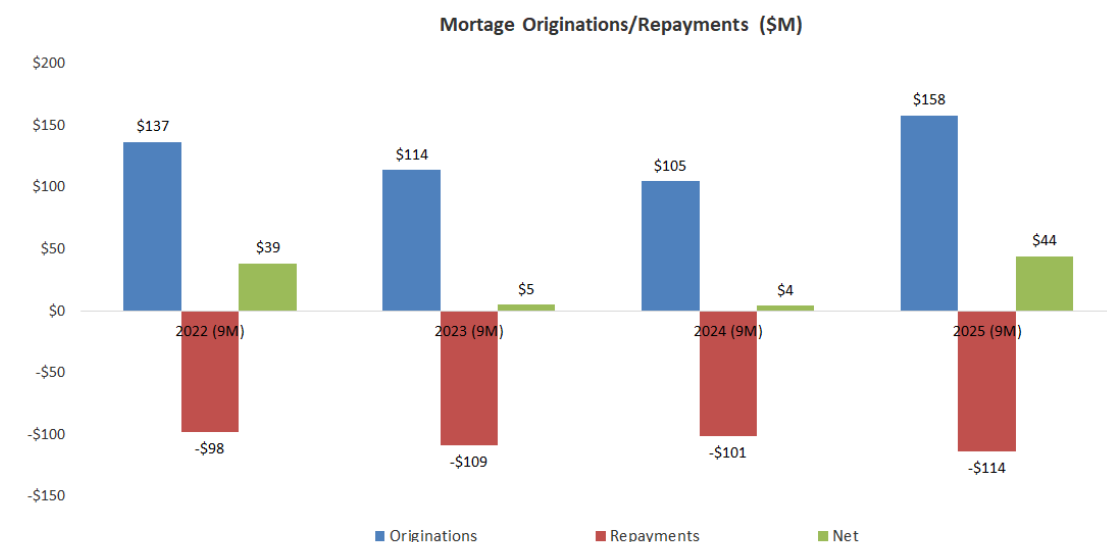
In its latest *Brokers on Lenders* survey, the Canadian Mortgage Professional Association asked mortgage brokers nationwide to rank top lenders across 10 categories. In 2025, **Three Point earned Gold in all 10 MIC categories**, underscoring its strong broker relationships.

Portfolio Details (YE – Dec 31st)



Source: Company / FRC

Balance Sheet	2021	2022	2023	2024	Q3-2025
Assets					
Cash	-				
Accounts Receivable	74,878				
Prepaid Expense	36,849	215,068	187,349	106,779	154,123
Mortgage Investments (net)	136,120,907	181,102,955	202,477,294	197,855,513	242,871,295
Total Assets	\$136,232,634	\$181,318,023	\$202,664,643	\$197,962,292	\$243,025,418
Liabilities					
Loan Payable and Accruals					
LOC	\$33,054,302	\$60,309,386	\$67,300,810	\$36,412,122	\$63,667,613
Promissory Notes	\$451,844	\$1,430,915	\$1,871,782	\$582,275	\$3,645,347
A/P & Accrued Liabilities	\$307,195	\$696,945	781,771	829,360	\$1,211,265
Dividends payable	\$891,789	\$703,171	2,425,742	2,048,559	
Total Liabilities	\$34,705,130	\$63,140,417	\$72,380,105	\$39,872,316	\$68,524,225
Share capital	\$100,808,942	\$117,248,060	\$129,219,635	\$156,960,330	\$172,839,708
Retained earnings	\$718,562	\$929,546	\$1,064,903	\$1,129,646	\$1,661,485
Net Asset	\$101,527,504	\$118,177,606	\$130,284,538	\$158,089,976	\$174,501,193
SE + Liabilities	\$136,232,634	\$181,318,023	\$202,664,643	\$197,962,292	\$243,025,418
Debt to Capital	25%	34%	35%	19%	28%
Debt as a % of Mortgage Outstanding	25%	34%	34%	19%	28%
Interest Coverage Ratio	10.3	3.6	3.3	4.0	6.4



Source: Company / FRC

Debt to capital increased 9 pp YTD to 28% vs peer range of 20%–40%

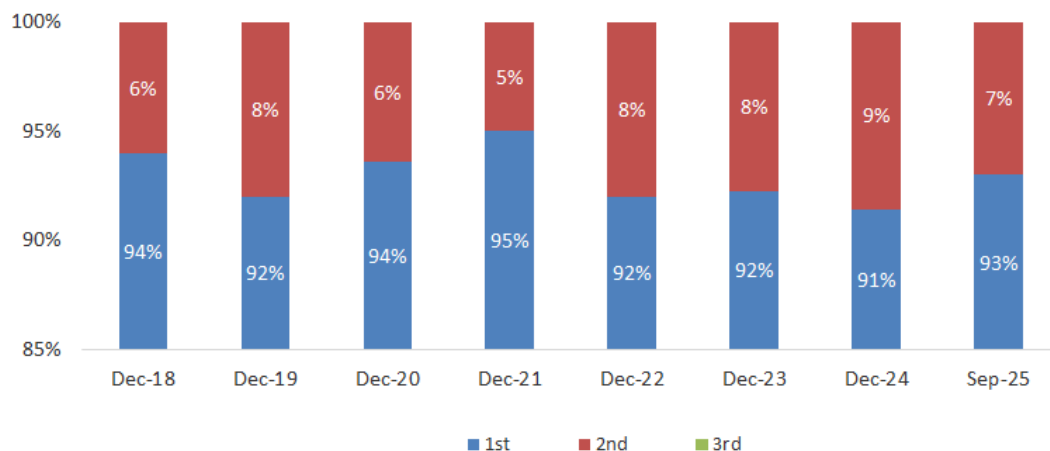
Mortgages advanced were up 50% YoY in 2025 (9M); repayments were up 13% YoY

Exposure to first mortgages remained within the historic range of 90%-95%

Focus remains on already-built single family residential properties

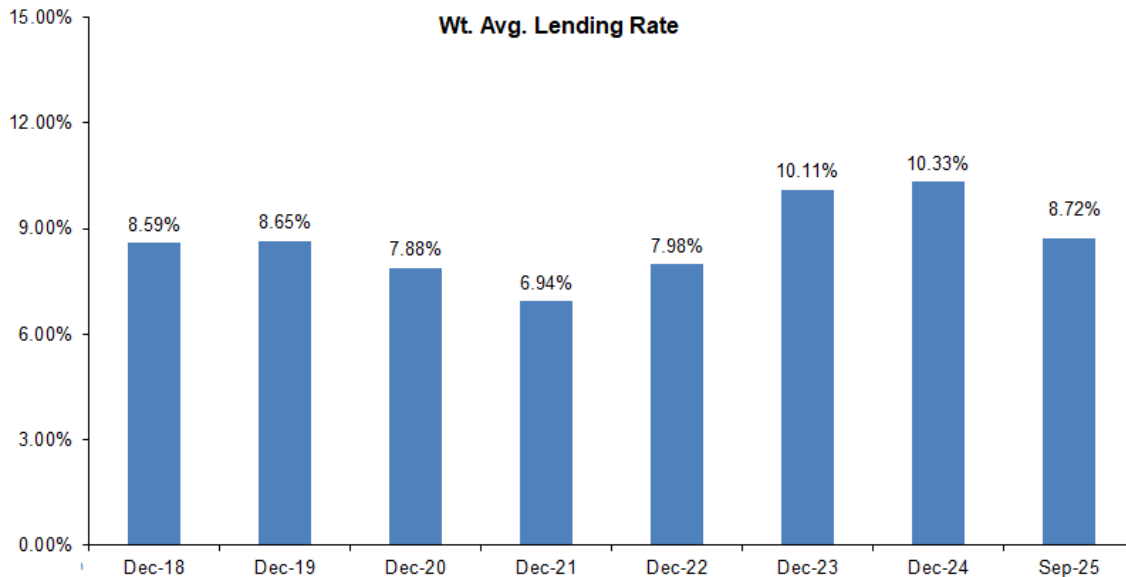
Lending rates declined sharply due to lower market rates, and higher first mortgages

Mortgages by Priority



Loans by Property Type	Dec-18	Dec-19	Dec-20	Dec-21	Dec-22	Dec-23	Dec-24	Sep-25
Residential Homes	89.0%	92.0%	94.4%	97.0%	94.0%	95.0%	95.0%	96.0%
Vacant Land	3.0%	2.0%	1.4%	1.0%	1.0%	2.0%	2.0%	2.5%
Construction	5.0%	4.0%	4.4%	1.8%	5.0%	3.0%	3.0%	1.5%
Residential	97.0%	98.0%	99.0%	99.8%	100.0%	100.0%	100.0%	100.0%
Commercial	3.0%	2.0%	1.0%	0.2%	0.0%	0.0%	0.0%	0.0%
	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Wt. Avg. Lending Rate

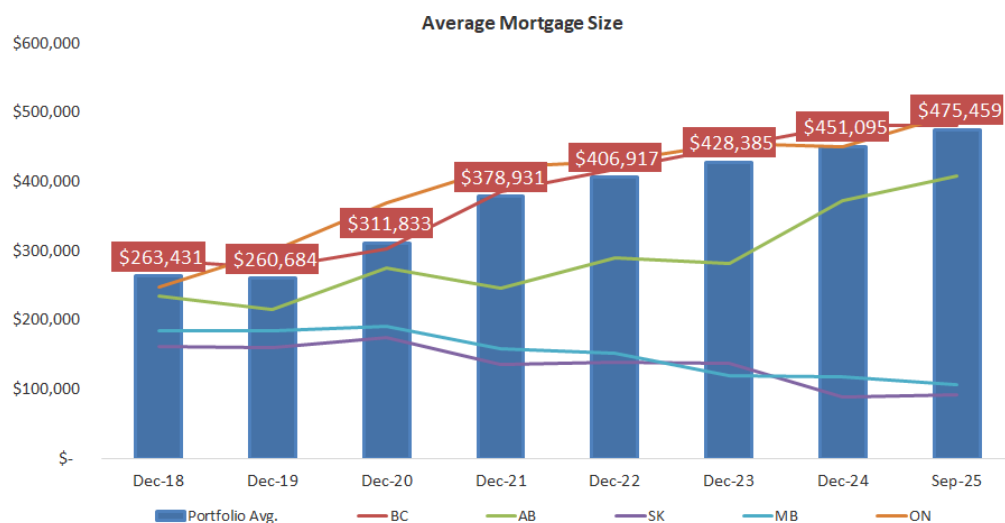
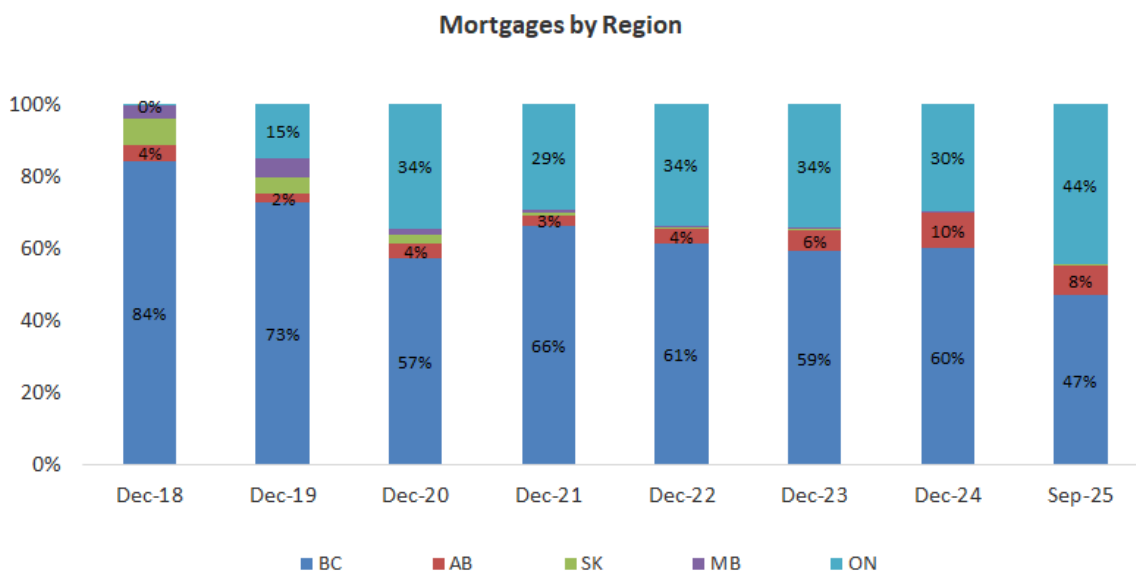
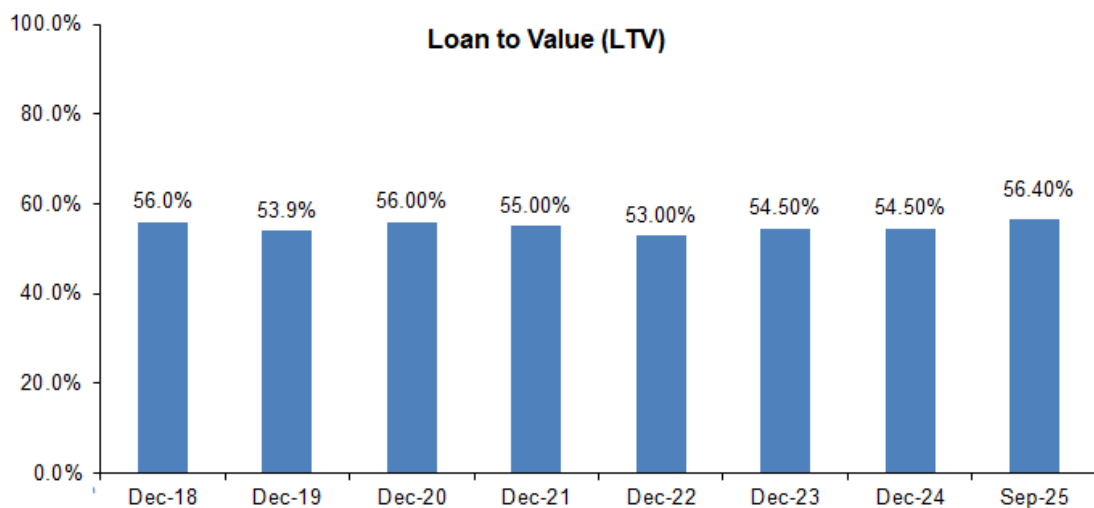


Source: Company / FRC

LTV rose 1.9 pp
YTD to 56%, slightly
above the historical
average of 55%

Lowered exposure to
B.C., while raising
exposure to ON,
implying enhanced
geographical
diversification

The average
mortgage size was
up 5% YTD



Source: Company / FRC

Stage three (impaired) mortgages increased 65% YTD to 2.48% of mortgages vs the sector average of 5.98%

Loan loss allowances were raised by 35% YTD to 0.6% of the portfolio

Overall, we believe the portfolio's risk profile remains stable, with three green and three red signals

	2021	2022	2023	2024	2025 (9M)
Actual Losses	71,140	322	3,237	117,064	39,897
% of Mortgage Receivables	0.06%	0.00%	0.00%	0.06%	0.02%
Stage Three	878,221	851,047	702,462	3,651,827	6,014,238
% of Mortgage Receivables	0.65%	0.47%	0.35%	1.85%	2.48%
Distributions	\$5,611,535	\$6,497,856	\$9,856,798	\$13,593,454	\$10,416,948
Reinvested	\$4,706,926	\$5,028,216	\$6,061,186	\$10,487,542	\$7,906,051
% of Distributions	84%	77%	61%	77%	76%
Redemptions	\$3,557,363	\$4,018,062	\$6,058,898	\$4,737,374	\$9,726,526
% of Invested Capital	3.8%	3.7%	4.9%	3.3%	5.8%
Loan loss provisions	\$86,334	\$116,329	\$220,886	\$189,694	\$339,460
Loan loss allowances (year/quarter ended)	\$673,142	\$789,149	\$1,006,798	\$1,079,428	\$1,459,608
% of Mortgage Receivables	0.49%	0.44%	0.50%	0.55%	0.60%
	\$744,282	\$789,471	\$1,010,035	\$1,196,492	\$1,418,888

Source: Company / FRC

Parameter	Risk Profile
Average Mortgage Size	↑
Diversification	↑
Debt to Capital	↓
Priority	↑
LTV	↑
Property Type (lower-risk properties)	-
Default	↑

* red (green) indicates an increase (decrease) in risk level

Source: FRC

Financials

Income Statement	2021	2022	2023	2024	YoY	2024 (9M)	2025 (9M)	YoY
Revenue								
Interest Income	\$8,378,222	\$11,807,705	\$16,949,620	\$21,343,459	26%	\$16,054,943	\$15,146,207	-6%
Fees & penalties	\$877,877	\$1,284,294	\$1,603,457	\$1,484,723	-7%	\$1,123,138	\$1,626,259	45%
	\$9,256,099	\$13,091,999	\$18,553,077	\$22,828,182	23%	\$17,178,081	\$16,772,466	-2%
Expenses								
G&A	\$399,823	\$460,592	\$508,492	\$562,370	11%	\$379,669	\$453,523	19%
Management Fees	\$2,316,858	\$3,218,179	\$3,485,778	\$3,878,689	11%	\$2,931,210	\$2,984,657	2%
Loan Loss Provision	\$86,334	\$116,329	\$220,886	\$189,694	-14%	\$137,839	\$339,460	146%
Interest on Loans	\$626,570	\$2,588,059	\$4,345,766	\$4,539,232	4%	\$3,742,280	\$2,018,513	-46%
	\$3,429,585	\$6,383,159	\$8,560,922	\$9,169,985	7%	\$7,190,998	\$5,796,153	-19%
Net Income	\$5,826,514	\$6,708,840	\$9,992,155	\$13,658,197	37%	\$9,987,083	\$10,976,313	10%
Dividends	\$5,611,535	\$6,497,856	\$9,856,798	\$13,593,454	38%	\$8,236,161	\$10,416,948	26%
Net Asset Value	\$1.00	\$1.00	\$1.00	\$1.00	0%	\$1.01	\$1.01	0%
Shares Outstanding	101,886,694	118,370,586	130,398,339	158,200,326	21%	149,385,961	172,839,708	16%
Payout Ratio	96%	97%	99%	100%		82%	95%	

2024 revenue rose 23% YoY to \$22.83M, driven by higher lending rates, nearly matching our estimate of \$22.85M

Net income increased 37% YoY, beating our estimate by 2%

2025 (9M) net income rose 10% YoY, despite lower lending rates, supported by higher mortgage receivables

2024 yield was 9.68% (vs our estimate of 9.27%) vs 8.13% in 2023

2025 (9M) yield was 9.00%

% of Mortgage Receivable	2021	2022	2023	2024	2025 (9M)*
Interest Income	7.09%	7.44%	8.84%	10.66%	9.16%
Fees & penalties	0.74%	0.81%	0.84%	0.74%	0.98%
Interest Income + Others	7.84%	8.25%	9.67%	11.40%	10.15%
Less:					
Management Fee	-1.96%	-2.03%	-1.82%	-1.94%	-1.81%
G&A Expenses	-0.34%	-0.29%	-0.27%	-0.28%	-0.27%
Loan Loss Provision	-0.07%	-0.07%	-0.12%	-0.09%	-0.21%
Interest	-0.53%	-1.63%	-2.27%	-2.27%	-1.22%
Net	4.93%	4.23%	5.21%	6.82%	6.64%
Investors' Returns (% of Invested Capital)	6.04%	5.90%	7.92%	9.42%	8.39%
Yield	6.04%	5.90%	8.13%	9.68%	9.00%

*Annualized

Note that the above figures may be slightly different from the figures reported by Three Point due to the difference in the method of calculation. We used the average of the opening balance, and year-end balance of the mortgages outstanding, and invested capital, to arrive at the above figures.

Source: Company / FRC

FRC Projections and Rating

With rates expected to trend downward, we foresee yields declining in 2026

Our estimate for the 2026 yield varies between 7.65% and 8.23%, as loan loss provisions and lending rates vary

Financial Summary	2021	2022	2023	2024	2025E	2026E
Mortgage Investments (net)	\$136,120,907	\$181,102,955	\$202,477,294	\$197,855,513	\$250,000,000	\$275,000,000
Debt as a % of Mortgage Outstanding	25%	34%	34%	19%	28%	27%
Revenue	\$9,256,099	\$13,091,999	\$18,553,077	\$22,828,182	\$22,301,378	\$24,330,332
Net Income	\$5,826,514	\$6,708,840	\$9,992,155	\$13,658,197	\$14,269,558	\$14,665,008
Net Asset Value	\$1.00	\$1.00	\$1.00	\$1.00	\$1.00	\$1.00
Yield	6.04%	5.90%	8.13%	9.68%	8.70%	8.01%

2026 Yield (FRC Estimates)		YoY Decline in the Weighted Average Lending Rate in 2026				
		1.20%	1.40%	1.60%	1.80%	2.00%
Loan Loss Provisions % of Receivables (2026)	0.00%	8.38%	8.38%	8.38%	8.38%	8.38%
	0.10%	8.23%	8.23%	8.23%	8.23%	8.23%
	0.25%	8.01%	8.01%	8.01%	8.01%	8.01%
	0.50%	7.65%	7.65%	7.65%	7.65%	7.65%
	1.00%	6.93%	6.93%	6.93%	6.93%	6.93%

Source: FRC

We are reiterating our overall rating of 2, and risk rating of 2.

FRC Rating

Expected Yield (FY2026E) 8.01%

Rating 2

Risk 2

Given the Bank of Canada's rate cuts, yields are expected to decline. However, we believe the risk of higher default rates is easing, and the mortgage origination market is likely to gain momentum in 2026. Three Point **continues to demonstrate strong operational performance**, supported by its high exposure to first mortgages, conservative LTV, and a lower proportion of stage three (impaired) loans relative to industry standards. Overall, we believe Three Point is well-positioned to navigate current macroeconomic challenges and continue delivering relatively stable returns to investors.

Risks

- Loans are short term and must be sourced and replaced quickly.
- Timely capital deployment is critical.
- Declining housing prices could lead to higher LTVs.
- **Shareholders' principal is not guaranteed**; NAV per share may decline due to loan losses.



- While the MIC primarily invests in first mortgages, it may hold higher-risk second mortgages.
- The MIC employs leverage, which increases exposure to adverse events.
- Annual redemptions may be capped at 10% of total invested capital.
- **Default rates** may rise during a recession.

APPENDIX

Income Statement	2021	2022	2023	2024	2025E	2026E
Revenue						
Interest Income	\$8,378,222	\$11,807,705	\$16,949,620	\$21,343,459	\$20,294,254	\$21,958,125
Fees & penalties	\$877,877	\$1,284,294	\$1,603,457	\$1,484,723	\$2,007,124	\$2,372,207
	\$9,256,099	\$13,091,999	\$18,553,077	\$22,828,182	\$22,301,378	\$24,330,332
Expenses						
G&A	\$399,823	\$460,592	\$508,492	\$562,370	\$614,478	\$720,324
Management Fees	\$2,316,858	\$3,218,179	\$3,485,778	\$3,878,689	\$4,043,911	\$4,725,000
Loan Loss Provision	\$86,334	\$116,329	\$220,886	\$189,694	\$625,000	\$687,500
Interest on Loans	\$626,570	\$2,588,059	\$4,345,766	\$4,539,232	\$2,748,431	\$3,532,500
	\$3,429,585	\$6,383,159	\$8,560,922	\$9,169,985	\$8,031,820	\$9,665,324
Net Income	\$5,826,514	\$6,708,840	\$9,992,155	\$13,658,197	\$14,269,558	\$14,665,008
Dividends	\$5,611,535	\$6,497,856	\$9,856,798	\$13,593,454	\$14,126,862	\$14,518,358
Net Asset Value	\$1.00	\$1.00	\$1.00	\$1.00	\$1.00	\$1.00
Shares Outstanding	101,886,694	118,370,586	130,398,339	158,200,326	178,200,326	198,200,326
Payout Ratio	96%	97%	99%	100%	99%	99%
Balance Sheet	2021	2022	2023	2024	2025E	2026E
Assets						
Cash	-				14,644	26,779
Accounts Receivable	74,878					
Prepaid Expense	36,849	215,068	187,349	106,779	112,118	117,724
Mortgage Investments (net)	136,120,907	181,102,955	202,477,294	197,855,513	250,000,000	275,000,000
Total Assets	\$136,232,634	\$181,318,023	\$202,664,643	\$197,962,292	\$250,126,762	\$275,144,502
Liabilities						
LOC	\$33,054,302	\$60,309,386	\$67,300,810	\$36,412,122	\$68,290,000	\$73,010,000
Promissory Notes	\$451,844	\$1,430,915	\$1,871,782	\$582,275	\$582,275	\$582,275
A/P & Accrued Liabilities	\$307,195	\$696,945	781,771	829,360	870,828	914,369
Dividends payable	\$891,789	\$703,171	2,425,742	2,048,559	2,150,987	2,258,536
Total Liabilities	\$34,705,130	\$63,140,417	\$72,380,105	\$39,872,316	\$71,894,090	\$76,765,181
Share capital	\$100,808,942	\$117,248,060	\$129,219,635	\$156,960,330	\$176,960,330	\$196,960,330
Retained earnings	\$718,562	\$929,546	\$1,064,903	\$1,129,646	\$1,272,342	\$1,418,992
Net Asset	\$101,527,504	\$118,177,606	\$130,284,538	\$158,089,976	\$178,232,672	\$198,379,322
SE + Liabilities	\$136,232,634	\$181,318,023	\$202,664,643	\$197,962,292	\$250,126,762	\$275,144,502
Debt to Capital	25%	34%	35%	19%	28%	27%
Debt as a % of Mortgage Outstanding	25%	34%	34%	19%	28%	27%
Interest Coverage Ratio	10.3	3.6	3.3	4.0	6.2	5.2

Cash Flow Statement	2025E	2026E
Operating Activities		
Net Income	\$14,269,558	\$14,665,008
Loan Loss Provision		
	\$14,269,558	\$14,665,008
Changes in non-cash Working Capital		
Accounts Payable and Accrued Liabilities	\$41,468	\$43,541
Interest Payable*	\$102,428	\$107,549
Prepaid Expenses	-\$5,339	-\$5,606
Cash from Operating Activities	\$14,408,115	\$14,810,493
Investing Activities		
Net Purchase of Mortgage Investments	-\$52,144,487	-\$25,000,000
Cash from Investing Activities	-\$52,144,487	-\$25,000,000
Financing Activities		
Debt Proceeds	\$31,877,878	\$4,720,000
Dividends	-\$14,126,862	-\$14,518,358
Cash Received on Subscription	\$20,000,000	\$20,000,000
Cash from Financing Activities	\$37,751,016	\$10,201,642

Fundamental Research Corp. Rating Scale (ratings are not a recommendation to acquire, dispose of, or take no action regarding a security; the definitions of our ratings are explained below):

Rating – 1: Excellent Return to Risk Ratio
 Rating – 2: Very Good Return to Risk Ratio
 Rating – 3: Good Return to Risk Ratio
 Rating – 4: Average Return to Risk Ratio
 Rating – 5: Weak Return to Risk Ratio
 Rating – 6: Very Weak Return to Risk Ratio
 Rating – 7: Poor Return to Risk Ratio

A "+" indicates the rating is in the top third of the category, A "-" indicates the lower third and no "+" or "-" indicates the middle third of the category.

Fundamental Research Corp. Risk Rating Scale:

1 (Low Risk)
 2 (Below Average Risk)
 3 (Average Risk)
 4 (Speculative)
 5 (Highly Speculative)

FRC Distribution of Ratings			
Rating - 1	0%	Risk - 1	0%
Rating - 2	34%	Risk - 2	10%
Rating - 3	45%	Risk - 3	42%
Rating - 4	8%	Risk - 4	31%
Rating - 5	4%	Risk - 5	7%
Rating - 6	1%	Suspended	9%
Rating - 7	0%		
Suspended	9%		

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