

RIGHTS OFFERING NOTICE



BUILDERS CAPITAL MORTGAGE CORP.

Notice to security holders – October 21, 2022

Who can participate in the Rights Offering?

Builders Capital Mortgage Corp. (the “**Corporation**”) is issuing to the holders of our outstanding Class A Non-Voting Common Shares (the “**Class A Shares**”) of record at the close of business (Calgary time) on October 28, 2022 (the “**Record Date**”) rights (the “**Rights**”) to subscribe up to 667,623 Class A Shares (the “**Rights Offering**”), on the terms described herein. The period to exercise the Rights 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.

Who is eligible to receive Rights?

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 Class A 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.

The United States is an Ineligible Jurisdiction. The securities of the Corporation, including the Rights and the Class A 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 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.

Payment of the Subscription Price will constitute a representation to the Corporation and, if applicable, to the Participant (as defined herein) 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.

How many Rights are we offering?

Pursuant to the Rights Offering, the Corporation is offering an aggregate of 2,002,871 Rights to purchase an aggregate of 667,623 Class A Shares.

How many Rights will you receive?

Each holder of Class A Shares as of the Record Date will receive one Right for each Class A Share held on the Record Date.

What does one Right entitle you to receive?

Each Right will entitle the holder thereof to subscribe for one third of a Class A Share and every three Rights will entitle the holder to acquire one whole Class A Share upon payment of a subscription price of CDN \$9.30 per Class A Share (the “**Subscription Price**”) on or before the Expiry Time on the Expiry Date (the “**Basic Subscription Privilege**”).

No fractional Class A Shares will be issued. Rights holders who exercise their Rights in full are also entitled to exercise additional Rights on a pro rata basis, if available, pursuant to an additional subscription privilege (the “**Additional Subscription Privilege**”). The number of additional rights available under the Additional Subscription Privilege will be the difference, if any, between the total number of Rights that are issued pursuant to the Rights Offering and the total number of Rights exercised and paid for pursuant to the Basic Subscription Privilege at the Expiry Time on the Expiry Date.

How will you receive your Rights?

Registered Eligible Holders

If you are a registered Eligible Holder, a 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 you are entitled as of the Record Date has been enclosed with this Notice. Please review the Rights DRS Advice and the detailed provisions of the Rights Offering Circular for instructions as to how to exercise your Rights.

Beneficial Eligible Holders

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. Beneficial Eligible Holders who hold their Class A Shares through a Participant will not receive physical certificates 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. Please see the Rights Offering Circular for further information.

Registered Holders in Ineligible Jurisdictions

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. Please see the Rights Offering Circular and the Letter Notice accompanying this rights offering notice for further information.

There is a risk that the proceeds received from the sale of the Rights will not exceed the costs of or incurred by the Subscription Agent in connection with the sale of such Rights and, if applicable, the Canadian tax required to be withheld. In such event, no proceeds will be remitted.

Holders of Rights should be aware that the acquisition and disposition of Rights or Class A Shares may have tax consequences in Canada as well as the jurisdiction where they reside, which are not described herein or in the Rights Offering Circular. Accordingly, holders should consult their own tax advisors about the specific tax consequences to them of acquiring, holding and disposing of Rights or Class A Shares having regard to their particular circumstances.

Beneficial Holders in Ineligible Jurisdictions

Rights delivered to Participants may not be delivered by those intermediaries to non-registered Rights holders who are resident in an Ineligible Jurisdiction. Participants receiving Rights that would otherwise be deliverable to Ineligible Holders may attempt to sell those Rights for the accounts of such Ineligible Holders and should deliver the proceeds of sale to such persons. Participants are responsible for any action pertaining to Rights that may have been received on behalf of non-registered Rights holders who are not eligible to participate in the Rights Offering. We expect that each non-registered Ineligible Holder will receive, in accordance with the practices and procedures of the Participant, a confirmation of the number of Rights issued to it from its Participant.

There is a risk that the proceeds received from the sale of Rights will not exceed the costs of or incurred by the Participant in connection with the sale of such Rights and, if applicable, the Canadian tax required to be withheld.

When and how can you exercise your Rights?

The period to exercise the Rights expires at the Expiry Time on the Expiry Date. If you are a registered Eligible Holder, you can exercise your Rights to acquire Class A Shares by delivering to the Subscription Agent at one of the offices set forth below your Rights DRS Advice, duly completed and exercised, together with the Subscription Price for each Right exercised pursuant to your Basic Subscription Privilege and, if applicable, your Additional Subscription Privilege on or before the Expiry Time on the Expiry Date. Please see the Rights Offering Circular and your Rights DRS Advice for further information.

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

If you are a beneficial Eligible Holder and hold your Rights through a Participant, you can exercise Rights by instructing the Participant holding your Rights sufficiently in advance of the Expiry Date to exercise all or a specified number of such Rights pursuant to your Basic Subscription Privilege and, if applicable, your Additional Subscription Privilege and forwarding the Subscription Price for each Right exercised to such Participant. Beneficial Eligible Holders should contact their particular Participant for complete details on how to exercise their Basic Subscription Privilege and Additional Subscription Privilege. Please see the Rights Offering Circular for further information. Any excess funds will be returned by mail or, in the case of a beneficial Eligible Holder, credited to the holder's account with its Participant, without interest or deduction.

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 are the next steps?

This document contains key information you should know about the Corporation. You can find more details in the Rights Offering Circular. To obtain a copy of the Rights Offering Circular, visit our issuer profile at www.sedar.com or contact John Strangway, Chief Financial Officer, at jstrangway@builderscapital.ca. You should read the Rights Offering Circular, along with Builders' continuous disclosure record, to make an informed decision.

DATED: October 21, 2022

"Sandy Loutitt"

Sandy Loutitt

President & Chief Executive Officer

Builders Capital Mortgage Corp.