

**FORM 51-102F3
MATERIAL CHANGE REPORT**

Item 1: Name and Address of Company

Builders Capital Mortgage Corp. (the “**Company**”)
#260, 1414- 8th Street SW
Calgary, AB
T2R 1J6

Item 2: Date of Material Change

December 5, 2024

Item 3: News Release

A release relating to the material change described herein was released via the facilities of *newsfile* on December 5, 2024.

Item 4: Summary of Material Change

The Company had previously announced its intention to proceed with a participating bond offering (the “**Bonds**”) to raise gross proceeds of up to \$50 million closing in one or more tranches (the “**Offering**”), the details of which are set forth in a news release dated April 8, 2024. The second tranche of the Offering is expected to close on January 6, 2025. The net proceeds of the Offering will be used in the Company’s ongoing mortgage lending business to fund or acquire short-term, residential construction mortgages in Alberta and British Columbia. The Bonds will participate on a *pari passu* (equal) basis with the existing shares of the Company relative to returns and risk based on capital contributed to the business of the Company, and accordingly shares and shareholders of the Company are not exposed to additional leverage risk by virtue of the Offering.

The Company has been advised that one or more of its directors, officers and insiders (“**Related Parties**”) may participate in the Offering for an amount not to exceed 25% of the market capitalization of the Company, with such participation constituting a “related party transaction” for the purposes of Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions* (“**MI 61-101**”).

Item 5: Full Description of Material Change

The Company had previously announced its intention to proceed with the Offering, the details of which are set forth in a news release dated April 8, 2024. The second tranche of the Offering is expected to close on January 6, 2025. The net proceeds of the Offering will be used in the Company’s ongoing mortgage lending business to fund or acquire short-term,

residential construction mortgages in Alberta and British Columbia. The Bonds will participate on a *pari passu* (equal) basis with the existing shares of the Company relative to returns and risk based on capital contributed to the business of the Company, and accordingly shares and shareholders of the Company are not exposed to additional leverage risk by virtue of the Offering.

The Company has been advised that one or more Related Parties may participate in the Offering for an amount not to exceed 25% of the market capitalization of the Company, with such participation constituting a “related party transaction” for the purposes of MI 61-101.

In connection with the Offering, Builders Capital 2019 Ltd. (“**2019**”), a private company owned and controlled by Mr. Sandy Loutitt, a director and CEO of the Company, intends to participate in the Offering to acquire Bonds with a principal amount of \$4,250,000 at the closing to occur on January 6, 2025. As consideration, 2019 shall transfer mortgages held by 2019 to the Company in the aggregate amount of approximately \$4,250,000. The acquisition of such mortgages are in the purview of the Company's intention to use the net proceeds from the Offering to fund or acquire additional short-term, residential construction mortgages in Alberta and British Columbia. The participation of 2019 in the Offering constitutes a “related party transaction” for the purposes of MI 61-101. Other Related Parties may participate in the Offering.

The Company is relying upon exemptions from the formal valuation and minority shareholder approval requirements of MI 61-101 pursuant to sections 5.5(b) and 5.7(1)(a), respectively - *Fair Market Value Not More Than 25 Per Cent of Market Capitalization*, on the basis that at January 6, 2025, neither the fair market value of the Bonds to be distributed pursuant to the Offering to Related Parties, nor the consideration to be received for those Bonds, will exceed 25 per cent of the Company's market capitalization.

The terms of the Offering and 2019's participation therein were negotiated with a special committee of directors of the Company, all of whom are independent for the purposes of MI 61-101. The Board of Directors of the Company has unanimously approved the Offering (with Sandy Loutitt abstaining from voting) and participation of 2019 to acquire the Bonds and receiving mortgages from 2019 as consideration, and no materially contrary view or abstention was expressed or made by any director in relation to the Offering. The Board of Directors concluded that the Offering was entered into on commercially reasonable terms and was fair to minority security holders.

As at the date hereof, Mr. Loutitt owns or controls, directly or indirectly, a total of 20 common shares, 118,650 Class A Shares and 173,590 Class B shares of the Company, representing approximately 20% of the issued and outstanding common shares, 5.2% of the Class A Shares and 19.44% of the Class B Shares, respectively.

Item 6: Reliance on subsection 7.1(2) and National Instrument 51-102

Not applicable.

Item 7: Omitted Information

Not applicable.

Item 8: Executive Officer

Michael Matishak, Chief Financial Officer
Builders Capital Mortgage Corp.
(403) 978-4038

Item 9: Date of Report

December 5, 2024