Management’s Discussion and Analysis

Equityline Mortgage Investment Corporation

For the year ended December 31, 2019

FORWARD-LOOKING STATEMENTS

Forward-looking statement advisory

The terms, the "Company", "we", "us" and "our" in the following Management Discussion & Analysis ("MD&A") refer to Equityline Mortgage Investment Corporation. (the "Company"). This MD&A may contain forward-looking statements relating to anticipated future events, results, circumstances, performance or expectations that are not historical facts but instead represent our beliefs regarding future events. These statements are typically identified by expressions like "believe", "expects", "anticipates", "would", "will", "intends", "projected", "in our opinion" and other similar expressions. By their nature, forward-looking statements require us to make assumptions which include, among other things, that (i) the Company will have sufficient capital under management to effect its investment strategies and pay its targeted dividends to shareholders, (ii) the investment strategies will produce the results intended by the manager, (iii) the markets will react and perform in a manner consistent with the investment strategies and (iv) the Company is able to invest in mortgages of a quality that will generate returns that meet and/or exceed the Company's targeted investment returns.

Forward-looking statements are subject to inherent risks and uncertainties. There is significant risk that predictions and other forward-looking statements will prove not to be accurate. We caution readers of this MD&A not to place undue reliance on our forward-looking statements as a number of factors could cause actual future results, conditions, actions or events to differ materially from the targets, expectations, estimates or intentions expressed or implied in the forward-looking statements. Actual results may differ materially from management expectations as projected in such forward-looking statements for a variety of reasons, including but not limited to, general market conditions, interest rates, regulatory and statutory developments, the effects of competition in areas that the Company may invest in and the risks detailed from time to time in the Company's public disclosures.

We caution that the foregoing list of factors is not exhaustive and that when relying on forward-looking statements to make decisions with respect to investing in the Company, investors and others should carefully consider these factors, as well as other uncertainties and potential events and the inherent uncertainty of forward-looking statements. Due to the potential impact of these factors, the Company and Equityline Services Corporation. (the "Manager") do not undertake, and specifically disclaim any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, unless required by applicable law.

This MD&A is dated February 28, 2020. Disclosure contained in this MD&A is current to that date, unless otherwise noted.

BUSINESS OVERVIEW

Equityline Mortgage Investment Corporation's objective is to provide financing to borrowers that are not well serviced by the commercial banks for a short term. Borrowers use short-term mortgages to bridge a short-term financing period. These short-term "bridge" mortgages are typically repaid with traditional bank mortgages (lower cost and longer-term debt). The Company focuses primarily on lending against residential real estate properties.

The Company is, and intends to continue to be, qualified as a mortgage investment corporation ("MIC") as defined under Section 130.1(6) of the Income Tax Act (Canada) ("ITA").

BASIS OF PRESENTATION

This MD&A has been prepared to provide information about the financial results of the Company for the year ended December 31, 2019. This MD&A should be read in conjunction with the audited financial statements for the year ended December 31, 2019 and 2018, which are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board.

The functional and reporting currency of the Company is Canadian dollars.

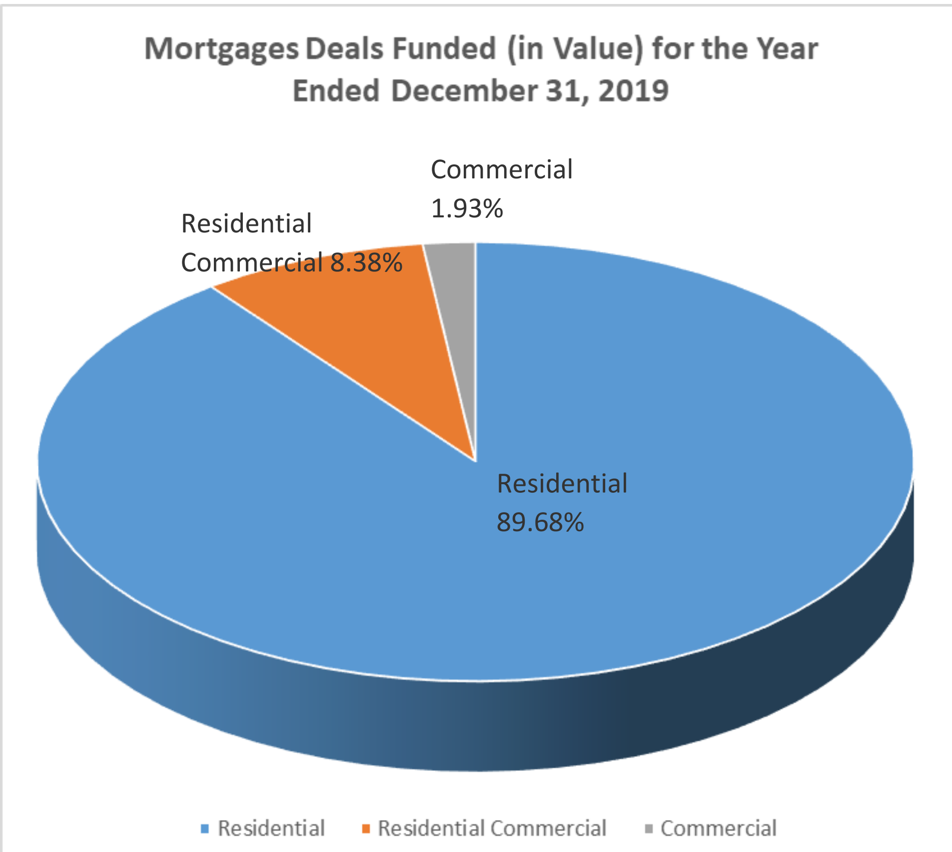
RECENT DEVELOPMENTS AND OUTLOOK

During the First quarter of 2019, the Company has completed its first raise and increased its capital base to support the expansion of the investment portfolio, including the completion of a bought offering of Series A Redeemable Preferred Shares for net proceeds of $6,480,844.

As of year-end, the Corporation held 37 residential mortgages, 1 commercial mortgage, and 1 residential commercial mortgage. These mortgages yield an average 11.535% return.

PORTFOLIO ACTIVITY

During fiscal 2019, the Company funded 80 new mortgages investments totaling $22,268,248. Regulatory changes, including the B20 guidelines, have resulted in most residential–focused lenders tightening up on income qualification forcing borrowers to private loans as a result of difficulty qualifying for institutional loans. This has shown a large increase in demand for more private mortgage products nationwide.



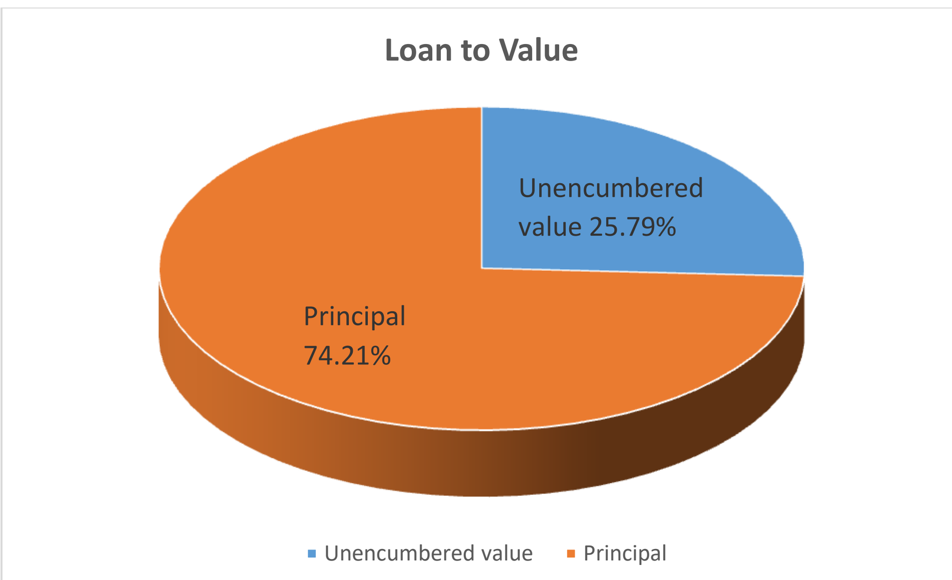
The portfolio is heavily weighted towards Canada's largest provinces, 100% of the portfolio are invested in Ontario urban markets that generally experience better real estate liquidity in periods of uncertainty and thus offer a better risk profile.

Mortgage Average Return

During fiscal 2019, the Company earned $752,690 (2018 - $nil) of interest income on net mortgage investments while the weighted average interest rate on net mortgage investments for the year ended December 31, 2019 was 11.32%.

Loan to Value of Portfolio

As the Company strengthens its balance sheet with the completion of the successful JSE public offering during the fiscal year, funds raised were put towards a high-quality mortgage portfolio. This portfolio of mortgages ending December 31, 2019 has an average loan-to-value of 74.21%.



Expenses

Management fees

The management fee is equal to 1% per annum of the gross net mortgage investments of the Company, calculated and paid monthly in arrears. Gross mortgage investments are defined as the total mortgage investments of the Company less unearned revenue. For the year ended December 31, 2019, the Company incurred management fees of $81,138 (2018 - $nil).

General and administrative

For the year ended December 31, 2019, the Company incurred general and administrative expenses of $13,235 (2018 – $nil). General and administrative expenses consist mainly of listing fees, fees paid on custodial services, and other operating costs and administration of the mortgage investments portfolio.

HIGHLIGHTS OF FINANCIAL PERFORMANCE

The Company ended its year with a net income before finance expenses and other comprehensive income of $106,905. (2018 - $nil). After considering accretion cost, distribution and interest expense, the company ended the year with a net loss and other comprehensive loss of $836,033. Because this is the company's first year of operations the number alone is not reflective of the Company's result of operation for it includes various one-time expenses such as the initial listing fees, advertising fees and other administrative and general fees that relates to satisfying the strong demands for the Company's public offering.

SHAREHOLDERS' EQUITY

a. Series A Redeemable Preferred Shares

The Company is authorized to issue an unlimited number of Series A Redeemable Preferred Shares. Holders of Series A Redeemable Preferred Shares are entitled to receive dividends as declared by the Board of Directors.

On January 18, 2019, the Company completed a public offering of 2,683,400 Series A Redeemable Preferred Shares for total proceeds of $6,480,844 in Canadian dollars.

b. Dividends

The Company intends to pay dividends to holders of Series A Redeemable Preferred Shares monthly within 15 days following the end of each month. For the year ended December 31, 2019, the Company distributed $541,192 or $0.20 per Series A Redeemable Preferred Share.

STATEMENT OF CASH FLOWS

Cash from operating activities

Cash from operating activities for fiscal 2019 was a cash outflow of $104,220 (2018 – $54).

Cash from financing activities

Cash used in financing activities for fiscal 2019 consisted of advances to related parties of $197,474 (2018 - $nil), net proceeds from issuance of Series A redeemable preferred Shares, net of financial costs of $6,219,982 (2018 - $nil), net proceeds from issuance of convertible debentures of $2,600,000 (2018 - $nil), and repayment of convertible debentures of $500,000 (2018 - $nil). There was no share repurchase in the year. The net cash provided by financing activities for fiscal 2019 was an inflow of $8,122,508 (2018 – $200).

Cash used in investing activities

Net cash used in investing activities, net of discharges in 2019 was $7,824,878 (2018 – $nil) and consisted of the funding of net mortgage investments of $7,752,748 at the end of fiscal 2019 with $72,130 in interest accrual receivable, net of servicing fees.

RELATED PARTY TRANSACTIONS

As at December 31, 2019, advances to Equityline Services Corporation (the Manager) totaled of $197,474 (2018 – $nil). The advances are non-interest bearing and are due on demand. The Company and the Manager are related by virtue of common ownership in management.

As at December 31, 2019, included in due from related parties is $121,625 of cash held in trust by the Manager, the Company's mortgage servicing and administration provider. The balance relates to mortgage funding holdbacks and prepaid mortgage interest received from various borrowers.

During the year the Company paid Equityline Service Corporation a $60,000 fee for translation of foreign currency. This has saved the Corporation $180,000 on foreign exchange if the Corporation was to use a third party to translate US funds held.

OUTSTANDING SHARE DATA

As at December 31, 2019, the Company's authorized capital consists of an unlimited number of common shares, of which 200 are issued and outstanding, and an unlimited number of Series A Preferred Shares, of which 2,683,400 are issued and outstanding.

CAPITAL STRUCTURE AND LIQUIDITY

Capital structure

The Company manages its capital structure in order to support ongoing operations while focusing on its primary objectives of preserving shareholder capital and generating a stable monthly cash dividend to shareholders. The Company believes that the conservative amount of structural leverage gained from the debentures and credit facility is accretive to net earnings, appropriate for the risk profile of the business. The Company anticipates meeting all its contractual liabilities (described below) using its mix of capital structure and cash flow from operating activities.

The Company reviews its capital structure on an ongoing basis and adjusts its capital structure in response to mortgage investment opportunities, the availability of capital and anticipated changes in general economic conditions.

Liquidity

Access to liquidity is an important element of the Company as it allows the Company to implement its investment strategy. The Company is, and intends to continue to be, qualified as a MIC as defined under Section 130.1(6) of the ITA and, as a result, is required to distribute not less than 100% of the taxable income of the Company to its shareholders.

The Company manages its liquidity position through various sources of cash flows including cash generated from operations and convertible debentures to fund mortgage investments and other working capital needs. As at December 31, 2019, the Company is in compliance with its loan agreements and expects to remain in compliance going forward. The Company routinely forecasts cash flow sources and requirements, including unadvanced commitments, to ensure cash is efficiently utilized.