



MCAN MORTGAGE CORPORATION REMINDS INVESTORS OF PENDING RIGHTS EXPIRY

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Toronto, Ontario - December 6, 2021. MCAN Mortgage Corporation ("MCAN", the "Company", "our", or "we") (TSX: "MKP") wants to remind its shareholders that the deadline for exercising their right to subscribe for additional common shares (the "Common Shares") of the Company (a "Right") will occur at 5:00 p.m. (Toronto time) on December 8, 2021 (the "Expiry Time") (the "Rights Offering"). Any Rights not exercised on or before the Expiry Time will be void and have no value. If a shareholder does not exercise the Rights prior to the Expiry Time, that shareholder's percentage interest in the Company will be diluted upon the exercise of Rights by other shareholders. The Rights are currently trading on the Toronto Stock Exchange under the symbol MKP.RT and will cease trading at 12:00 p.m. (Toronto time) on December 8, 2021.

Pursuant to the Rights Offering, each holder of Common Shares has already received one Right for each Common Share owned as of the record date of November 15, 2021. A Rights holder may subscribe for one Common Share for every 14 Rights held upon payment of the subscription price of \$16.86 per Common Share.

The maximum gross proceeds of the Rights Offering will be approximately \$33.3 million. MCAN intends to use the net proceeds over the balance of 2021 and the first half of 2022 to fund the Company's mortgage lending and investment business.

Why Invest in MCAN?

About MCAN

- MCAN is structured as a flow-through mortgage investment corporation. As such, we pay out all of our taxable income as dividends annually.
- Our objectives are sustained 10% annual growth of assets, sustained 13-15% return on average shareholders' equity¹ ("ROE") and sustained and prudent dividend growth.
- We continue to invest in various real estate assets, primarily focused on residential real estate. We provide our shareholders with access to various real estate and residential mortgage and other real estate investments that are otherwise generally not accessible individually by our shareholders. We believe that the Company has historically shown strong investment acumen in all of its asset classes.
- As a federally regulated financial institution (regulated by the Office of the Superintendent of Financial Institutions ("OSFI")), we benefit from a low cost of funding as we issue term deposits eligible for Canada Deposit Insurance Corporation insurance.

Growth Highlights

- Growth in corporate assets year to date to the end of Q3 2021 was 30% to \$2.0 billion. For the third year in a row, we expect to grow our corporate assets above our 10% target.
- Our total assets are \$3.6 billion at the end of Q3, up from \$2.7 billion at December 31, 2020 and \$2.2 billion at December 31, 2019
- We have a long term track record of earnings per share growth and solid ROE¹:
 - Q3 2021 year to date earnings per share totaled \$1.84, an increase of 116% from 2020 and an increase of 17% from 2019.
 - Q3 2021 year to date ROE¹ was 17.40%.
- We have a long term track record of growth in book value per share¹:
 - At the end of Q3 2021 our book value per share was \$14.26, up from \$14.01 at December 31, 2020 and \$13.64 at December 31, 2019. Over a 10 year period, book value per share has grown by 50%.
- We have experienced growth in our core business:
 - Q3 2021 year to date net corporate mortgage spread income¹ increased by 24% compared to 2020 and 41% compared to 2019.
 - Q3 2021 year to date single family mortgage originations increased by 65% compared to 2020 and 163% compared to 2019.
 - Q3 2021 year to date construction and commercial loan originations increased by 60% compared to 2020 and 196% compared to 2019.
- We have a track record of paying dividends since 1992:
 - \$1.36 per share in regular cash dividends were paid in 2020 and 2021, plus an \$0.85 per share special stock dividend was paid in Q1 2021 due to higher taxable income compared to regular cash dividends paid.

Dividends

- On March 13, 2020, OSFI instructed all federally regulated financial institutions that cash dividend increases should be halted for the time being. On November 4, 2021, OSFI lifted these restrictions. The Company has paid out a \$0.34 per share cash quarterly dividend to shareholders since the restrictions began. The Company's board of directors declared a fourth quarter cash dividend of \$0.34 per share payable on January 4, 2022 to shareholders of record on December 15, 2021 and will consider its regular cash dividends in 2022 in the context of the lifted restriction.
- Common Shares issued under the Rights Offering will be entitled to receive the fourth quarter dividend of \$0.34 per share.
- Similar to 2020, the Company expects to have taxable income per share greater than its regular cash dividends per share in 2021 and therefore anticipates declaring a special dividend in the first quarter of 2022, based on the current economic and interest rate environment and outlook.

About the Rights Offering

Raising capital through a Rights Offering provides a benefit to existing shareholders in terms of the cost of capital raises and the value provided to existing shareholders should they choose to subscribe. In a Rights Offering there are no banking commissions paid by the Company, rather these costs are passed as discounts to shareholders in the exercise price.

Directors and senior officers, collectively holding, directly and indirectly, approximately 1 million Common Shares, have already indicated their intention to exercise some or all of their Rights, subject to market conditions. Ian Sutherland, a former director and major shareholder, who continues to hold a significant position in the Company, has indicated his intention to exercise some or all of his Rights, subject to market conditions. As well, the KingSett Canadian Real Estate Income Fund, a significant shareholder, has indicated its current intention to exercise some or all of its Rights, subject to market conditions.

The Rights Offering includes an additional subscription privilege under which eligible holders of Rights who fully exercise their Rights will be entitled to subscribe for additional Common Shares, if available, that are not otherwise subscribed for in the Rights Offering.

The Rights Offering is being conducted only in the provinces and territories of Canada (the "Eligible Jurisdictions"). Accordingly, and subject to the detailed provisions of the Rights Offering circular (the "Circular"), Rights have not been delivered to, nor will they be exercisable by, persons resident outside of the Eligible Jurisdictions. Rather, such Rights may be sold on their behalf.

Details of the Rights Offering are set out in a Notice and Circular, which are available under the Company's profile on SEDAR at www.sedar.com or on the Company's website. The Notice and accompanying direct registration system statement and subscription form (the "Rights DRS Advice") have already been mailed to each eligible shareholder of MCAN. To subscribe, registered shareholders must forward the completed Rights DRS Advice, together with the applicable funds, to the depository and subscription agent, Computershare Investor Services, Inc., prior to the Expiry Time. Shareholders who own their Common Shares through an intermediary, such as a bank, trust company, securities dealer or broker, will receive materials and instructions from their intermediary. **If you have not yet received the Notice and Rights DRS Advice or materials and instructions from your broker or intermediary, please contact Computershare (if you are a registered shareholder) or your broker or intermediary (if you hold your Common Shares through a broker or intermediary).**

The Rights and the Common Shares issuable upon exercise of the Rights have not been, and will not be, registered under the United States Securities Act of 1933, as amended, and accordingly, the Rights and the Common Shares are not being publicly offered for sale in the "United States" or to "U.S. persons" (as such terms are defined in Regulation S under the United States Securities Act of 1933, as amended). This press release does not constitute an offer to sell or the solicitation of an offer to buy the securities in any jurisdiction. There shall be no sale of the securities in any jurisdiction in which an offer to sell, a solicitation of an offer to buy or a sale would be unlawful.

¹ Considered to be a "Non-IFRS Measure". For further details, refer to the "Non-IFRS Measures" section of the Company's management's discussion and analysis for the three and nine months ended September 30, 2021.

MCAN is a public company listed on the Toronto Stock Exchange under the symbol MKP and is a reporting issuer in all provinces and territories in Canada. MCAN also qualifies as a mortgage investment corporation ("MIC") under the Income Tax Act (Canada) (the "Tax Act").

The Company's primary objective is to generate a reliable stream of income by investing in a diversified portfolio of Canadian mortgages (including single family residential, residential construction, non-residential construction and commercial loans) as well as other types of real estate securities, loans and investments. MCAN employs leverage by issuing term deposits that are eligible for Canada Deposit Insurance Corporation deposit insurance and are sourced through a network of independent financial agents. We manage our capital and asset balances based on the regulations and limits of both the Tax Act and OSFI.

As a MIC, we are entitled to deduct the dividends that we pay to shareholders from our taxable income. Regular dividends are treated as interest income to shareholders for income tax purposes. We are also able to pay capital gains dividends, which would be treated as capital gains to shareholders for income tax purposes. Dividends paid to foreign investors may be subject to withholding taxes. To meet the MIC criteria, 67% of our non-consolidated assets measured on a tax basis are required to be held in cash or cash equivalents and residential mortgages.

MCAN's wholly-owned subsidiary, XMC Mortgage Corporation, is an originator of single family residential mortgage products across Canada.

For further information, please contact:

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A CAUTION ABOUT FORWARD-LOOKING INFORMATION AND STATEMENTS

This news release contains "forward-looking information" within the meaning of applicable securities laws. Forward-looking information can be identified by words such as: "expect", "intend," "plan," "seek," "believe," "estimate," "future," "likely," "may," "should," "will" and similar forward-looking language. The expected proceeds to be raised under the Rights Offering and the use thereof constitutes forward-looking information. The forward-looking information contained in this news release is based on a number of assumptions which we believe to be reasonable, including assumptions relating to the completion of the Rights Offering and the timing thereof, the amount of proceeds raised, and the expected use of proceeds from the Rights Offering. Forward-looking information entails various risks and uncertainties that could cause actual results to differ materially from those expressed or implied in such forward-looking information. Risks that could cause actual results to differ materially from those expressed or implied in the forward-looking information contained in this press release include, but are not limited to, that shareholders will not exercise all or any portion of the Rights, that the Company may not be able to find a suitable use of the proceeds of the Rights Offering, the level of dilution that will be experienced by shareholders who do not exercise all or a portion of their Rights, failure to complete or a delay in the Rights Offering for any other reason, the lack of a trading market for the Rights developing and the trading price of the Common Shares following completion of the offering. In addition, general risks relating to capital markets, economic conditions, regulatory changes, as well as the operations of our business may also cause actual results to differ materially from those expressed or implied in such forward-looking information. Forward-looking information is not a guarantee of future performance, and management's assumptions upon which such forward-looking information are based may prove to be incorrect. Investors are cautioned not to place undue reliance on any forward-looking information contained herein. The Company disclaims any obligation to update or revise any forward-looking information contained in this news release, whether as a result of new information, future events or otherwise, except to the extent required by law.