

A photograph of a row of modern, two-story houses with white siding and dark shutters, set against a blue sky. The houses have small front porches with white railings.

# 2025 Annual Review, President's Message & 2026 Vision Report

We are pleased to share the successes of 2025 and our vision for Three Point Capital in 2026. In 2025, Three Point Capital delivered an annual return of 8.90%, while maintaining a consistent monthly distribution of 8.5% throughout the year—even as broader market rates continued to decline. Total loan losses were limited to \$158,466 across 5 properties while also recovering \$126,000 back from a previous loan loss. We also welcomed \$24 million in new share capital from both existing and new investors and funded \$216 million in new mortgage originations. While defaults and delinquencies were elevated relative to prior years, they remained manageable. Looking ahead, the target yield for 2026 is 8%, and the monthly dividend distribution is currently set at 7.5% p.a., representing a compelling opportunity to include Three Point Capital within a well diversified investment portfolio.

## 2025 in Review

In the first quarter of 2025, tariff uncertainty clouded our outlook on market stability. The anticipated impact to various employment sectors was unclear and any government policies to counteract them unknown. Our mortgage underwriting began the year with a heightened sense of priority towards borrower employment and income security. In the first quarter of 2025 we funded a total of \$29 million in new mortgages and received \$32 million in mortgage payouts, resulting in a net decrease in portfolio size of \$3 million.

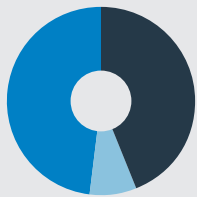
In the second quarter, we saw interest rates stabilize and the whiplash threat of tariffs intensify. The Bank of Canada held interest rates steady at both announcements in Q2. Tariff uncertainty continued to dominate the headlines and challenge our ability to predict market stability. Even with the then threat of 35% tariffs on Canada, 90% of Canadian goods exported to the US remained covered under the CUSMA exemption, so the impact of this announcement was largely unclear. Canada was also subject to 50% tariffs on aluminum and steel, and 25% tariff on autos and although these tariffs applied to all countries, Canada was particularly concerned because we are the top supplier of steel and aluminum to the US and the North American auto industry is heavily integrated. In the second quarter of 2025 we funded a total of \$66 million in new mortgages and received \$38 million in mortgage payouts, resulting in a net increase to the size of the portfolio of \$28 million.

In the third quarter, economic growth remained subdued and the Canadian real estate market showed little momentum. In response, the Bank of Canada once again lowered interest rates. The Bank of Canada cut rates at their first announcement in Q3 on September 13th. In the third quarter of 2025 we funded a total of \$63 million in new mortgages and received \$43 million in mortgage payouts, resulting in a net increase to the size of the portfolio of \$20 million.

With The Bank of Canada holding rates steady in both Q1 and Q2 of 2025, announcing its first 0.25% cut in Q3, the fourth quarter of 2025 saw the Bank make two policy rate announcements. At its first meeting, the Bank reduced its policy rate by 0.25%, the second cut in as many months, before holding rates steady at its final announcement of the year. With two additional rate decisions scheduled for the first quarter of 2026, the Company is cautiously optimistic that the Bank has entered a period of stability.

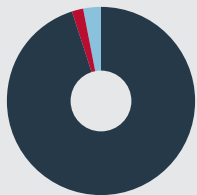


At year end, 98% of the portfolio was performing as expected with only 2% considered in some stage of default.



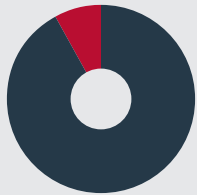
**LOCATION**

- British Columbia 44%
- Alberta 8%
- Saskatchewan 0%
- Manitoba 0%
- Ontario 48%



**TYPE**

- Residential Homes 95%
- Residential Lots 2%
- Residential Construction 3%



**RANK**

- First Mortgage 92%
- Second Mortgage 8%

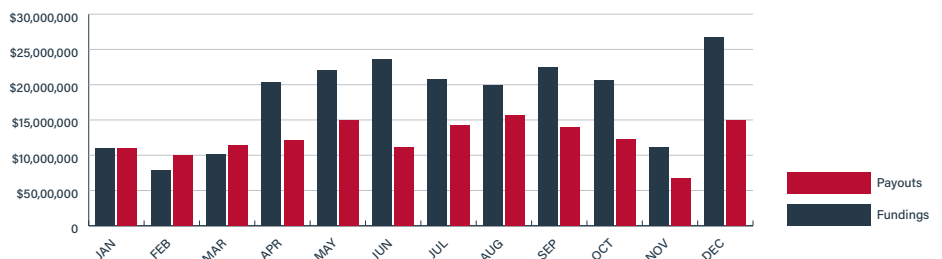
In contrast to the real estate uncertainty that led the Company to permit the portfolio to contract in 2024, market conditions in 2025 presented a greater number of strong lending opportunities. While this resulted in meaningful portfolio growth in 2025, our approach to underwriting remained unchanged. We did not expand our risk appetite to drive volume; growth was a by-product of disciplined lending in a more receptive market environment. Throughout 2025, we maintained the same disciplined approach to new lending that has long guided our portfolio management. While market conditions improved with lower rates causing mortgage activity to rebound, portfolio growth was the result of increased opportunities that met our established underwriting criteria, not a relaxation of risk standards. Discipline remains central to our strategy, with growth pursued only where returns appropriately reflect risk.

In the fourth quarter of 2025 we funded a total of \$58.5 million in new mortgages and received \$34 million in mortgage payouts, resulting in a net increase in portfolio size of \$24.5 million, ending the quarter, and the fiscal year, with a total portfolio of \$269 million. We successfully maintained the conservative weighted average loan-to-value ratio at 56% for the year, the average mortgage size remained stable at \$470,598 and we did our best to hold the portfolio interest rate elevated in a declining rate environment at 8.35%.

Despite mounting economic pressures continuing to impact Canadian borrowers, there remained at year-end a relatively low level of default within the portfolio. At year end, 98% of the portfolio was performing as expected with only 2% considered in some stage of default. At year-end, the portfolio included a limited number of defaulted mortgages across British Columbia (5), Alberta (2) and Ontario (2). While some loan losses were incurred, all within our loan loss allowances, borrowers generally demonstrated a willingness to work toward solutions despite slower real estate conditions. This cooperative approach supported the resolution of 4 default files during the last quarter of 2025. Delinquency remains low compared to the prior year and is typically remedied quickly. While a slower real estate market has certainly added time to the resolution process, we feel confident that the over \$1.6 million in reserves set aside in our allowance for doubtful accounts is adequate.



**FUNDINGS VS PAYOUTS**



# 2026 Vision

With 2026 expected to bring continued uncertainty, few markets are better suited for both capital deployment and informed forecasting than the Canadian non-bank mortgage market. Periods like these are exactly when disciplined, flexible investing proves most valuable. As we are tasked with making market predictions and investment decisions, the following perspective helps guide our thinking.

## Trade Tensions and Canadian Residential Real Estate Resilience – Both Can Co-Exist

Trade tensions and geopolitical uncertainty continue to shape headlines and market sentiment. While these forces introduce volatility into certain sectors of the economy, Canadian residential real estate has historically demonstrated resilience in the face of external shocks. This resilience is rooted in structural fundamentals: a stable banking system, prudent regulatory oversight, sustained population growth, even as immigration slows, and an enduring supply-demand imbalance in many housing markets that can not be remedied through new home construction.

Real estate stability is not dependent on the absence of global friction, but rather on domestic fundamentals even in the presence of tariff uncertainty. Canada's mortgage framework and Three Point's conservative underwriting practices provide meaningful insulation during periods of heightened uncertainty. As a result, trade tensions and real estate stability are not mutually exclusive, they can, and often do, co-exist.

## A Market in Transition, Not Distress. Friction, Not Failure

Apart from the current high-rise condo market in Toronto and Vancouver, the broader market reflects a period of transition rather than distress. Higher borrowing costs over the past two years have reshaped borrower behavior, pricing expectations, and capital flows. While this adjustment has reduced speculative activity, it has also restored rational pricing and reinforced the importance of income quality, equity, and cash flow in our underwriting practices.

We are finding there is friction, but not failure. For disciplined alternative lenders, transitional markets create opportunity. Borrowers continue to require capital for refinancing, bridge financing, construction, and business continuity. This environment rewards lenders who can assess risk accurately, structure conservatively and price appropriately.

## Stability in Interest Rates Supports Stability in Real Estate

As interest rates appear to be stabilizing after a period of rapid adjustment, visibility and confidence are returning to real estate markets. While rates remain higher than the ultra-low levels of the prior decade, stability itself is constructive. Predictable financing

costs allow borrowers, investors, and lenders to plan with greater certainty and reduce refinancing risk.

Real estate markets tend to function best not under artificially low rates, but under stable and transparent conditions. This normalization supports sustainable transaction volumes, realistic valuations, and improved credit quality, all of which align with long-term capital preservation and income objectives of Three Point Capital.

## Disciplined Underwriting and Active Portfolio Management Drive Outcomes

Periods of uncertainty consistently reinforce a fundamental truth: disciplined underwriting and active portfolio management matter most when markets are challenged. Conservative loan-to-value ratios, strong collateral, borrower transparency and geographic diversification are not cyclical preferences, they are permanent requirements as we build our portfolio.

Active monitoring, proactive renewals and early engagement with borrowers allow risks to be identified and managed well before they become problems and ease the transition if they do escalate. In uncertain markets, investment returns are not driven by taking more risk, but by earning appropriately for well-understood risk.

## While Certain Industries & Locations Will Be Negatively Impacted, Not All Are Affected Equally

The introduction of tariffs and the risk of related job losses will place pressure on certain industries and regions, particularly those more directly tied to trade-exposed manufacturing and export activity. However, these impacts are not uniform across the economy or real estate markets. Many property types and locations continue to be supported by domestic demand drivers, essential service use, and supply constraints. For MIC lenders, this uneven landscape underscores the importance of asset-level underwriting and geographic selectivity, allowing capital to be deployed where employment bases are diversified and downside risk is more contained.

A diversified mortgage portfolio, secured by real assets across multiple borrower profiles and regions, helps mitigate sector-specific risk. By avoiding concentration and remaining selective in exposure, Three Point Capital can continue to generate stable returns even as parts of the broader economy adjust.



# Investment Outlook

## How Investor Yield Should Hold Up in 2026

While broader financial markets continue to adjust to a changing economic environment, Three Point investor yields are positioned to remain resilient in 2026. This resilience is driven less by macro forecasts and more by the structural characteristics of non-bank mortgage lending in Canada.

Three Point's mortgage demand remains durable. Even as interest rates stabilize, we continue to see conservative mortgage requests, particularly for self-employed borrowers, bridge financing needs and time-sensitive refinancings. This ongoing need supports consistent origination volumes and allows lenders like Three Point to price risk appropriately.

As a MIC mortgage lender, we benefit over traditional real estate investments as our mortgage portfolio and our return on investment is supported by a contractual interest rate rather than market appreciation (real estate or stock market). Unlike equity-based investments, MIC returns are generated primarily through interest income, fees, and short-term mortgage turnover. This provides insulation from short-term market volatility and reduces reliance on asset price inflation to sustain returns. Taken together, these factors suggest that while yields may moderate from peak levels experienced during periods of rapid rate increases, well-managed MIC portfolios such as Three Point can continue to deliver stable, attractive income in 2026.

We were pleased to again receive a very favourable report from investment analyst firm Fundamental Research. While we continue to navigate tariffs, subdued economic growth and uncertain real estate markets across Canada, Three Point Capital

managed to maintain its risk rating of 2 and its overall rating of 2, providing Three Point with the analyst's strongest rating on both risk and overall score (the scale is 1 - 5 with 1 being the highest available score). As in previous years, only 10% of the companies they review receive a risk rating of 2 and according to Fundamental Research, no company has ever received a rating better than 2 in either "risk" or "overall".

Fundamental Research describes firms with a rating of 2 as "Very Good Return to Risk Ratio and Below Average Risk." We continue to be listed as a "top pick" by Fundamental Research and are very pleased with the results of this review and look forward to continued success in 2026. This full report can be found on our website [www.threepointcapital.ca](http://www.threepointcapital.ca).

Three Point's total dividend yield for 2025 was 8.90%, slightly under its target of 9% for the year but equally impressive given the broad and diverse economic challenges during the year. The target dividend yield for 2026 has been set at 8% and reflects today's lower interest rates coupled with our disciplined approach in prioritizing lower risk first position mortgages and lower loan-to-value loans within the portfolio.

As interest rates have declined, including the rates at which we originate loans, management felt it prudent to adjust the amount of the monthly dividend to better reflect the current rate environment. Accordingly, effective January 2026, the Board approved an adjustment to the monthly dividend distribution to an annualized rate of 7.5% (down from 8.5%). In addition to this monthly distribution of 7.5% per annum, the company does anticipate being in a position to pay a top-up dividend to shareholders as at December 31, 2026 to reflect the actual performance for the year.

Portfolio	
Total Portfolio Size	\$269.1 million
Number of Mortgages	572
Average Mortgage Size	\$470,598
Average Portfolio LTV	56.0%
Average Interest Rate	8.35%

Dividends	2026 Target	2025 Actual	2024 Actual	2023 Actual
Annual <sup>(1)</sup> (net of mgmt. fee)	8.0%	8.90%	9.68%	8.13%
Declared Monthly <sup>(2)</sup> (Annualized)	7.5%			
Target Top-Up	0.5%			

**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 Three Point. 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 Three Point offering memorandum for important information, including a description of the risks, before investing.

(2) Distributed monthly as yield / 365 x n  
(where n = number of days in corresponding month)  
(where yeild = current monthly distribution rate)

### HOW TO INVEST

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

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

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

Learn more about Three Point investment opportunities:  
 1.800.979.2911  
[wealthsupport@threepointcapital.ca](mailto:wealthsupport@threepointcapital.ca)  
[www.threepointwealth.ca](http://www.threepointwealth.ca)



## Summary

As we look ahead to 2026 Three Point Capital remains well positioned to navigate an environment defined by uncertainty, trade-related friction, and uneven economic impacts. Canadian real estate continues to demonstrate resilience supported by structural fundamentals, while the current market reflects transition rather than distress, creating opportunities for disciplined lenders focused on conservative underwriting and active portfolio management. Stabilizing interest rates and durable mortgage demand support the outlook for stable investor yields, even as returns normalize from peak levels.