

PLEASE READ THIS MATERIAL CAREFULLY AS YOU ARE REQUIRED TO MAKE A DECISION PRIOR TO 5:00 P.M. (TORONTO TIME) ON NOVEMBER 25, 2022.

This rights offering circular is prepared by management. No securities regulatory authority or regulator has assessed the merits of these securities or reviewed this circular. Any representation to the contrary is an offence.

This is the circular we referred to in the October 21, 2022 rights offering notice, which you should have already received. Your rights direct registration system advice and relevant forms were enclosed with the rights offering notice. This circular should be read in conjunction with the rights offering notice and our continuous disclosure prior to making an investment decision.

The securities offered hereby have not been and will not be registered under the United States Securities Act of 1933, as amended (the “U.S. Securities Act”), or the securities laws of any state of the “United States” (as defined in Regulation S under the U.S. Securities Act). This rights offering circular does not constitute an offer to sell or a solicitation of an offer to buy any of the securities offered hereby within the United States, and the securities offered herein may not be offered or sold in or into the United States or to, or for the account or benefit of, any “U.S. persons” (as defined in Regulation S under the U.S. Securities Act) (“U.S. Persons”).

Neither this Rights Offering nor the Rights or Rights Shares issuable in connection with this Rights Offering have been approved or disapproved by the United States Securities and Exchange Commission (the “SEC”) or the securities regulatory authorities in any state of the United States, nor has the SEC or the securities regulatory authorities in any state of the United States passed upon the fairness or merits of this Rights Offering or upon the adequacy or accuracy of the information contained in this circular. Any representation to the contrary is a criminal offence. The Rights and the Rights Shares (defined herein) have not been and will not be registered under the U.S. Securities Act or any applicable U.S. state securities laws. Any holder of Class A Shares that is in the United States or a U.S. Person cannot participate in the Rights Offering.

Rights Offering Circular

October 21, 2022



Builders CAPITAL MORTGAGE CORP.

OFFERING OF RIGHTS TO SUBSCRIBE FOR CLASS A NON-VOTING COMMON SHARES

Price: \$9.30 per Class A Non-Voting Common Share

SUMMARY OF THE RIGHTS OFFERING

Unless we have indicated otherwise, or the context otherwise requires, references in this circular to “**Builders**”, the “**Corporation**”, “**we**”, “**our**”, “**us**” and similar terms refer to Builders Capital Mortgage Corp. References in this circular to “**you**”, “**your**” and similar terms refer to holders of Class A Non-Voting Common Shares (the “**Class A Shares**”) of Builders.

Why are you reading this circular?

We are issuing to the holders of our Class A Shares (“**Shareholders**”) of record at the close of business (Calgary time) on October 28, 2022 (the “**Record Date**”) an aggregate of 2,002,871 rights (“**Rights**”) to subscribe for an aggregate of up to 667,623 Class A Shares (the “**Rights Shares**”) on the terms described in this circular (the “**Rights Offering**”). The purpose of this circular is to provide you with detailed information about your rights and obligations in respect of this Rights Offering. This circular should be read in conjunction with the offering notice (the “**Rights Offering Notice**”) that you should have already received.

What is being offered?

Builders will issue one (1) Right for each Class A Share held, on the terms described in this circular. The Rights are offered, with limited exceptions described below, only to holders (“**Eligible Holders**”) of Class A Shares resident in a province or territory of Canada (the “**Eligible Jurisdictions**”). The Rights and Rights Shares issuable upon exercise of the Rights are not being offered to persons who are or appear to be, or who the Corporation or Computershare Investor Services Inc. (the “**Subscription Agent**”) have reason to believe are, residents of jurisdictions other than the Eligible Jurisdictions (the “**Ineligible Jurisdictions**”), nor will the Corporation or Subscription Agent accept subscriptions from any holders of Class A Shares who are residents of any jurisdiction other than the Eligible Jurisdictions (“**Ineligible Holders**”) or from any transferee of Rights who is or appears to be, or who the Corporation or the Subscription Agent has reason to believe is, a resident of an Ineligible Jurisdiction. See “*Who is eligible to receive and exercise Rights?*” for more information.

What does one Right entitle you to receive?

Each Right entitles the holder thereof to subscribe for one-third (1/3) of a Class A Share and every three (3) Rights entitle the holder thereof to acquire one (1) whole Class A Share upon payment of the Subscription Price (as defined below) on or before the Expiry Time on the Expiry Date (each as defined herein) (the “**Basic Subscription Privilege**”). No fractional Class A Shares will be issued.

If you exercise your Basic Subscription Privilege in full, you will also be entitled to subscribe, on a pro-rata basis, for additional Class A Shares (the “**Additional Class A Shares**”) not otherwise purchased by holders of Rights pursuant to the Basic Subscription Privilege, if any (the “**Additional Subscription Privilege**”). See “*How to exercise the Rights*” for more information.

What is the Subscription Price?

A holder of Rights must pay CDN \$9.30 to purchase one (1) whole Rights Share (the “**Subscription Price**”).

Example of Subscription

If you owned 300 Class A Shares of the Corporation, you would receive 300 Rights. Assuming you wanted to fully subscribe for Class A Shares under the Rights Offering, you would exercise your rights and submit a payment of \$930.00. This would entitle you to 100 Class A Shares (300 divided by 3 and excluding fractional shares) on subscription. In order to subscribe for the 100 Class A Shares, you would fill out the appropriate form or instruct the appropriate broker/dealer. Please follow the instructions noted in “*How does an Eligible Holder that is a registered holder participate in the Rights Offering?*” and “*How does an Eligible Holder that is not a registered holder participate in the Rights Offering?*”.

When does the Rights Offering expire?

The Rights Offering expires at 5:00 p.m. (Toronto time) (the “**Expiry Time**”) on November 25, 2022 (the “**Expiry Date**”). The Corporation expects closing of the Rights Offering to occur on or about November 28, 2022 (the “**Closing Date**”).

What are the significant attributes of the Rights issued under the Rights Offering and the Rights Shares to be issued upon the exercise of Rights?

The Rights

Every three (3) Rights entitle you to subscribe for one Class A Share at the Subscription Price. The Rights are transferrable and will trade on the TSX Venture Exchange (the “**TSX-V**”) until 12:00 p.m. (Toronto time) on the Expiry Date.

See “*Where will the Rights and the Class A Shares issuable upon exercise of the Rights be listed for trading?*” for more information. A Right does not entitle the holder thereof to any rights as a security holder of the Corporation other than the right to subscribe for and purchase Class A Shares on the terms and conditions described herein.

The Class A Shares

Voting Rights

The holders of the Class A Shares shall not be entitled to receive notice of, to attend or to vote at any meeting of the shareholders of the Corporation, except for meetings at which a Shareholder Matter is to be voted upon; in which case, the holders of the Class A Shares shall be entitled to receive notice, attend and vote thereon. “Shareholder Matters” as defined in Builders’ bylaws include: a change to the Investment Restrictions of the Corporation; any amendment, modification or variation in the provisions or rights attaching to the Class A Shares, Class B Non-Voting Shares or Voting Common Shares; a change in the Manager; matters relating to the Corporation for which the approval of the holders of the Shares is required by applicable securities laws, regulations, rules or policies, or the rules or policies of the TSX-V or such other recognized stock exchange in Canada on which the Class A Shares may be listed, in effect from time to time; any acquisition or disposition by the Corporation to a Non-Arm’s Length Party (as defined under the rules and policies of the TSX-V) or a related party, for which the approval of the holders of the Shares is required by the TSX-V pursuant to its policies or rules, in effect from time to time.

As of the date hereof, the Corporation has 2,002,871 Class A Shares issued and outstanding.

Distributions

Holders of Class A Shares shall be entitled to receive distributions if, as and when declared by the Board of Directors of the Corporation. If distributions are declared, the Class A Shares rank first, the Class B Non-Voting Common Shares rank second and the Voting Common Shares rank third with respect to an initial non-cumulative distribution at a rate up to, but not exceeding, \$.80 per annum on each class of Common Shares. In each financial year, if the maximum amount of this initial distribution has been paid on all classes of Common Shares, then the Class B Non-Voting Common Shareholders, at the discretion of the Board of Directors, are entitled to an additional non-cumulative distribution at a rate of up to, but not exceeding \$.80 per annum. In each financial year, if the maximum amount of both the initial distribution and the additional distribution are paid, then all further distributions declared in such year shall be declared and paid in equal amounts per common share on all the classes of Common Shares.

Annual Redemption

Each holder of Class A Shares shall be entitled, to require the Corporation to redeem all or any part of the Class A Shares registered in the name of the holder on September 30th of each year at a price of 95% of the Net Asset Value (as defined in the Corporation’s constating documents) of the Corporation as of October 31 of each year subject to certain restrictions as to number of shares to be redeemed and to the ability of the Corporation to pay the redemption price.

Rights Upon Liquidation

In the event of any liquidation, dissolution or winding-up of the Corporation, the holders of Class A Shares are entitled, in preference to the rights of holders of the Voting Common Shares and the Class B Non-Voting Shares, to be paid out of the assets of the Corporation available for distribution to holders of the Corporation’s capital stock, \$10.00 for each Class A Share.

What are the minimum and maximum number or amount of Class A Shares that may be issued under the Rights Offering?

There is no minimum number of Class A Shares that may be issued under the Rights Offering. A maximum of 667,623 Class A Shares may be issued under the Rights Offering.

Where will the Rights and the Class A Shares issuable upon exercise of the Rights be listed for trading?

The TSX-V has approved the listing on the TSX-V of the Rights and the Class A Shares issuable upon exercise of the Rights subject to the Corporation fulfilling all of the listing requirements of the TSX-V. The Class A Shares are listed on the TSX-V under the symbol “BCF”. The Rights will be listed on the TSX under the trading symbol “BCF.RT” until 12:00 p.m. (Toronto time) on the Expiry Date, at which time the Rights will be halted from trading. See *“How to exercise the Rights - How does a Rights holder sell or transfer Rights”* for more information.

USE OF AVAILABLE FUNDS

Forward-Looking Information

This circular contains “**forward-looking information**” within the meaning of applicable Canadian securities laws. All statements, other than statements of historical fact, that address activities, events or developments that we believe, expect or anticipate will or may occur in the future are forward-looking information. This forward-looking information reflects our current expectations or beliefs based on information currently available to us. The words “anticipates”, “assumes”, “believes”, “budgets”, “can”, “could”, “estimates”, “expects”, “forecasts”, “intends”, “may”, “might”, “opportunity”, “plans”, “projects”, “seeks”, “schedule”, “should”, “target”, “will”, “would” and similar expressions are often intended to identify forward-looking information, although not all forward-looking information contains these identifying words.

The forward-looking information in this circular includes, but is not limited to, statements regarding: the Corporation’s objectives; financial or other projections; completion of the Rights Offering; the anticipated benefits of the Rights Offering; the estimated costs of the Rights Offering and the net proceeds to be available upon completion of the Rights Offering; the intended use of proceeds from the Rights Offering; our estimate of how long the funds raised in the Rights Offering will last from the Expiry Date; our expectation regarding insider participation in the Rights Offering; the anticipated dilution to Shareholders in connection with the Rights Offering; our expectations regarding the sufficiency of our working capital and our ability to continue as a going concern; the Corporation’s ability to close the Rights Offering; the probability that the Rights Offering will be completed in accordance with its terms and the Corporation’s capitalization.

The forward-looking information in this circular is based on a number of key expectations and assumptions made by the Corporation’s management which include, but are not limited to: the completion of the Rights Offering; the anticipated benefits of the Rights Offering; the necessary regulatory approvals being obtained for the completion of the Rights Offering on terms acceptable to the Corporation; the estimated costs of the Rights Offering and the net proceeds to be available upon completion of the Rights Offering; the operating expenses of the Corporation for the 12 month period following the Expiry Date; the ability of the Corporation’s business to perform as expected; and no material adverse change in the affairs of the Corporation. These assumptions are subject to risks and uncertainties. Forward-looking information should not be read as a guarantee of future performance or results, and will not necessarily be an accurate indication of whether or not such results will be achieved. Although the forward-looking information contained in this document is based upon what we believe are reasonable assumptions, we cannot assure investors that our actual results will be consistent with such forward-looking information.

Forward-looking information is subject to a number of risks and uncertainties that may cause the Corporation’s actual results to differ materially from those discussed in the forward-looking information and, even if such actual results are realized or substantially realized, there can be no assurance that they will have the expected consequences to, or effects on, the Corporation. These risks and uncertainties include, among other things: the Corporation’s ability to complete the Rights Offering; general economic conditions; the potential occurrence of a material adverse change in the business; operating results or financial condition of the Corporation; risks associated with the completion of the Rights Offering; the potential dilution of Shareholders as a result of the Rights Offering; the actual costs incurred in

the Rights Offering; the actual amount of funds raised under the Rights Offering; the actual operating expenses of the Corporation for the 12 month period following the Expiry Date; irrevocability of the exercise of Rights by a holder of Class A Shares; market risks in the business operated by us and other risk factors.

Any forward-looking information speaks only as of the date on which it is made and, except as may be required by applicable securities laws, Builders disclaims any intent or obligation to update any forward-looking information, whether as a result of new information, future events or results or otherwise. Although we believe that the assumptions inherent in the forward-looking information are reasonable, forward-looking information is not a guarantee of future performance and, accordingly, undue reliance should not be put on such information due to its inherent uncertainty.

What will our available funds be upon the closing of the rights offering?

As Builders expands its geographic reach, and continues to grow its mortgage portfolio, we require capital in order to fund additional mortgage lending. We anticipate further growth of our core business throughout 2022 and into 2023.

As a Mortgage Investment Corporation, we distribute substantially all of our income to shareholders each year, and, in order to mitigate risk, we make only moderate use of leverage. Accordingly, we rely on additional share capital for ongoing expansion of our business.

What will our available funds be upon closing of the Rights Offering?

Builders estimates it will have the following amount of available funds (the “**Available Funds**”) following the Rights Offering:

		Assuming 15% of the Rights Offering	Assuming 50% of the Rights Offering	Assuming 75% of the Rights Offering	Assuming 100% of the Rights Offering
A.	Amount to be raised by this offering	\$986,413	\$3,288,043	\$4,932,065	\$6,576,086
B.	Selling Commissions and fees	\$ -	\$ -	\$ -	\$ -
C.	Estimated offering costs (e.g., legal, accounting, audit)	\$25,000	\$25,000	\$25,000	\$25,000
D.	Available funds: D=A-(B+C)	\$961,413	\$3,263,043	\$4,907,065	\$6,551,086
E.	Additional sources of funding required	\$ -	\$ -	\$ -	\$ -
F.	Working capital deficiency	\$ -	\$ -	\$ -	\$ -
G.	Total = G=(D+E)-F	\$961,413	\$3,263,043	\$4,907,065	\$6,551,086

How will we use the available funds?

The net proceeds of the offering will be used fund additional short term construction mortgage lending as follows:

Description of intended use of Available Funds	Assuming 15% of the Rights Offering	Assuming 50% of the Rights Offering	Assuming 75% of the Rights Offering	Assuming 100% of the Rights Offering
Mortgage lending	\$961,413	\$3,263,043	\$4,907,065	\$6,551,086
Total: Equal to G in the available funds	\$961,413	\$3,263,043	\$4,907,065	\$6,551,086

We intend to invest the Available Funds as stated above. However, there may be circumstances where a reallocation of the Available Funds may be necessary. The Available Funds will be used by us in furtherance of our business and consistent with our business objectives. We will reallocate funds only for sound business reasons.

How long will the available funds last?

The Corporation currently has working capital in excess of its basic requirements for the next 12 months, as well as an available line of credit facility. It is currently expected that the Available Funds will be used by the Corporation as stated in the table above within the 12 months following the Rights Offering.

INSIDER PARTICIPATION

Will insiders be participating?

Directors and officers of Builders who are Eligible Holders may participate in the Rights Offering with respect to at least some of their Class A Shares, although we can offer no assurances in this regard. The Corporation has made reasonable enquiries of the intentions of insiders concerning the exercise of Rights. Directors and senior officers who hold collectively, directly and indirectly, approximately 60,000 Class A Shares, have indicated that they intend, subject to market conditions, to subscribe either directly or indirectly for some or all of their pro-rata share of the Class A Shares offered pursuant to the Basic Subscription Privilege, and in certain cases, if available, the Additional Subscription Privilege.

Who are the holders of 10% or more of our Class A Shares before and after the Rights Offering?

To the knowledge of the directors and executive officers of the Corporation, there are no persons who currently hold 10% or more of the Class A Shares or would own 10% or more upon completion of the Rights Offering.

DILUTION

If you do not exercise your Rights, by how much will your security holdings be diluted?

If a Shareholder exercises all of the Rights issued to it pursuant to the Rights Offering, it will retain its proportionate interest in the outstanding Class A Shares. However, if a Shareholder does not exercise some or all of the Rights issued to it, its current percentage ownership in the Corporation will be diluted by the issuance of Class A Shares upon the exercise of Rights by other holders of Rights, which dilution may be significant.

Assumptions:

- (i) a Shareholder owns 10,000 Class A Shares on the Record Date;
- (ii) such Shareholder does not exercise its Rights to purchase Rights Shares pursuant to the Rights Offering, and
- (iii) 100% of the Rights Offering is completed (i.e. the Corporation issues an aggregate of 667,623 Class A Shares);

Assuming the above, such Shareholder's percentage ownership of the Class A Shares will be diluted by 25%, as determined based on the Corporation's issued and outstanding Class A Shares following completion of the Rights Offering.

STAND-BY COMMITMENT

The Corporation does not require a minimum subscription to proceed with the Rights Offering. As such, no stand-by commitment or stand-by guarantor is required.

HOW TO EXERCISE THE RIGHTS

How does a security holder that is a registered holder participate in the Rights Offering?

If you are a registered holder of Class A Shares in an Eligible Jurisdiction, a subscription form (the “**Rights Subscription Form**”) and statement issued under the Subscription Agent’s direct registration system (the “**Rights DRS Advice**”) representing the total number of transferable Rights to which the holder is entitled as at the Record Date will be mailed with a copy of the Rights Offering Notice. To exercise the Rights represented by the Rights DRS Advice, you must complete and deliver the Rights DRS Advice in accordance with the instructions set out below. Rights not exercised at or prior to the Expiry Time on the Expiry Date will be void and of no value. The method of delivery is at the discretion and risk of the holder of the Rights DRS Advice and delivery to the Subscription Agent will only be effective when actually received by the Subscription Agent. Rights DRS Advices and payments received after the Expiry Time on the Expiry Date will not be accepted. Please allow sufficient time to avoid late delivery.

In order to exercise your rights you must:

1. **Complete and sign Form 1 on the Rights Subscription Form.** The maximum number of Rights that you may exercise under the Basic Subscription Privilege is shown on the first page of the Rights DRS Advice. If you complete the Form 1 so as to exercise some but not all of the Rights evidenced by the Rights DRS Advice, you will be deemed to have waived the unexercised balance of such rights, unless you otherwise specifically advise the Subscription Agent at the time the Rights DRS Advice is surrendered to the Subscription Agent.
2. **Additional Subscription Privilege.** Complete and sign Form 2 on the Rights Subscription Form only if you also wish to participate in the Additional Subscription Privilege. See “*What is the Additional Subscription Privilege and how can you exercise this privilege?*” for more information.
3. **Enclose payment in Canadian funds by certified cheque, bank draft or money order payable to the order of Computershare Investor Services Inc.** To exercise the rights you must pay \$9.30 per Class A Share. In addition to the amount payable for any Class A Shares you wish to purchase under the Basic Subscription Privilege, you must also pay the amount required for any Additional Class A Shares subscribed for under the Additional Subscription Privilege.
4. **Delivery.** Deliver or mail the completed Rights Subscription Form and Rights DRS Advice and payment in the enclosed return envelope addressed to the Subscription Agent so that it is received at the office of the Subscription Agent noted below before the Expiry Time on the Expiry Date. If you are mailing your documents, registered mail is recommended. Please allow sufficient time to avoid late delivery. Mailing is at the sole risk of the holder of the Rights and neither the Corporation nor the Subscription Agent accept any responsibility for the mailing.

The Subscription Agent has been appointed to receive subscriptions and payments from holders of Rights and to perform the services relating to the exercise of the Rights. See “*Appointment of Depository*” for more information. The office of the Subscription Agent noted below has been appointed to perform these services.

By Hand, Courier or Registered Mail:

Computershare Investor Services Inc.
100 University Avenue
Toronto, Ontario M5J 2Y1
Attention: Corporate Actions, 8th floor

By Mail:

Computershare Investor Services Inc.
P O Box 7021
31 Adelaide Street E
Toronto, Ontario M5C 3H2
Attention: Corporate Actions, 8th floor

The signature of the Rights DRS Advice holder must correspond in every particular with the name that appears on the face of the Rights DRS Advice. Signatures by a trustee, executor, administrator, curator, tutor, guardian, attorney, officer of a corporation, partnership, association or any person acting in a fiduciary or representative capacity should be accompanied by evidence of authority satisfactory to the Subscription Agent. We will determine all questions as to the validity, form, eligibility (including time of receipt) and acceptance of any subscription in our sole discretion.

Subscriptions are irrevocable. We reserve the right to reject any subscription if it is not in proper form or if the acceptance thereof or the issuance of Class A Shares pursuant thereto could be unlawful. We also reserve the right to waive any defect in respect of any particular subscription. Neither Builders nor the Subscription Agent is under any duty to give any notice of any defect or irregularity in any subscription, nor will Builders be liable for the failure to give any such notice.

How does a security holder that is not a registered holder participate in the Rights Offering?

You are a beneficial Eligible Holder if (i) you hold your Class A Shares through a securities broker or dealer, bank or trust company or other participant (each, a “**Participant**”) in the book-based system administered by CDS Clearing and Depository Services Inc. (“**CDS**”) and (ii) you are resident in an Eligible Jurisdiction. Eligible Holders who hold their Class A Shares through a Participant will not receive physical certificates or Rights DRS Advices evidencing their ownership of Rights. The total number of Rights to which all beneficial Eligible Holders as at the Record Date are entitled will be issued to CDS and will be deposited with CDS following the Record Date. We expect that each beneficial Eligible Holder will receive a confirmation of the number of Rights issued to it from its Participant in accordance with the practices and procedures of that Participant. CDS will be responsible for establishing and maintaining book-entry accounts for Participants holding Rights.

If you are a beneficial Eligible Holder:

1. to exercise your Rights held through a Participant, you must instruct such Participant to exercise all or a specified number of such Rights and forward to such Participant the Subscription Price for each Class A Non-Voting Common Share that you wish to subscribe for; and
2. you may subscribe for Additional Class A Shares pursuant to the Additional Subscription Privilege by instructing such Participant to exercise the Additional Subscription Privilege in respect of the number of Additional Class A Shares you wish to subscribe for and forwarding to such Participant the Subscription Price for such Additional Class A Shares requested. See “***What is the Additional Subscription Privilege and how can you exercise this privilege?***” for more information. Any excess funds will be returned to the relevant Participant for the account of the beneficial holder, without interest or deduction.

If a beneficial Eligible Holder is subscribing through a Participant, such beneficial Eligible Holder must deliver the payment and instructions to the Participant sufficiently in advance of the Expiry Date to allow the Participant to properly exercise the Rights on such beneficial Eligible Holder’s behalf. The ability of a person having an interest in Rights held through a Participant to pledge such interest or otherwise take action with respect to such interest (other than through a Participant) may be limited due to the lack of a physical Rights DRS Advice. Subscriptions for Class A Shares (pursuant to the Basic Subscription Privilege or the Additional Subscription Privilege) made in connection with the Rights Offering through a Participant will be irrevocable and subscribers will be unable to withdraw their subscriptions for such Class A Shares once submitted. Neither the Corporation nor the Subscription Agent will have any liability for (i) the records maintained by CDS or Participants relating to the Rights or the book-entry accounts maintained by them, (ii) maintaining, supervising or reviewing any records relating to such Rights, or (iii) any advice or representations made or given by CDS or Participants with respect to the rules and regulations of CDS or any action to be taken by CDS or Participants. Except as otherwise specifically provided herein (see “***Who is eligible to receive the Rights?***”), payment of the Subscription Price, or any purchase price for Additional Class A Shares pursuant to the Additional Subscription Privilege, by a non-registered holder of Class A Shares will constitute a representation to the Corporation, the Subscription Agent and to any Participant that the subscriber is not in an Ineligible Jurisdiction or an Ineligible Holder or the agent of any person in the Ineligible Jurisdiction or Ineligible Holder and is not purchasing the Class A Shares for the account or benefit of, or for the resale to, any person in the Ineligible Jurisdiction or Ineligible Holder.

Who is eligible to receive and exercise Rights?

The Rights are offered only to Eligible Holders of Class A Shares resident in Eligible Jurisdictions. This circular has not been filed with the securities commission or similar regulatory authority of any jurisdiction other than the Eligible Jurisdictions.

The Rights and Rights Shares issuable upon exercise of the Rights are not being offered to persons who are or appear to be, or who the Corporation or the Subscription Agent have reason to believe are, residents of Ineligible Jurisdictions, nor will the Corporation or Subscription Agent accept subscriptions from Ineligible Holders or from any transferee of Rights who is or appears to be, or who the Corporation or the Subscription Agent has reason to believe is, a resident of an Ineligible Jurisdiction.

The United States is an Ineligible Jurisdiction. The securities of the Corporation, including the Rights and the Rights Shares issuable on the exercise of the Rights, have not been, and will not be, registered under the U.S. Securities Act or the securities laws of any U.S. state and may not be offered, sold, pledged or transferred, directly or indirectly, in the United States or to, or for the account or benefit of any U.S. Person. Consequently, this Rights Offering is not being made in the United States or to, or for the account or benefit of any U.S. Person and is not to be construed as an offering of any securities for sale to a U.S. Person or a person in the United States or a solicitation thereto or therein of an offer to buy any securities of the Corporation.

Rights DRS Advices in respect of Rights issued to registered Ineligible Holders will not be issued and forwarded by the Corporation to registered Ineligible Holders. Instead, registered Ineligible Holders have been sent this Rights Offering Notice, for information purposes only, together with a letter notice (the “**Letter Notice**”) advising them that their Rights DRS Advices will be issued to and held by the Subscription Agent, which will hold such Rights as agent for the benefit of all registered Ineligible Holders. Instructions as to the sale, transfer or exercise of the Rights represented thereby will not be accepted from such holders. The Subscription Agent will hold the Rights until November 15, 2022, inclusive, in order to give the registered Ineligible Holders the opportunity to claim the Rights DRS Advice by satisfying the Corporation that they are resident in an Eligible Jurisdiction. Following November 15, 2022, the Subscription Agent will, prior to the Expiry Time on the Expiry Date, use its reasonable commercial efforts to sell the Rights evidenced by such Rights DRS Advices on behalf of all such respective Ineligible Holders at such prices and otherwise in such manner as the Subscription Agent may determine in its sole discretion.

Payment of the Subscription Price will constitute a representation to the Corporation and, if applicable, to the Participant by the subscriber (including by its agents) that: (i) the subscriber is not a citizen or resident of an Ineligible Jurisdiction, and (ii) the subscriber is not purchasing the Class A Shares for resale to any person who is a citizen or resident of an Ineligible Jurisdiction.

What is the Additional Subscription Privilege and how can you exercise this privilege?

Each Rights holder who has exercised in full its Basic Subscription Privilege may exercise additional Rights, if available, at a price equal to the Subscription Price for each additional Right. The number of additional Rights available will be the difference, if any, between the total number of Rights that were issued pursuant to the Rights Offering and the total number of Rights validly exercised and paid for pursuant to the Basic Subscription Privilege at the Expiry Time on the Expiry Date.

If the aggregate number of Additional Class A Shares subscribed for by those who exercise their Additional Subscription Privilege is less than the number of available Additional Class A Shares, each such holder of Rights will be allotted the number of Additional Class A Shares subscribed for under the Additional Subscription Privilege.

If the aggregate number of Additional Class A Shares subscribed for by those who exercise their Additional Subscription Privilege exceeds the number of available Additional Class A Shares, each such holder of Rights will be entitled to receive, upon the exercise of the Additional Subscription Privilege, the number or amount of Additional Class A Shares equal to the lesser of:

1. the number or amount of Additional Class A Shares subscribed for by the holder under the Additional Subscription Privilege; and
2. the product (disregarding fractions) obtained by multiplying the aggregate number of Additional Class A Shares available through unexercised Rights after giving effect to the Basic Subscription Privilege by a fraction, the numerator of which is the number of Rights previously exercised by the holder under its Basic Subscription Privilege and the denominator of which is the aggregate number of Rights previously exercised under the Basic Subscription Privilege by all holders of Rights who have subscribed for Additional Class A Shares under the Additional Subscription Privilege.

Registered holders of Rights exercising their Additional Subscription Privilege

If you wish to exercise the Additional Subscription Privilege, you must first exercise your Basic Subscription Privilege in full by completing Form 1 on the Rights Subscription Form for the maximum number of Class A Shares that you may subscribe for and also complete Form 2 on the Rights Subscription Form, specifying the number of Additional Class A Shares for which you would like to subscribe. Send the purchase price for the Additional Class A Shares under the Additional Subscription Privilege with your Rights DRS Advice to the Subscription Agent. The purchase price is payable in Canadian funds by certified cheque, bank draft or money order payable to the order of Computershare Investor Services Inc. These funds will be placed in a segregated account pending allocation of the Additional Class A Shares, with any excess funds being returned by mail without interest or deduction. Interest, if any, earned on such funds will be for our benefit.

Beneficial holders of Rights exercising their Additional Subscription Privilege

If you are a beneficial holder of Rights through a Participant in CDS and you wish to exercise your Additional Subscription Privilege, you must deliver your payment and instructions to the Participant sufficiently in advance of the Expiry Date to allow the Participant to properly exercise the Additional Subscription Privilege on your behalf. See **“How does an Eligible Holder that is not a registered holder participate in the Rights Offering?”** for more information.

How does a Rights holder sell or transfer Rights?

The Rights will be listed on the TSX-V under the trading symbol “BCF.RT” and will be posted for trading on the TSX-V until 12:00 p.m. (Toronto time) on the Expiry Date, at which time the Rights will be halted from trading. You may elect to exercise only a part of your Rights and dispose of the remainder or dispose of all your Rights. Any commission or other fee payable in connection with the exercise or any trade of Rights (other than the fee for services to be performed by the Subscription Agent as described herein) is the responsibility of the holder of such Rights.

Depending on the number of Rights a holder may wish to sell, the commission payable in connection with a sale of Rights could exceed the proceeds received from such sale.

Registered holders of Rights selling or transferring Rights

If you do not wish to exercise some or all of your Rights, you may sell or transfer them directly or through your stockbroker or investment dealer at your expense, subject to any applicable resale restrictions. See **“Are there restrictions on the resale of securities?”** for more information. If you wish to transfer your Rights, a Stock Power of Attorney form (the **“Transfer Form”**) will need to be obtained from the Subscription Agent and completed, have the signature guaranteed by an “eligible institution” to the satisfaction of the Subscription Agent, in accordance with the instructions provided on the Transfer Form, and deliver the Rights DRS Advice and Transfer Form to the transferee. For this purpose, in Canada, eligible institution means a Canadian Schedule 1 chartered bank, a major trust company in Canada, a member of the Securities Transfer Agents Medallion Program or a member of the Stock Exchange Medallion Program. Members of these programs are usually members of a recognized stock exchange in Canada or members of the Investment Industry Regulatory Organization of Canada.

It is not necessary for a transferee to obtain a new Rights DRS Advice to exercise the Rights or the Additional Subscription Privilege, but the signature of the transferee on Forms 1 and 2 must correspond in every particular with the name of the transferee shown on the Transfer Form. Signatures by a trustee, executor, administrator, curator, guardian, attorney, officer of a corporation, partnership, association or any person acting in a fiduciary or

representative capacity should be accompanied by evidence of authority satisfactory to the Subscription Agent. If the Transfer Form is properly completed, Builders and the Subscription Agent will treat the transferee (or the bearer if no transferee is specified) as the absolute owner of the Rights DRS Advice for all purposes and will not be affected by notice to the contrary. A Rights DRS Advice so completed should be delivered to the appropriate person in ample time for the transferee to use it before the expiration of the Rights.

Beneficial holders of Rights selling or transferring Rights

If you hold Class A Shares through a Participant and do not wish to exercise some or all of your Rights, you may arrange for the sale or transfer of Rights through that Participant at your expense, subject to any applicable resale restrictions. See “*Are there restrictions on the resale of securities?*” for more information.

When can you trade the Class A Shares issuable upon the exercise of your Rights?

The Class A Shares are listed on the TSX-V under the symbol “BCF”. The TSX has conditionally approved the listing on the TSX-V of the Rights and the Class A Shares issuable upon exercise of the Rights, subject to the Corporation fulfilling all of the listing requirements of the TSX-V. Subject to the disclosure set out in “*Are there restrictions on the resale of securities?*” below, all Class A Shares issuable on exercise of the Rights will be listed and posted for trading on the TSX-V as soon as practicable after the Closing Date.

Are there restrictions on the resale of securities?

The Rights being issued hereunder and the Class A Shares issuable upon exercise of the Rights (collectively, the “**Securities**”) are being distributed by the Corporation in the Eligible Jurisdictions pursuant to exemptions from the prospectus requirements under securities laws in the Eligible Jurisdictions. Resale of the Securities may be subject to restrictions pursuant to applicable securities laws then in force. Set out below is a general summary of the restrictions governing first trades in the Securities in the Eligible Jurisdictions. Additional restrictions may apply to “**insiders**” of the Corporation and holders of the Securities who are “**control persons**” or the equivalent or who are deemed to be part of what is commonly referred to as a “**control block**” in respect of the Corporation for purposes of securities laws. Each holder of Rights is urged to consult its professional advisors to determine the exact conditions and restrictions applicable to trades of the Securities. Generally, the first trade of any of the Securities will be exempt from the prospectus requirements of securities laws in the Eligible Jurisdictions if: (i) the Corporation is and has been a “**reporting issuer**” in a jurisdiction of Canada for the four months immediately preceding the trade; (ii) the trade is not a “**control distribution**” as defined in applicable Canadian provincial securities laws; (iii) no unusual effort is made to prepare the market or to create a demand for the Securities; (iv) no extraordinary commission or other consideration is paid in respect of such trade; and (v) if the seller is an insider or officer of the Corporation, the seller has no reasonable grounds to believe that the Corporation is in default of applicable securities laws. If such conditions have not been met, then the Securities may not be resold except pursuant to a prospectus or prospectus exemption, which may only be available in limited circumstances.

The Corporation has been a reporting issuer for more than four months in the Provinces of British Columbia, Alberta, Saskatchewan, Manitoba and Ontario.

The Rights and the Rights Shares issuable upon exercise of the Rights have not been and will not be registered under the U.S. Securities Act or any applicable U.S. state securities laws. Accordingly, the Rights and the Rights Shares issuable upon exercise thereof may not be offered, sold, pledged or transferred, directly or indirectly, in the United States or to, or for the account or benefit of, any U.S. Person. The foregoing is a summary only and is not intended to be exhaustive. Holders of Rights should consult with their advisors concerning restrictions on resale and should not resell their Securities until they have determined that any such resale is in compliance with the requirements of applicable legislation.

Will we issue fractional Class A Shares upon exercise of the Rights?

No, the Corporation will not issue fractional Class A Shares upon the exercise of the Rights. Where the exercise of Rights would otherwise entitle the holder of Rights to fractional Class A Shares, the holder’s entitlement will be reduced to the next lowest whole number of Class A Shares and no cash or other consideration will be paid in lieu thereof.

APPOINTMENT OF DEPOSITARY

Who is the depositary?

Computershare Investor Services Inc. has been appointed to act as the depositary and as the Subscription Agent for the Rights Offering. Pursuant to an agreement with the Corporation, the Subscription Agent has been appointed to receive subscriptions and payments from holders of Rights and to perform the services relating to the exercise and transfer of the Rights at the applicable subscription office. The office of the Subscription Agent noted below, which you may contact, has been appointed to perform these services.

By Hand, Courier or Registered Mail:

Computershare Investor Services Inc.
100 University Avenue
Toronto, Ontario M5J 2Y1
Attention: Corporate Actions, 8th floor

By Mail:

Computershare Investor Services Inc.

P O Box 7021
31 Adelaide Street E
Toronto, Ontario M5C 3H2
Attention: Corporate Actions, 8th floor

Enquiries relating to the Rights Offering should be addressed to the Subscription Agent by telephone at 1-800-564-6253 (North America) or by sending an e-mail to corporateactions@computershare.com.

What happens if the Rights Offering is terminated?

If the Corporation terminates the Rights Offering, the Subscription Agent will return all funds held to holders of Rights that have subscribed for securities under the Rights Offering without interest or deduction.

ADDITIONAL INFORMATION

Where can you find more information about Builders?

You can access our continuous disclosure documents filed with Canadian securities regulators under the Corporation's profile on SEDAR at www.sedar.com. You can also access information about us at our website at www.builderscapita.ca

MATERIAL FACTS AND MATERIAL CHANGES

There is no material fact or material change about Builders that has not been generally disclosed.