Management's Discussion and Analysis

Equityline Mortgage Investment Corporation

For the three months and six months ended June 30, 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 July 31, 2019. 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 three months and six month ended June 30, 2019. This MD&A should be read in conjunction with the unaudited interim financial statements for the three months and six month ended June 30, 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.

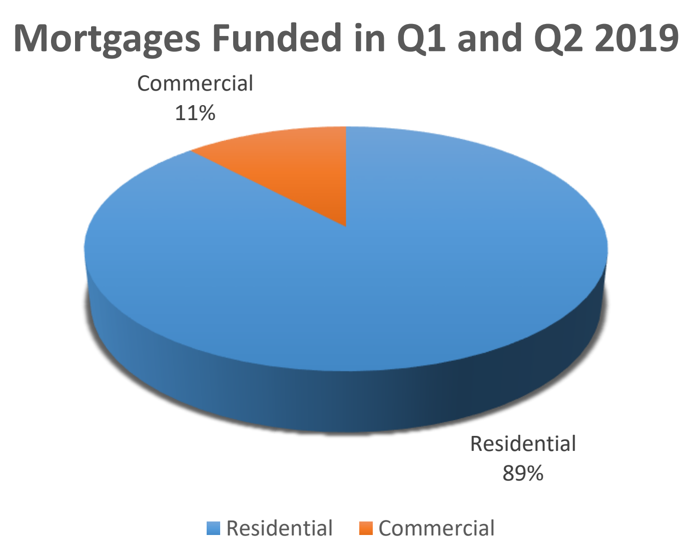
RECENT DEVELOPMENTS AND OUTLOOK

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 Preferred Shares for net proceeds of $6,199,133.

Using the newly available funds, the Corporation funded 31 residential mortgages and 3 commercial mortgages. These new mortgages yield an average 11.28% return.

PORTFOLIO ACTIVITY

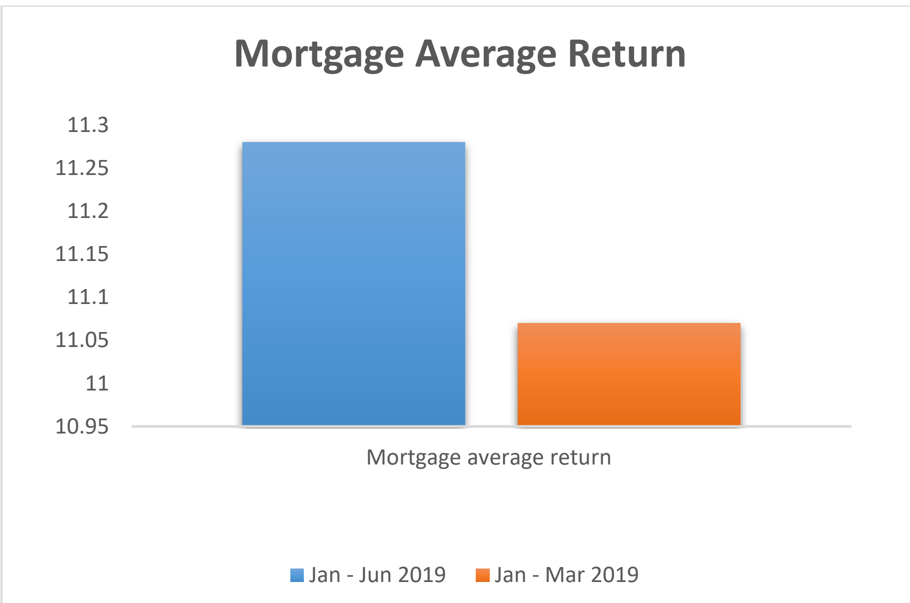
During Q2 2019, the Company funded 34 new mortgages investments totaling $7,923,748. Regulatory changes, including the B20 guidelines, have resulted in most residential–focused lenders tightening up on income qualification forcing borrowers to private loans as a result of diffulcuty qualifying for institutional loans. This has shown a large increase in demand for more private mortgage products nationwide.

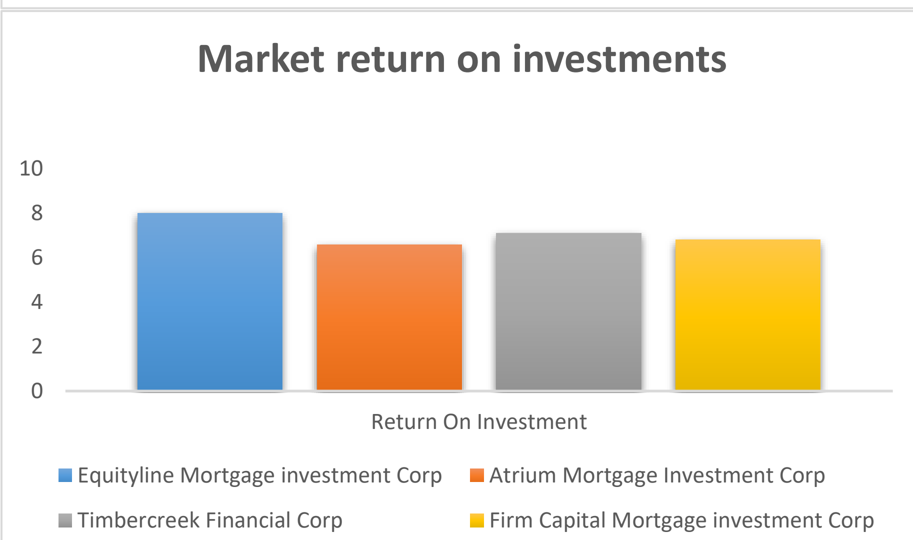


The portfolio is heavily weighted towards Canada's largest provinces, 100% of the portfolio are invested in Ontario urban markets that generally experience better real estate liquidity in periods of uncertainty and thus offer a better risk profile.

Mortgage Average Return

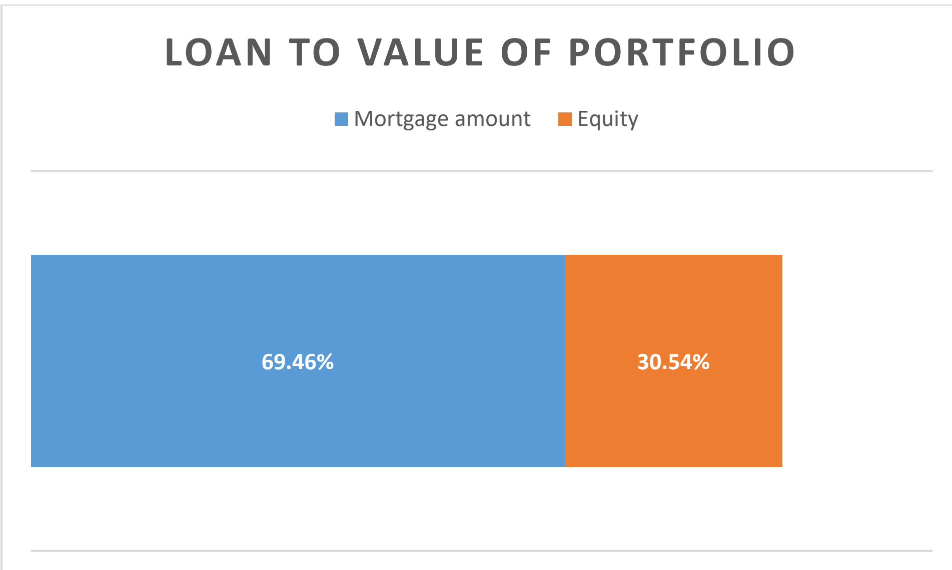
During Q2 2019, the Company earned $216,007 (Q1 2019- $80,664) of interest income on net mortgage investments while the weighted average interest rate on net mortgage investments for the six months ended June 30, 2019 was 11.28%.





Loan to Value of Portfolio

As the Company strengthens its balance sheet with the completion of the successful JSE public offering during the quarter, funds raised were put towards a high-quality mortgage portfolio. This portfolio of mortgages ending June 30, 2019 has an average loan-to-value of 69.46%.



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 three months ended June 30, 2019 and year to date, the Company incurred management fees of $20,468, YTD - $31,378. The increase is directly related to the increase in the gross assets managed during the three-month ended June 30, 2019.

General and administrative

For the three months ended June 30, 2019, the Company incurred general and administrative expenses of $4,037 (Q1 2019 – $872). 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 second quarter of 2019 with a net income of $61,299, ($23,015 – YTD); however, 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.

Without these one-time expenses, the Company would be operating at a YTD profit of $107,985. This proves that the Company endeavours to maximize income and dividends through efficient management of its mortgage investments.

PROJECTED FINANCIAL FOR Q3 2019

Building upon its solid second quarter of 2019, the Company is expected to continue to demonstrate strength and stability.

The financial performance of the Company is projected at the following:

	01-Jul 30-Sep 2019	01-Apr 30-Jun 2019
Interest Income	220,000	216,007
Expenses		
Professional fees	55,310	55,310
Interest and bank charges	53,895	53,895
Management fees	19,809	20,468
Foreign exchange gain/loss	16,000	17,316
Director fees	10,000	11,500
Travel	5,000	7,000
General and administrative	4,118	4,037
Insurance	2,957	2,957
Advertising and promotion	2,890	2,833
Referral fees	1,000	1,000
Memberships	700	700
	171,679	177,016
Income from operations	**48,321**	**38,991**
Changes in comprehensive income		
Unrealized gain on foreign exchange	-	22,309
Comprehensive income for the period	**48,321**	**61,300**

SHAREHOLDERS' EQUITY

a. Series A Preferred Shares

The Company is authorized to issue an unlimited number of Series A Preferred Shares. Holders of Series A 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 Preferred Shares for total proceeds of $6,199,133 in Canadian dollars.

b. Dividends

The Company intends to pay dividends to holders of Series A Preferred Shares monthly within 15 days following the end of each month. For the three months ended June 30, 2019, the Company declared dividends of $141,346 and for six month ended June 30, 2019, the company declared $236,062 or $0.03 per Series A Preferred Share.

STATEMENT OF CASH FLOWS

Cash from operating activities

Cash from operating activities for Q2 2019 was a cash inflow of $92,601 (Q1 2019 – $56,772).

Cash from financing activities

Cash used in financing activities for Q2 2019 consisted of dividend paid on the Company's Series A Preferred Share of $141,346 (Q1 2019 – $94,716) and repayment of advances to related parties of $49,312 (Q1 2019 – advance of $33,687). The Company also paid interest of $52,250 (Q1 2019 – $12,533) on the debentures. There was no share repurchase in the year. The net cash provided by financing activities for Q2 2019 was an outflow of $190,658 (Q1 2019 – inflow of $8,738,104).

Cash used in investing activities

Net cash used in investing activities in Q2 2019 was $232,499 (Q1 2019 – $8,185,315) and consisted of the funding of net mortgage investments of $8,185,315 at the end of Q2 2019.

RELATED PARTY TRANSACTIONS

As at June 30, 2019, management fees payable is $31,378. Repayment of advances to related companies totaled to $49,312 (Q1 2019 – advance of $33,689). The advances are non-interest bearing and have no set repayment terms.

As at June 30, 2019, included in other assets is $296,568 of cash held in trust by Equityline Services Corporation, the Company's mortgage servicing and administration provider, a company controlled by the Manager. The balance relates to mortgage funding holdbacks and prepaid mortgage interest received from various borrowers.

OUTSTANDING SHARE DATA

As at June 30, 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 June 30, 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.