EQUITYLINE
MORTGAGE INVESTMENT CORPORATION

2020 ANNUAL REPORT

EQUTIYLINE MORTGAGE INVESTMENT CORPORATION

EquityLineMic.com

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EQUITYLINE GROUP OF COMPANIES

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BROKERAGE # 12570 | ADMIN # 13068

ABOUT EQUITYLINE MIC

EquityLine Mortgage Investment Corp. (EquityLine MIC) is a Canadian company located in the Greater Toronto Area (GTA) of Ontario. It was founded by the principals of EquityLine Financial Services Corp. an Ontario based mortgage brokerage formed in 2014. The Founders and Management of the Corporation have extensive knowledge of the Canadian real estate and mortgage industries.

The primary focus of the Corporation's investments are prime urban 1st and 2nd residential mortgages in the urban Southern Ontario region of Canada. The Corporation does not fund distressed borrowers.

The foundation of the Corporation's success is a plan based on:

- Deep knowledge of targeted real estate market enabling the identification of attractive mortgage opportunities
- The rate of return for investors that is appealing and dependable
- Short duration residential mortgages in a targeted geographic area
- Investor redemption strategies that are easy to trigger and implement
- A realistic risk mitigation profile that is understandable and credible
- A strong and active Board that is heavily weighted with independent directors. The Board and Corporate managers have significant experience in many areas of the financial services industry

Fixed A Return and Target B Return

Shares in the Corporation provide an 8% fixed return, paid monthly, for Series A Preferred Shares and a target 8% to 10% annual return, paid monthly for Series B Preferred Shares.

- The Series A Preferred Shares trade on the Jamaican Stock Exchange (JSE: ELMIC)
- The Series B and Series H Preferred Shares are not listed on a securities exchange and are considered restricted securities available from exempt market dealers in the Canadian private capital markets

The Series B and H Preferred Shares are subject to restrictions respecting transferability and resale, including a restriction that no shareholder can trade the shares before the date that is four months and a day after the date the Corporation becomes a reporting issuer in any province or territory of Canada.

The Corporation is not a reporting issuer in any province or territory of Canada, and therefore the Series B Preferred Shares are subject to an indefinite hold period. They cannot be traded but they can be redeemed under the terms of our redemption policy as described in the Offering Memorandum. The Series B Preferred Shares are only available to qualified investors through Exempt Market Dealers.

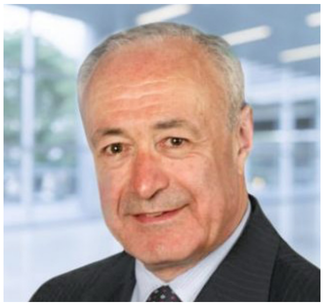
MEET OUR TEAM

Management Team

Sergiy Shchavyelyev

President and Chief Executive Officer; Director

Mr. Shchavyelyev is the CEO and Founder of the EquityLine Mortgage Investment Corp. and VeleV Capital., EquityLine MIC is publicly traded corporation on the Jamaica Stock Exchange. Mr. Shchavyelyev graduated from Harvard Business School in Financial Accounting and holds a Masters of Law Degree. Mr. Shchavyelyev currently manages over $80 million in both funds and development projects. Mr. Shchavyelyev is a real estate developer and mortgage broker, with extensive lending and financial experience in real estate assets. Mr. Shchavyelyev has a track record of closing and redeveloping multi-million dollar transactions in the real estate industry. He owns, a family operated real estate brokerage in Toronto, Canada. Mr. Shchavyelyev has been an active real estate broker from 2006 and mortgage specialist since 2008. Prior to working as a real estate broker, lender and re-developer, Mr. Shchavyelyev worked in a small claims court and land registry office as a paralegal for over two years. He joined his family real estate business where he was involved in residential and commercial developments, condo sites, custom built dwellings, apartment buildings and multi-million dollar commercial real estate projects. As at the date hereof, Mr. Shchavyelyev has completed over $600 million in real estate transactions.



Robert C. Kay

Executive Vice President; Director

Robert C. Kay is a seasoned Corporate Director and Business Advisor. He combines business and legal skills with extensive experience in international commerce to develop and assess complex strategies with governments and multinational companies. Robert has served as a Corporate Director in both privately held and publicly listed companies, serving on Governance, Audit, and Strategy Committees. He is currently Chairman, Advisory Board of Migao Group; Corporate Director of: EquityLine Investment Corp, Baycrest Geriatric Health Care & Research Centre for Aging and the Brain, and the Royal Canadian Military Institute. Notable governance roles have included: Chairman-Canadian Commercial Corporation; Vice Chairman & Lead Director-Migao Corporation; Chairman-Migao Special Committee for Going Private; Chairman-Swiss/Canadian Chamber of Commerce; Director in Residence-Institute of Corporate Directors; Board Director-Changfeng Energy Inc; Board Director-American Chamber of Commerce (Ontario Council).

Sergiy Przhebelskyy

Chief Operating Officer; Director

Sergiy Przhebelskyy is the Chief Operating Officer of EquityLine Mortgage Investment Corporation. Mr. Przhebelskyy brings a wealth of experience from the banking sector being with TD and The National Bank of Canada for over 7 years in financial sector. He has moved to mortgage broker channel and has been in alternative mortgage lending including private mortgage financing since 2007. Sergiy has completed more than $200 million dollars in residential mortgage transactions over his career as a mortgage specialist. Mr. Przhebelskyy is involved in daily operations of underwriting, deal compliance, administration, and office management. He has an excellent knowledge of real estate sector, appraisals reports, mortgage structuring and funding processes.

Arthur Smelyansky

Chief Portfolio Officer; Manager

Mr. Arthur Smelyansky is the Chief Portfolio Officer of the Corporation and the Manager. He currently serves as the Chief Executive Officer and Portfolio Manager at Maccabi Capital Management LLC and is a Portfolio Manager, Hedge Fund Trader and Co-Founder of Maccabi Equity Income Fund. Mr. Smelyansky was the Senior Analyst and Trader at Bonello Holdings Inc., located in Toronto, Canada, from September 2012 to January 2018. During his tenure at Bonello Holding, the company improved investment returns from 6% to 9.71%. Mr. Smelyansky's responsibilities ranged from credit analysis and research for the entire portfolio to the direct management of a book of assets worth almost $40 million. Mr. Smelyansky's specialty is in options trading, and using derivatives to preserve capital and lower portfolio volatility.

Roman Raskin

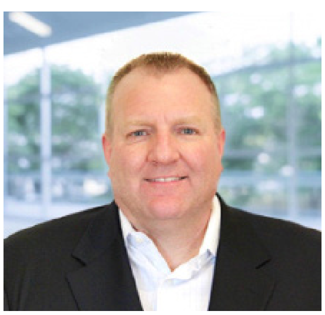
Chief Financial Officer

Mr. Raskin is Chief Financial Officer of the EquityLine Mortgage Investment Corporation and VeleV Capital, with over 15 years of experience servicing local and international clients. Mr. Raskin is the founder and principal of Raskin & Associates Chartered Professional Accountants, an accounting firm located in Toronto providing accounting and assurance, taxation and business advisory services. Prior to Rasking and Associates, Mr Raskin held various accounting, audit and advisory roles at Crowe Soberman LLP, Williams & Partners LLP, G7G Partnership LLP and Sloan Partners. Mr Raskin is a Chartered Professional Accountant in Canada who takes pride in his work and offers personal commitment, strategy and unique foresight.

Mark Simone

Vice President, Business Development

Mark Simone is a business executive with extensive C-Suite experience in the development and management of businesses in the insurance, finance and medical sectors. He has held senior positions with Medipac International, Canadian Snowbird Association, Ontario Health Clinics and, most recently, Pinnacle Wealth Brokers. Mark has developed sales and marketing programs and has personally managed large-scale consumer and trade shows. He has a passion and talent for developing strategic relations and maintaining a mutual success path for all stakeholders.



Stephen Clarke

Vice President, Marketing; Director

Stephen Clarke (Vice President, Marketing, Director) is an executive leader with over 30 years experience in the marketing and sales areas in wealth management. His significant depth in regulatory environments including the Investment Industry Regulatory Organization of Canada (IIROC), the Mutual Fund Dealers Association (MFDA), the Financial Services Regulatory Authority (FSRA) and the role of Exempt Market Dealers as regulated by the Ontario Securities Commission. He has an Honours Bachelor of Commerce and a Masters of Business Administration from McMaster University.

Earl Chapman

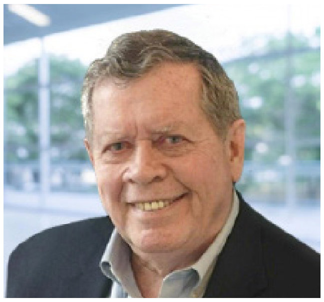
International Business Development of the MIC

Earl Chapman has worked since 2000 as a business development consultant and presently represents the Jamaica Stock Exchange in North America. E. Chapman Group Inc., assists the Jamaica Stock Exchange in Canada in sourcing companies to list on the Jamaica Stock Exchange and to cross-list Jamaican companies on Canadian exchanges. As well, Earl develops strategies for Chinese and Jamaican companies interested in doing business in Canada and worldwide, through extensive knowledge of government processes and a strong network of government contacts. He has knowledge in market shifts, strategic operations planning and a step by step guidance to success.

Ungad Chadda

Independent Director

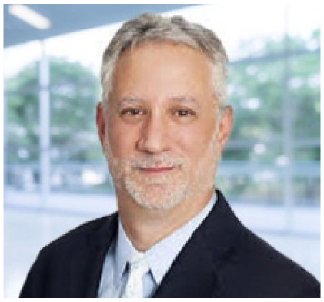
Ungad Chadda was Senior Vice President of TMX Group, parent company of Toronto Stock Exchange and Enterprise Head of Corporate Strategy, Development and External Affairs. He was responsible for building and maintaining the TMX Group investor base as well as supporting its public interest mandate and strategies to grow as a company. Ungad joined TMX Group in 1997. Since then he has held progressively senior roles, including: Director of Listings, TSX Venture Exchange; Chief Operating Officer, TSX Venture Exchange; Vice President, Business Development, Toronto Stock Exchange and TSX Venture Exchange, Senior Vice President, Toronto Stock Exchange and President, Capital Formation.



Donald Hathaway

Independent Director, Chair of the Governance Committee

Don Hathaway has spent over forty years executing leadership roles in diverse business, academic and government settings. He has been a business CEO, a senior partner in two major international consultancies and a corporate director on multiple boards while accumulating expertise in strategy, finance, risk management, marketing and corporate governance. Some of Don's previous experience included: Director at SLM Logistics (TSX-V: SEL); Chair at Atlantis Systems Corp (TSX-AIQ); Chair at Neotel International (TSX – NIT); Director at American Railway Systems, (NASDQ – OTC).



Eric Klein

Independent Director, Chair of the Audit Committee

Mr. Klein is currently President of Klein Valuation Services Inc., a firm that focuses on business strategy, complex mergers, acquisitions, divestitures and financings for mid-sized Canadian corporations. With more than 30 years of experience, he focuses on providing results-driven corporate finance advisory services for mid-market Canadian companies. Recently, Mr Klein was a senior executive with a Canadian public financial institution. Prior to that Mr. Klein was the founder and Managing Director of the Corporate Finance, Valuations & Transaction practice of Farber Financial Group. Mr. Klein holds designations as a Chartered Public Accountant.

Mark Korol

Independent Director; Chair of the Compensation Committee

Mark Korol has over 20 years' experience as a chief financial officer in a variety of industries, including 7 years of public company experience at Zenon Environmental, CDI Education Corp., and most recently, Char Technologies. He has spent the last 2 years at the Arturos Group, an international vertically integrated hospitality business with 2,000 employees and prior to that 12 years with the Xela Group of Companies. He has experience at National Bank Financial as a Research Analyst. Mark is a Chartered Financial Analyst (CFA) and a Certified Public Accountant (CPA). Mark is also a Certified Fraud Examiner (CFE) and Accredited Business Valuator (ABV) and holds the Institute of Corporate Directors designation (ICD.D).

Willie Handler

Independent Director

Willie Handler has 28 years of experience in the insurance sector with 20 years working on insurance regulatory policy with the Financial Services Commission of Ontario and 8 years operating his own consulting business. He has provided strategic advice to a wide range of clients who dealing with an evolving regulatory environment. He holds a Bachelor of Science from the University of Toronto, a Master in Health Administration from the Fox School of Business at Temple University and a Master in Public Administration from the Schulich School of Business at York University.

Stability
Predictability
Diversification

EQUITYLINE
MORTGAGE INVESTMENT CORPORATION

Management's Discussion and Analysis

For the year ended December 31, 2020

FORWARD-LOOKING STATEMENTS

ADVISORY

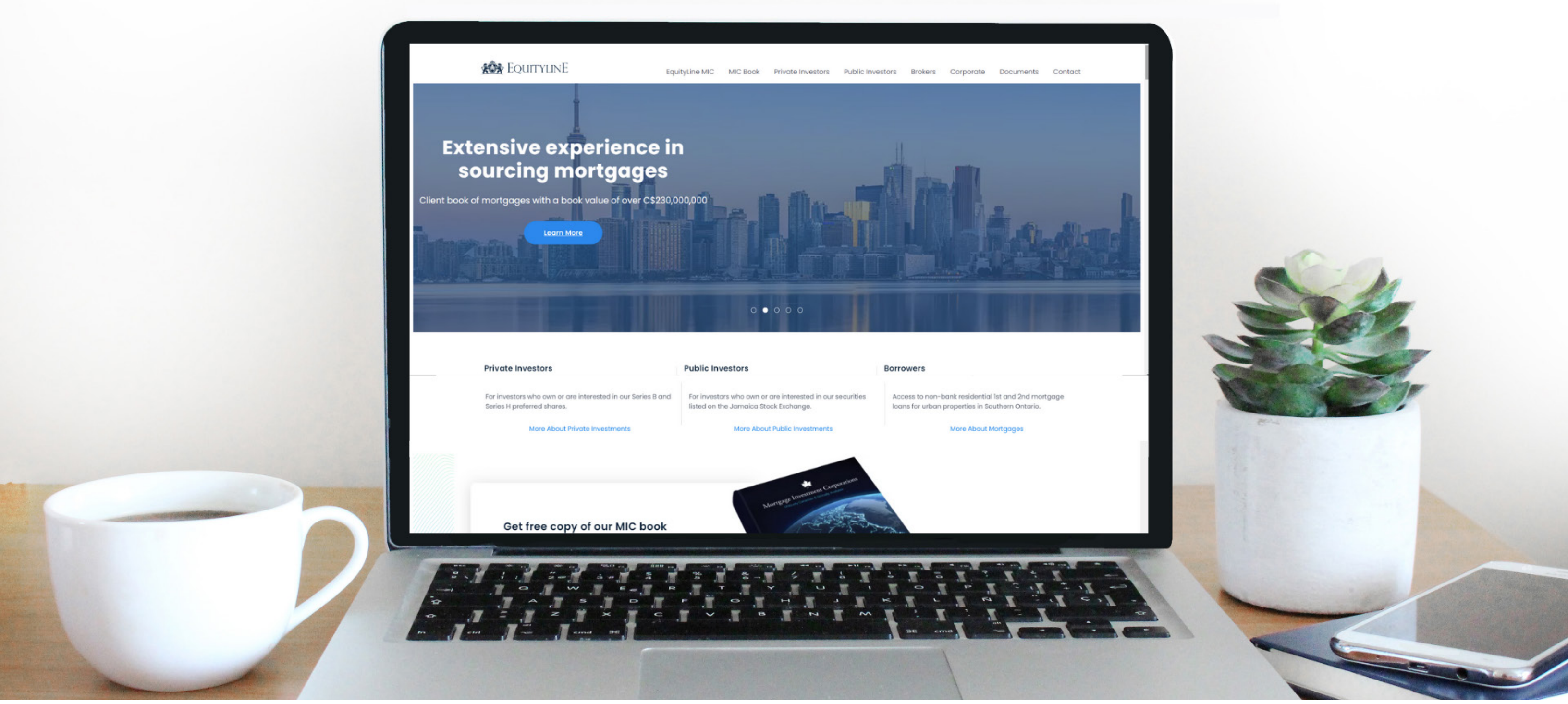
The terms, the “Company”, “we”, “us” and “our” in the following Management Discussion & Analysis (“MD&A”) refer to Equityline Mortgage Investment Corporation. (the “Company”). This MD&A may contain forward-looking statements relating to anticipated future events, results, circumstances, performance or 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 26, 2021. 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 the proceeds of 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, 2020. This MD&A should be read in conjunction with the audited financial statements for the year ended December 31, 2020 and 2019, 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.

SIGNIFICANT EVENTS

COVID-19 UPDATE

The Company's operations could be significantly adversely affected by the effects of the COVID-19 pandemic.

The Company cannot accurately predict the impact COVID-19 will have on its operations and the ability of others to meet their obligations to the Company. In addition, the outbreak of COVID-19 could result in a widespread health crisis that could adversely affect the economies and financial markets of many countries, resulting in an economic downturn that could further affect the Company's operations and ability of borrowers to repay their debt.

For year ended December 31, 2020, COVID-19 has had a minimal impact to the Company's income as evidenced by the fact that there were no defaults or N.S.F. cheques on its mortgage loans. The Company did not receive any notices of default within the mortgage loan portfolio as of the date of this MD&A. The Company is still expecting positive cash flows for the foreseeable future.

The COVID-19 pandemic has introduced uncertainty and volatility in global markets and economies. The Company is monitoring these developments and is prepared for potentially adverse impacts related to COVID19. The Company has a comprehensive pandemic and business continuity plan that is designed to mitigate business risks and their impacts on investors and borrowers.

RECENT DEVELOPMENTS AND OUTLOOK

(as of December 31, 2020)

The Corporation held **28 residential mortgages**

The Corporation held **3 commercial mortgages**

These mortgages yield an **average 11.22% return**

In 2019 the Company had 37 residential mortgages, 1 commercial mortgage, and 1 residential commercial mortgage. These mortgages yielded an average 11.63% return.

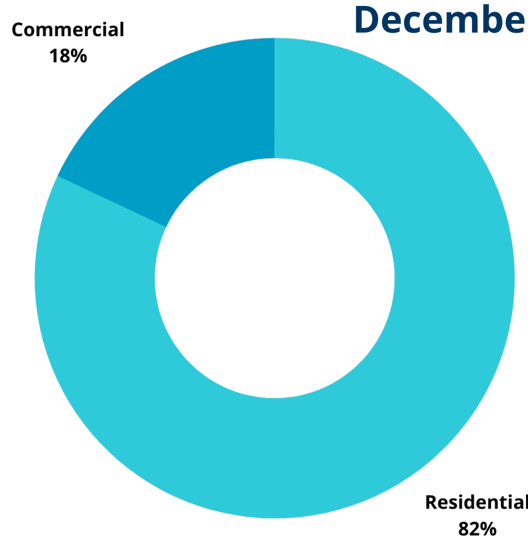
PORTFOLIO ACTIVITY

During year ended December 31, 2020, the Company funded 47 new mortgages totaling $14,806,886. 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 standards, thereby forcing borrowers to engage with private lenders as a result of the difficulty qualifying for institutional loans. The result has been a large increase in demand for more private mortgage products nationwide.

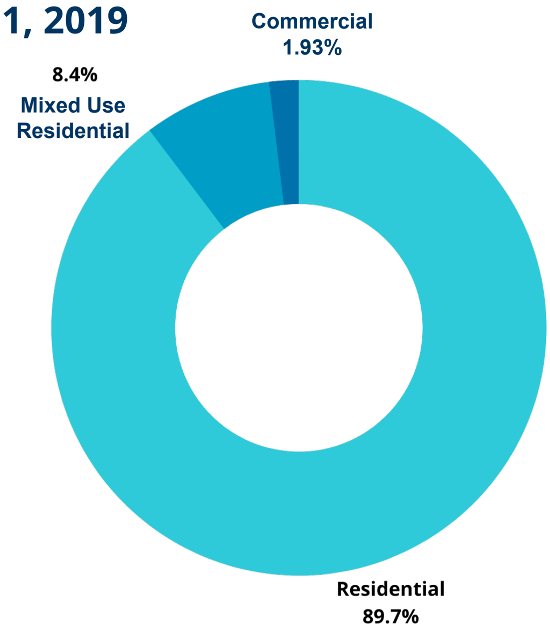
100% of the portfolio is invested in Ontario urban markets that generally experience better real estate liquidity in periods of uncertainty and thus offer a better risk profile offer a better risk profile.

MORTGAGES DEALS FUNDED (IN VALUE)

December 31, 2020



December 31, 2019

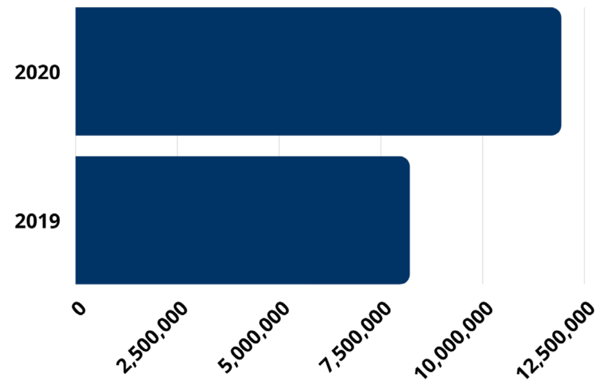


MORTGAGE AVERAGE RETURN

(as of December 31, 2020)

During the year, the Company earned $1,037,213 (2019 $752,690) of interest income on net mortgage investments while the weighted average interest rate on net mortgage investments for the year ended December 31, 2020 was 11.22%. 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 11.63%.

ASSETS UNDER MANAGEMENT
2019 versus 2020

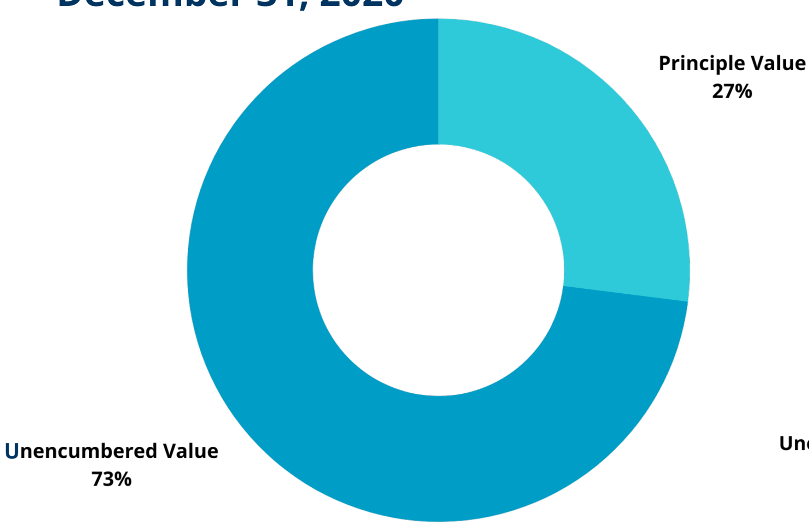


LOAN-TO-VALUE (LTV) OF PORTFOLIO

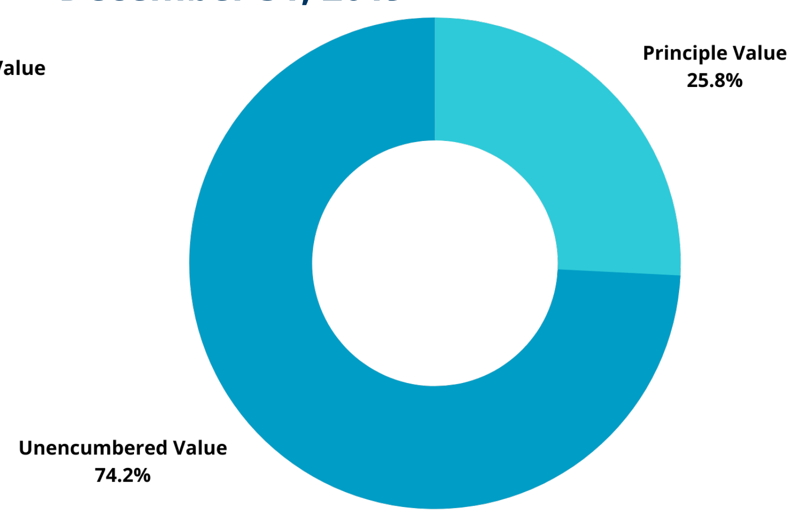
Funds are put towards a high-quality mortgage portfolio as part of a conservative investment approach. This portfolio of mortgages ended December 31, 2020 has an average loan-to-value of 73%. In 2019, the portfolio of mortgages had an average loan-to-value of 74%.

LOAN-TO-VALUE (IN %)

December 31, 2020



December 31, 2019



EXPENSES

Management Fees

The management fee paid by the Company is calculated as 1% per annum of the 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, 2020, the Company incurred management fees of $91, 851 (2019 - $81,138).

General and Administrative

For the year ended December 31, 2020, the Company incurred general and administrative expenses of $32,283 (2019 – $13,235). General and administrative expenses consist of listing fees, fees paid on custodial services, and other operating costs and administration of the mortgage portfolio.

HIGHLIGHTS OF FINANCIAL PERFORMANCE

For the year ended December 31, 2020, the Company incurred a net loss and comprehensive loss of $832,853. (2019 – net loss of $836,033).

An excerpt from the Audited Annual Statement of Loss and Comprehensive Income for Year ended December 31, 2020 and 2019 is as the following:

	DEC-30 2020	DEC-31 2019
NET INCOME	**3,650.00**	(56,868.00)
ACCRETION OF TRANSACTIONS COSTS	**(261,659.00)**	(237,973.00)
DISTRIBUTION TO SHAREHOLDERS OF SERIES A REDEEMABLE PREFERRED SHARES	**(574,844.00)**	(541,192.00)
NET LOSS AND COMPREHENSIVE INCOME	**$(832,853.00)**	$(836,033.00)

The accounting standards require that capital issued with a redemption option are required to be reported as a liability, costs associated with the issuance of same capital are amortized over the expected redemption period. As such, Series A redeemable Preferred shares have been classified as a long-term liability, therefore dividends paid on those shares are recorded as expenses and associated expenses are recorded as accretion of transaction.

SHAREHOLDERS' EQUITY

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 net proceeds of *$6,199,133* in Canadian dollars.

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, 2020, the Company distributed $574,844 or $0.21 CAD per Series A Redeemable Preferred Share. (2019 - $541,192, or $0.20 CAD per Series A Preferred Share).

RELATED PARTY TRANSACTIONS

As at December 31, 2020, "Due from related party" totalled $43,354 (2019 – $197,474). The amounts are non-interest bearing and are due on demand. The Company and the Manager are related by virtue of common ownership in management. The Manager provides servicing and administration services to the Company and all amounts are held in trust by the Manager.

As at December 31, 2020, "Due to related party" totalled $41,360 (2019 – Nil). These amounts are non-interest bearing and due on demand. For further details on related party transactions during the year we guide you to Note #6 of the 2020 Audited Financial Statements of the Company.

OUTSTANDING SHARE DATA

As at December 31, 2020, 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 $nil.

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 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, 2020, 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.

CORPORATE GOVERNANCE AND BOARD COMMITTEES

CORPORATE GOVERNANCE POLICY

The Company has developed a governance framework of procedures and controls in alignment with applicable securities laws. The Company's Governance Policy can be found at **EquityLineMic.com/documents.**

BOARD COMMITTEES

The Company's Board has established the following Board Committees:

1) **EquityLine MIC Governance Committee**
   Chaired by: Independent Director Don Hathaway

2) **EquityLine MIC Audit Committee**
   Chaired by: Independent Director Eric Klein

3) **EquityLine MIC Compensation Committee**
   Chaired by: Independent Director Mark Korol

Stability
Predictability
Diversification

EQUITYLINE
MORTGAGE INVESTMENT CORPORATION

Audited Year End Financial Statements

For the year ended December 31, 2020

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For the year ended December 31, 2020

Grant Thornton

Financial Statements

Equityline Mortgage Investment Corporation

December 31, 2020

(Expressed in Canadian dollars)

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Grant Thornton

Independent Auditor's Report

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To the Shareholders of
Equityline Mortgage Investment Corporation

Opinion

We have audited the financial statements of Equityline Mortgage Investment Corporation ("the Company"), which comprise the statements of financial position as at December 31, 2020, and 2019 and the statements of net loss and comprehensive loss, statements of changes in shareholders' deficiency and statements of cash flows for the years ended December 31, 2020 and December 31, 2019, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2020 and 2019, and its financial performance and its cash flows for the years ended December 31, 2020 and December 31, 2019 in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards (IFRSs), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor’s Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Frank Friedman.

Grant Thornton LLP

Markham, Canada
February 26, 2021

Chartered Professional Accountants
Licensed Public Accountants

Equityline Mortgage Investment Corporation
Statements of Financial Position

(Expressed in Canadian dollars)

December 31	2020	2019
Assets		
Current		
Cash and cash equivalents	**$ 437,969**	$ 193,556
Accounts receivable	**-**	28,280
Mortgage investments (Note 4)	**11,182,755**	7,785,878
Prepaid expenses	**254,413**	-
Withholding taxes recoverable	**7,386**	-
Due from related party (Note 6)	**43,354**	197,474
	$ 11,925,877	$ 8,205,188

	2020	2019
Liabilities		
Current		
Accounts payable and accrued liabilities	**$ 121,174**	$ 164,732
Prepaid mortgage interest	**26,596**	170,259
Withholding taxes payable	**-**	61,492
Distributions payable	**150,686**	53,027
Interest payable	**-**	10,721
Due to related parties (Note 6)	**41,360**	-
Short term debentures (Note 7)	**653,926**	2,100,000
	993,742	2,560,231
Long term debentures (Note 7)	**6,020,000**	-
Series A redeemable preferred shares (Note 8)	**6,580,875**	6,480,844
	13,594,617	9,041,075
Shareholders' Deficiency		
Share capital (Note 9)	**200**	200
Deficit	**(1,668,940)**	(836,087)
	(1,668,740)	(835,887)
	$11,925,877	$ 8,205,188

Contingent liability (Note 11)
COVID-19 (Note 15)

On behalf of the Board

Director — Sergiy Shchavyelyev

Director — Sergiy Przhebelskyy

See accompanying notes to the financial statements.

Equityline Mortgage Investment Corporation
Statements of Net Loss and Comprehensive Loss

(Expressed in Canadian dollars)

Year ended December 31	**2020**	2019
Mortgage interest income	**$ 1,037,213**	$ 752,690
Operating expenses		
Professional fees	**231,678**	312,514
Advertising and promotion	**138,492**	56,885
Consulting fees	**120,126**	650
Management fees (Note 6)	**91,851**	81,138
Director fees	**69,170**	73,000
General and administrative	**32,283**	13,235
Referral fees	**29,000**	1,000
Provision for mortgage investment losses	**20,000**	39,000
Business taxes, licenses and memberships	**19,346**	1,695
Insurance	**11,786**	11,826
Travel	**11,382**	14,632
Research fees	**-**	21,000
Custodial services	**-**	19,210
	775,114	645,785
Income before finance expenses	**262,099**	106,905
Finance expenses		
Interest and bank charges	**377,925**	163,483
Realized foreign exchange loss (gain)	**33,419**	(22,599)
Unrealized foreign exchange (gain) loss	**(152,895)**	22,889
Accretion of transaction costs of short term debentures	**8,734**	-
Accretion of transaction costs of Series A redeemable preferred Shares	**252,925**	237,973
Distributions to shareholders of Series A redeemable preferred shares	**574,844**	541,192
	1,094,952	942,938
Net loss and comprehensive loss	**$ (832,853)**	$ (836,033)
Loss per common share (Note 10)	**$ (4,164)**	$ (0.96)

See accompanying notes to the financial statements.

Equityline Mortgage Investment Corporation
Statements of Changes in Shareholders' Deficiency
(Expressed in Canadian dollars)

	Share Capital	Deficit	Total Shareholders' Deficiency
Balance at January 1, 2019	$ 200	$ (54)	$ 146
Net loss and comprehensive loss	-	(836,033)	(836,033)
Balance at December 31, 2019	$ 200	$ (836,087)	$ (835,887)
Balance at January 1, 2020	$ 200	$ (836,087)	$ (835,887)
Net loss and comprehensive loss	-	(832,853)	(832,853)
Balance at December 31, 2020	**$ 200**	**$ (1,668,940)**	**$ (1,668,740)**

See accompanying notes to the financial statements.

Equityline Mortgage Investment Corporation
Statements of Cash Flows
(Expressed in Canadian dollars)

Year ended December 31	**2020**	2019
Increase (decrease) in cash and cash equivalents		
Operating		
Net loss	**$ (832,853)**	$ (836,033)
Accretion of transaction costs of short term debentures	**8,734**	-
Accretion of transaction costs of Series A redeemable preferred shares	**252,925**	237,973
Provision for mortgage investment losses	**20,000**	39,000
Unrealized foreign exchange (gain) loss	**(152,895)**	22,889
	(704,089)	(536,171)
Changes in non-cash working capital items		
Accounts receivable	**28,280**	(28,280)
Prepaid expenses	**(254,413)**	-
Accounts payable and accrued liabilities	**(43,558)**	164,732
Withholding taxes recoverable/payable	**(68,878)**	61,492
Interest payable	**(10,721)**	10,721
Distributions payable	**97,659**	53,027
Prepaid mortgage interest	**(143,663)**	170,259
	(1,099,383)	(104,220)
Financing		
Repayment of advances from (to) related parties, net	**195,480**	(197,474)
Net proceeds from issuance of Series A redeemable preferred shares, net of financing costs	**-**	6,219,982
Proceeds from issuance of debentures, net of financing costs	**5,215,193**	2,600,000
Repayment of debentures	**(650,000)**	(500,000)
	4,760,673	8,122,508
Investing		
Investments in mortgage investments, net of discharges	**(3,416,877)**	(7,824,878)
Increase in cash and cash equivalents	**244,413**	193,410
Cash and cash equivalents, beginning of year	**193,556**	146
Cash and cash equivalents, end of year	**$ 437,969**	$ 193,556

See accompanying notes to the financial statements.

1. Nature of business

Equityline Mortgage Investment Corporation (the "Company") is a mortgage investment corporation domiciled in Canada. The Company is incorporated under the laws of the Province of Ontario. The registered office of the Company is Suite 338 - 550 Highway 7 Avenue East, Richmond Hill, Ontario L4B 3Z4. The Company was managed by Equityline Service Corporation (“the Manager”). The Series A preference shares of the Company are listed on the Jamaica Stock Exchange (JSE) under the symbol "ELMIC".

The investment objective of the Company is to acquire mortgages and maintain a portfolio of mortgages consisting primarily of residential Non-Conventional Mortgages and Alt-A Mortgages that generates attractive returns relative to risk in order to permit the Corporation to pay dividends to its shareholders.

2. Basis of presentation

Statement of compliance

The financial statements of the Company have been prepared by management in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB").

The audited financial statements were approved by the Board of Directors on February 26, 2021.

Basis of measurement:

The financial statements have been prepared on the historical cost basis, except for financial instruments classified as fair value through profit or loss ("FVTPL") which are measured at fair value at each reporting date.

Functional and presentation currency

These financial statements are presented in Canadian dollars, which is the Company’s functional currency.

Critical accounting estimates, assumptions and judgments

In the preparation of these audited financial statements, Equityline Services Corporation (the “Manager”) has made judgments, estimates and assumptions that affect the application of the Company’s accounting policies and the reported amounts of assets, liabilities, income and expenses.

In making estimates, the Manager relies on external information and observable conditions where possible, supplemented by internal analysis as required. There are no known trends, commitments, events or uncertainties that the Manager believes will materially affect the methodology or assumptions utilized in making those estimates and judgments in these statements. The significant estimates and judgments used in determining the recorded amount for assets and liabilities in the statements are as follows:

2. Basis of presentation (continued)

Critical accounting estimates, assumptions and judgments (continued)

Classification of mortgage investments

Mortgage investments are classified based on the business model for managing assets and the contractual cash flow characteristics of the asset. The Manager exercises judgment in determining both the business model for managing the assets and whether cash flows of the asset comprise solely payments of interest.

Provision for impairment

The most significant estimates that the Company is required to make relate to the impairment of the investments (Note 4). These estimates include assumptions regarding local real estate market conditions, interest rates and the availability of credit, cost and terms of financing, the impact of present or future legislation or regulation, prior encumbrances, adverse changes in the payment status of borrowers, and other factors affecting the investments and underlying security of the investments. These assumptions are limited by the availability of reliable comparable data, economic uncertainty, ongoing geopolitical concerns, and the uncertainty of predictions concerning future events. Accordingly, by their nature, estimates of impairment are subjective and do not necessarily result in precise determinations of the actual outcome. Should the underlying assumptions change, the estimated fair value could vary by a material amount.

Classification of investment portfolio - Investment portfolio is classified based on the assessment of business model and the cash flow characteristics of the investments. The Company exercises judgement in determining the classification of loans in the investment portfolio into measurement categories (Note 3).

Measurement of expected credit loss

The determination of allowance for credit losses takes into account different factors and varies by nature of investment. These judgments include changes in circumstances that may cause future assessments of credit risk to be materially different form current assessments, which would require an increase or decrease in the allowance of credit risk. (Note 4).

Measurement of fair values

The Company's accounting policies and disclosures require the measurement of fair values for both financial and non-financial assets and liabilities.

When measuring the fair value of an asset or liability, the Company uses market observable data where possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
Level 3: Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

2. Basis of presentation (continued)

Critical accounting estimates, assumptions and judgments (continued)

Measurement of fair values (continued)

The Manager reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or appraisals are used to measure fair values, the Manager will assess the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of IFRS, including the level in the fair value hierarchy in which such valuations should be classified.

The impact of COVID-19

The Manager exercises judgment in determining the impact the pandemic disease may have to the Company. Refer to Note 15 of the financial statements which further describes how the pandemic could affect the Company's operations.

3. Summary of significant accounting policies

(a) Cash and cash equivalents

The Company considers highly liquid investments with an original maturity of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value to be cash equivalents. Cash and cash equivalents are classified and measured at amortized cost.

(b) Mortgage investments

Mortgage investments are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, the mortgage investments are measured at amortized cost using the effective interest method, less any impairment losses. Mortgage investments are assessed on each reporting date to determine whether there is objective evidence of impairment.

A financial asset is considered to be impaired only if objective evidence indicates that one or more loss events have occurred after its initial recognition that have a negative effect on the estimated future cash flows of that asset. The estimation of future cash flows includes assumptions about local real estate market conditions, market interest rates, availability and terms of financing, underlying value of the security and various other factors. These assumptions are limited by the availability of reliable comparable market data, economic uncertainty and the uncertainty of future events. Accordingly, by their nature, estimates of impairment are subjective and may not necessarily be comparable to the actual outcome. Should the underlying assumptions change, the estimated future cash flows could vary materially.

3. Summary of significant accounting policies (continued)

(b) Mortgage investments (continued)

The Company consider evidence of impairment for mortgage investments at both a specific asset and collective level. All individually significant mortgage investments are assessed for specific impairment. Those found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but is not yet identifiable at an individual mortgage level. Mortgage investments that are not individually significant are collectively assessed for impairment by grouping together mortgage investments with similar risk characteristics.

(c) Mortgage interest income

Interest and other income includes interest earned on the Company's mortgage investments and interest earned on cash and cash equivalents. Interest income earned on mortgage and other investments is accounted for using the effective interest rate method.

(d) Income taxes

The Company is a mortgage investment corporation ("MIC") pursuant to the Income Tax Act (Canada). As such, the Company is entitled to deduct from its taxable income dividends paid to shareholders during the year or within 90 days of the end of the year to the extent the dividends were not deducted previously. The Company intends to maintain its status as a MIC and intends to distribute sufficient dividends in the year and in future years to ensure that the Company is not subject to income taxes. Accordingly, for financial statement reporting purposes, the tax deductibility of the Company's dividends results in the Company being effectively exempt from taxation and no provision for current or future income tax is required for the Company.

(e) Foreign currency forward contracts

The Company may enter into foreign currency forward contracts to economically hedge its foreign currency risk exposure of its mortgage and other investments that are denominated in foreign currencies. The value of forward currency contracts entered into by the Company is recorded as the difference between the value of the contract on the reporting period and the value on the date the contract originated. Any resulting gain or loss is recognized in the statement of net income and comprehensive income unless the foreign currency contract is designated and effective as a hedging instrument under IFRS. The Company has elected to not account for the foreign currency contracts as an accounting hedge.

3. Summary of significant accounting policies (continued)

(f) Financial instruments

Classification & Measurement of Financial Assets

Recognition and initial measurement

The Company on the date of origination or purchase recognizes loans, debt and equity securities, deposits and subordinated debentures at the fair value of consideration paid. Regular-way purchases and sales of financial assets are recognized on the settlement date. All other financial assets and liabilities are initially recognized on the date at which the Company becomes a party to the contractual provisions of the instrument.

The initial measurement of a financial asset or liability is at fair value plus transaction costs that are directly attributable to its purchase or issuance. For instruments measured at fair value through profit or loss, transaction costs are recognized immediately in profit or loss.

Classification and subsequent measurement - financial assets

Financial assets are classified into one of the following measurement categories:
- amortized cost;
- fair value through other comprehensive income ("FVOCI") - debt investment; or
- FVTPL.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:
- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:
- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of interest on the principal amount outstanding.

The Company has no debt investments measured at FVOCI.

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets.

3. Summary of significant accounting policies (continued)

(f) Financial instruments (continued)

Classification and subsequent measurement - financial assets (continued)

Financial assets - Business model assessment

The Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management.

The information considered includes:

- the objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realizing cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Company's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- the frequency, volume and timing of sales of financial assets in prior periods. The reasons for such sales and expectation about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Financial assets - assessment whether contractual cash flows are solely payments of interest

For the purposes of this assessment, 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable rate features;
- prepayment and extension features; and
- terms that limit the Company's claim to cash flows from specified assets.

3. Summary of significant accounting policies (continued)

(f) Financial instruments (continued)

Classification and subsequent measurement - financial assets (continued)

Financial assets - assessment whether contractual cash flows are solely payments of interest (continued)

A prepayment feature is consistent with the solely payments of interest criterion if the prepayment amount substantially represents unpaid amounts of interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract.

Subsequent measurement and gains and losses – financial assets

Financial assets classified at FVTPL

Measured at fair value. Net gains and losses, including any interest, are recognized in net income and comprehensive income.

Financial assets classified at amortized cost

Measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in net income and comprehensive income. Any gain or loss on derecognition is recognized in net income and comprehensive income.

Debt investments classified at FVOCI

Measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in Other Comprehensive Income ("OCI"). On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

Financial assets

The Company classified its financial assets into one of the following categories:

Financial Instrument	Classification and measurement
Financial Assets:	
Mortgage loans	Amortized cost
Cash and cash equivalents	Amortized cost
Accounts receivable	Amortized cost
Due from related party	Amortized cost

3. Summary of significant accounting policies (continued)

(f) Financial instruments (continued)

Classification, subsequent measurement and gains and losses - financial liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as measured at FVTPL if it is classified as held for trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

The Company classified its financial liabilities into one of the following categories:

Financial Instrument	Classification and measurement
Financial Liabilities:	
Accounts payable	Amortized cost
Debentures	Amortized cost
Series A redeemable preferred shares	Amortized cost
Due to related parties	Amortized cost

Impairment of financial assets

The Company recognizes loss allowances for expected credit loss ("ECL") on financial assets measured at amortized cost, unfunded loan commitments and financial guarantee contracts. The Company applies a three-stage approach to measure allowance for credit losses. The Company measures loss allowance at an amount equal to 12 months of expected losses for performing loans if the credit risk at the reporting date has not increased significantly since initial recognition (Stage 1) and at an amount equal to lifetime expected losses on performing loans that have experienced a significant increase in credit risk since origination (Stage 2) and at an amount equal to lifetime expected losses which are credit impaired (Stage 3).

The determination of a significant increase in credit risk takes into account different factors and varies by nature of investment. The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due interest payment or maturity date, and borrower specific criteria as identified by the Manager. As is typical in shorter duration, structured financing, the Manager does not solely believe there has been a significant deterioration in credit risk or an asset to be credit impaired if mortgage and other investments to go into overhold position past the maturity date for a period greater than 30 days or 90 days, respectively. The Manager actively monitors these mortgage and other investments and applies judgment in determining whether there has been significant increase in credit risk. The Company considers a financial asset to be credit impaired when the borrower is more than 90 days past due and when there is objective evidence that there has been a deterioration of credit quality to the extent the Company no longer has reasonable assurance as to the timely collection of the full amount of interest or/and when the Company has commenced enforcement remedies available to it under its contractual agreements.

3. Summary of significant accounting policies (continued)

(f) Financial instruments (continued)

Impairment of financial assets (continued)

The assessment of significant increase in credit risk requires experienced credit judgment. In determining whether there has been a significant increase in credit risk and in calculating the amount of expected credit losses, the Manager relies on estimates and exercises judgment regarding matters for which the ultimate outcome is unknown. These judgments include changes in circumstances that may cause future assessments of credit risk to be materially different from current assessments, which could require an increase or decrease in the allowance for credit losses. In cases where a borrower experiences financial difficulties, the Company may grant certain concessionary modifications to the terms and conditions of a loan. Modifications may include payment deferrals, extension of amortization periods, debt consolidation, forbearance and other modifications intended to minimize the economic loss and to avoid foreclosure or repossession of collateral. The Company determines the appropriate remediation strategy based on the individual borrower. If the Company determines that a modification results in expiry of cash flows, the original asset is derecognized while a new asset is recognized based on the new contractual terms. Significant increase in credit risk is assessed relative to the risk of default on the date of modification. If the Company determines that a modification does not result in derecognition, significant increase in credit risk is assessed based on the risk of default at initial recognition of the original asset. Expected cash flows arising from the modified contractual terms are considered when calculating the ECL for the modified asset. For loans that were modified while having a lifetime ECL, the loans can revert to having 12-month ECL after a period of performance and improvement in the borrower's financial condition.

Measurement of ECLs

ECLs are probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset. Lifetime ECLs are the ECLs that result from all possible default event over the expected life of a financial instrument. 12-months ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months. The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

When determining the expected credit loss provision, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. The Manager consider past events, current market conditions and reasonable forward-looking supportable information about future economic conditions. In assessing information about possible future economic conditions, the Manager utilized multiple economic scenarios including a base case, which represents the most probable outcome and is consistent with our view of the portfolio. In considering the lifetime of a loan, the contractual period of the loan, including prepayment, extension and other options is generally used.

3. Summary of significant accounting policies (continued)

(f) Financial instruments (continued)

Measurement of ECLs (continued)

The calculation of expected credit losses includes the explicit incorporation of forecasts of future economic conditions. In determining expected credit losses, the Manager has considered key macroeconomic variables that are relevant to each investment type. Key economic variables include unemployment rate, housing price index and interest rates. The estimation of future cash flows also includes assumptions about local real estate market conditions, availability and terms of financing, underlying value of the security and various other factors. These assumptions are limited by the availability of reliable comparable market data, economic uncertainty and the uncertainty of future events. Accordingly, by their nature, estimates of impairment are subjective and may not necessarily be comparable to the actual outcome. Should the underlying assumptions change, the estimated future cash flows could vary. The forecast is developed internally by the Manager. The Manager exercises experienced credit judgment to incorporate multiple economic forecasts which are probability-weighted in the determination of the final expected credit loss. The allowance is sensitive to changes in both economic forecast and the probability- weight assigned to each forecast scenario.

Credit-impaired financial assets

Allowances for Stage 3 are recorded for individually identified impaired loans to reduce their carrying value to the expected recoverable amount. The Manager reviews the loans on an ongoing basis to assess whether any loans carried at amortized cost should be classified as credit impaired and whether an allowance or write-off should be recorded. The review of individually significant problem loans is conducted at least quarterly by the Manager, who assesses the ultimate collectability and estimated recoveries for a specific loan based on all events and conditions that are relevant to the loan. To determine the amount the Manager expects to recover from an individually significant impaired loan, the Manager uses the value of the estimated future cash flows discounted at the loan’s original effective interest rate. The determination of estimated future cash flows of a collateralized impaired loan reflects the expected realization of the underlying security, net of expected costs and any amounts legally required to be paid to the borrower.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial asset measured at amortized cost are deducted from the gross carrying amount of the asset.

Write-offs

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectation of recovering a financial asset in its entirely or a portion thereof. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

3. Summary of significant accounting policies (continued)

(g) Derecognition of financial assets and liabilities

Financial assets

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred, or in which the Company neither transfers nor retains substantially all the risks and rewards of ownership and it does not retain control of the financial asset. Any interest in such transferred financial assets that does not qualify for derecognition that is created or retained by the Company is recognized as a separate asset or liability. On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset transferred), and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognized in other comprehensive income is recognized in profit or loss.

The Company enters into transactions whereby it transfers mortgage investments recognized on its statement of financial position, but retains either all, substantially all, or a portion of the risks and rewards of the transferred mortgage investments. If all or substantially all risks and rewards are retained, then the transferred mortgage or loan investments are not derecognized. In transactions in which the Company neither retains nor transfers substantially all the risks and rewards of ownership of a financial asset and it retains control over the asset, the Company continues to recognize the asset to the extent of its continuing involvement, determined by the extent to which it is exposed to changes in the value of the transferred asset.

Financial liabilities

The Company derecognizes a financial liability when the obligation under the liability is discharged, cancelled or expires.

(h) Adoption of new accounting standards

The Company has not adopted any new accounting standards that had a material impact on the Company's financial statements.

Future accounting policy changes

At the date of authorization of these financial statements, several new, but not yet effective, standards and amendments to existing standards, and interpretations have been published by the IASB. None of these standards or amendments to existing standards have been adopted early by the Company.

Management anticipates that all relevant pronouncements will be adopted for the first period beginning on or after the effective date of the pronouncement. New standards, amendments and interpretations not adopted in the current year have not been disclosed as they are not expected to have a material impact on the Company's financial statements.

(Expressed in Canadian dollars)

4. Mortgage investments

	2020	**Number**	2019	Number
Residential	**$ 9,169,982**	**28**	$ 7,602,748	38
Commercial	**1,981,500**	**3**	150,000	1
	11,151,482	**31**	7,752,748	39
Accrued interest receivable (net of servicing fees)	**90,273**		72,130	
	11,241,755		7,824,878	
Allowance for loan losses	**(59,000)**		(39,000)	
	$ 11,182,755		$ 7,785,878	

	2020	**%**	2019	%
Interest in first mortgages	**$ 3,684,123**	**33%**	$ 927,613	5%
Interest in non-first mortgages	**7,557,632**	**67%**	6,897,265	95%
	11,241,755	**100%**	7,824,878	100%
Allowance for loan losses	**(59,000)**		(39,000)	
	$ 11,182,755		$ 7,785,878	

The following table presents the gross carrying amounts of mortgage investments subject to IFRS 9 impairment requirements.

Allowance for credit losses

Allowance on performing loans

The mortgage investments are assessed at each reporting date to determine whether there is objective evidence of expected credit losses. The ECL model requires the recognition of credit losses based on 12 months of expected losses for performing loans (Stage 1) and the recognition of lifetime expected losses on performing loans that have experienced a significant increase in credit risk since origination (Stage 2). As at December 31, 2020, a provision for expected credit losses on the mortgage investments was recorded of $59,000 (2019 - $39,000).

Allowance on impaired loans

Allowance for impaired loans (Stage 3) are recorded for individually identified impaired loans to reduce their carrying value to the expected recoverable amount. As at December 31, 2020 and 2019, there were no impaired mortgage investments.

(Expressed in Canadian dollars)

4. Mortgage investments (continued)

Loans are broken down into the different stages as follows:

	Stage 1	Stage 2	Stage 3	Total
Residential				
Gross mortgage investments	$ 9,242,802	$ -	$ -	$ 9,242,802
Allowance for loan losses	(48,509)	-	-	(48,509)
Mortgage investment, net of allowance	9,194,293	-	-	9,194,293
Commercial				
Gross mortgage investments	1,998,953	-	-	1,998,953
Allowance for loan losses	(10,491)	-	-	(10,491)
Mortgage investment, net of allowance	1,988,462	-	-	1,988,462
Total mortgage loans	**$ 11,182,755**	**$ -**	**$ -**	**$ 11,182,755**

The Company uses the following internal risk ratings for credit risk purposes:

Low Risk: Mortgage investments that exceed the credit risk profile standard of the Company with a below average probability of default. Yields on these investments are expected to trend lower than the Company's average portfolio.

Medium-Low: Mortgage investments that are typical for the Company's risk appetite, credit standards and retain a below average probability of default. These mortgage and loan investments are expected to have average yields and would represent a significant percentage of the overall portfolio.

Medium-High: Mortgage investments within the Company's risk appetite and credit standards with an average probability of default. These investments typically carry attractive risk- return yield premiums.

High Risk: Mortgage investments within the Company's risk appetite and credit standards that have an additional element of credit risk that could result in an above average probability of default. These mortgage and loan investments carry a yield premium in return for their incremental credit risk. These mortgage and loan investments are expected to represent a small percentage of the overall portfolio.

Default: Mortgage investments that are 90 days past due and when there is objective evidence that there has been a deterioration of credit quality to the extent the Company no longer has reasonable assurance as to the timely collection of the full amount of principal and interest and/or when the Company has commenced enforcement remedies available to it under its contractual agreements.

All Mortgage investments held at December 31, 2020 are classified as Medium-low risk.

The mortgage loans bear interest at the weighted average rate of 11.22% (2019- 11.63%).

(Expressed in Canadian dollars)

5. Management fees

The Manager is responsible for day-to-day operations including administration of the Company's mortgage portfolio. Pursuant to the management agreement, the Manager is entitled to 1% per annum of the gross 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, 2020, the Company incurred management fees of $91,202 (2019 - $81,138).

6. Related party transactions and balances

Due from related party

	2020	2019
Equityline Services Corp. (the Manager)	**$ 43,354**	$ 197,474

Due to related parties

	2020	2019
VeleV Capital CP Inc. (GP Inc.)	**$ 30,153**	$ -
Equityline Financial Corp.	**11,207**	-
	$ 41,360	$ -

The amount receivable from the Manager is non-interest bearing, and due on demand. The Manager is related to the Company by virtue of common ownership and management.

As at December 31, 2020, included in due from related party is $10,608 (2019 - $121,625) of cash held in trust by the Manager. The Manager provides mortgage servicing and administration services to the Company. The balance relates to mortgage funding holdbacks and prepaid mortgage interest received from various borrowers.

The amount payable to GP Inc. and Equityline Financial Corp. are non-interest bearing and due on demand. GP Inc. and Equityline Financial Corp. are related to the Company by virtue of common ownership and management.

During the year, the Company issued debentures for $4,670,000 to GP Inc. with a maturity date of January 3, 2023. On August 20, 2020, GP Inc. assigned $940,000 of the debentures to Equityline Capital Limited. Equityline Capital Limited is related to the Company by virtue of common ownership and management. The Company repaid $650,000 of the debentures issued to GP Inc. during the year. Refer to Note 7 which further describes the terms and conditions of the debentures.

During 2019, the Company issued two debentures for $1,500,000 and $1,000,000 to Bonello Holdings Limited each with a maturity date of September 11, 2019. On October 8, 2019, the Company repaid $500,000 of the $1,000,000 debenture issued to Bonello Holdings Limited. Bonello Holdings Limited is related to the Company by way of common ownership and management.

On December 1, 2019, Bonello Holdings Limited assigned the outstanding balances of the debentures to Velev Capital Inc., a company under control.

(Expressed in Canadian dollars)

6. Related party transactions and balances (continued)

During 2019, Equityline Financial Corp. charged the Company $99,211 for management services provided to list the Series A Preference shares on the Jamaican Stock Exchange. This charge has been included in financing costs of the redeemable preferred shares (Note 8).

During the year, the Company paid management fees of $91,851 (2019 - $81,138) to the Manager.

These related party transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

7. Debentures

Short term debentures are comprised of as follows:

	2020	2019
Issued		
Due December 2, 2021 carrying interest rate of 8%	$ 250,000	$ -
Due on December 17, 2021, carrying interest rate of 8%	400,000	-
Due on demand, carrying interest rate of 8% (Note 6)	-	1,500,000
Due on demand, carrying interest rate of 8% (Note 6)		500,000
Due on demand, carrying interest rate of 9%	100,000	100,000
	750,000	2,100,000
Less: transaction costs	(104,808)	-
	645,192	2,100,000
Accretion of transaction costs	8,734	-
Short term debentures, end of period	$ 653,926	$ 2,100,000

Long term debentures are comprised of as follows:

	2020	2019
Issued		
Due January 3, 2023, carrying interest rate of 8% (Note 6)	$ 5,080,000	$ -
Due August 20, 2022, carrying interest rate of 8% (Note 6)	940,000	-
Debentures, end of period	$ 6,020,000	$ -
Total debentures	$ 6,673,926	$ 2,100,000

On January 3, 2020, the Company established a revolving debenture facility of $8,000,000 with VeleV Capital GP Inc. As at December 31, 2020, the balance of the facility was $5,080,000.

On August 20, 2020, VeleV Capital GP Inc. assigned $940,000 of long term debentures to Equityline Capital Limited (Jamaica) due August 20, 2022.

During the year, the Company issued short term debentures for proceeds of $650,000 with maturity dates ranging from December 2, 2021 to December 17, 2021.

(Expressed in Canadian dollars)

7. Debentures (continued)

During 2019, the Company issued convertible debentures at the option of the Company for proceeds of $2,600,000, with maturity dates ranging from September 11, 2019 to December 20, 2019. The convertible debentures were convertible for 1 Series C non-voting shares for every $1 outstanding. On initial measurement of the convertible debentures, management determined the underlying debentures were equity instruments and measured at its carrying value of $2,600,000. On July 11, 2019, the terms of the convertible debentures were amended to remove the conversion right. Thereafter, the debentures are repayable in cash on maturity.

The short term and long term debentures are secured by a general security agreement constituting a charge on all of the assets of the Company ranking equal with the holders of the Series A redeemable preferred shares.

Interest costs of $376,785 (2019- $160,992) related to the debentures are recorded in financing costs using the effective interest rate method.

8. Series A redeemable preferred shares

Series A Redeemable Preferred Shares

	2020		2019	
	Shares	**Amount**	Shares	Amount
Shares outstanding at the beginning of the year	**2,683,400**	**$ 6,980,538**	-	$ -
Issuance of Series A preferred shares	**-**	**-**	2,683,400	6,936,800
Foreign currency revaluation	**-**	**(152,895)**	-	43,738
Less: transaction costs	**-**	**(737,667)**	-	(737,667)
	2,683,400	**6,089,976**	2,683,400	6,242,871
Accretion of transaction costs	**-**	**490,899**	-	237,973
	2,683,400	**$ 6,580,875**	2,683,400	$ 6,480,844

On January 18, 2019, the Company completed a public offering of 2,683,400 Series A redeemable preferred shares for a total of net proceeds of $6,480,844.

There is an unlimited number of Series A redeemable preferred shares available for issue. The shares are non-voting and redeemable at $2.00 USD per share.

Distributions to shareholders of Series A redeemable preferred shares

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 year ended December 31, 2020, the Company declared dividends of $574,844 (2019 - $541,192), or $0.21 CAD ($0.16 USD) (2019 - $0.20 CAD ($0.16 USD)) per Series A preferred share.

(Expressed in Canadian dollars)

9. Share capital

Authorized:
Unlimited as to number

Voting common shares

Series A preferred shares, non-voting, redeemable by the Company after 24 months and retractable by the holder after 36 months at $2.00 USD per share with a right to a monthly dividend of $0.01333 USD ($0.16 USD annually).

Series B preferred shares, non-voting, redeemable and retractable at $10.00 per share with a right to an annual cumulative dividend of 8.0% paid monthly.

Series H non-voting shares, redeemable and retractable at $10.00 per share with a right to an annual cumulative dividend of 8.0% paid monthly.

	2020	2019
Issued		
200 voting common shares	**$ 200**	$ 200

During the year, the Company issued articles of amendment whereby the Series B were newly authorized for issuance and Series C and F were cancelled.

10. Earnings per share

Basic earnings per share are calculated by dividing total net income and comprehensive income by the weighted average number of common shares during the period.

The debentures issued at March 11, 2019 were convertible at the option of the Company and therefore were considered an equity instrument. This convertible feature was removed on July 11, 2019. The convertible feature allowed the Company to convert the debentures into non-voting common shares having the same attributes as the voting common shares that are issued. In 2019, the basic earnings per share calculation includes the issued voting common shares and the effect of the debentures being classified as an equity instrument until July 11, 2019. In 2020, the basic earnings per share calculation only includes the voting common shares.

The following table shows the computation of per share amounts:

	2020	2019
Net loss and comprehensive loss	**$ (832,853)**	$ (836,033)
Weighted average number of common shares - basic	**200**	869,241
Loss per common share – basic	**(4,164)**	(0.96)

11. Contingent liability

In the ordinary course of business activities, the Company may be contingently liable for litigation and claims arising from investing in mortgage investments and other investments. Where required, management records adequate provisions in the accounts.

Although it is not possible to accurately estimate the extent of potential costs and losses, if any, management believes that the ultimate resolution of such contingencies would not have a material adverse effect on the Company's financial position.

Currently, there are no contingent liabilities or litigations.

12. Financial instruments

The Company is exposed to the symptoms and effects of global economic conditions and other factors that could adversely affect its business, financial condition and operating results. Many of these risk factors are beyond the Company's direct control. The Manager and Board of Directors play an active role in monitoring the Company's key risks and in determining the policies that are best suited to manage these risks. There has been no change in the process since the previous year.

The Company's business activities, including its use of financial instruments, exposes the Company to various risks, the most significant of which are market rate risk (interest rate risk and currency risk), credit risk, and liquidity risk.

Credit risk

Credit risk is the risk that a borrower may be unable to honour its debt commitments as a result of a negative change in market conditions that could result in a loss to the Company. The Company mitigates this risk by the following:

i. adhering to the investment restrictions and operating policies included in the asset allocation model (subject to certain duly approved exceptions);
ii. ensuring all new mortgage investments are approved by the investment committee before funding; and
iii. actively monitoring the mortgage investments and initiating recovery procedures, in a timely manner, where required.

The Company's primary exposure to credit risk at December 31, 2020 is its mortgage investments of $11,182,755 (2019 - $7,785,878). However, the exposure to risk is mitigated by security against the assets of the borrowers.

The Company has recourse under these mortgages and in the event of default by the borrower; in which case, the Company would have a claim against the underlying collateral.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting its financial obligations as they become due. This risk arises in normal operations from fluctuations in cash flow as a result of the timing of mortgage investment advances and repayments and the need for working capital. Management routinely forecasts future cash flow sources and requirements to ensure cash is efficiently utilized.

12. Financial instruments (continued)

The following are the contractual maturities of financial liabilities as at December 31, 2020 and December 31, 2019:

2020	Carrying values	Contractual cash flows	Within a year	1 to 3 years	3 to 5 years
Accounts payable and accrued liabilities	$ 121,174	$ 121,174	$ 121,174	$ -	$ -
Distributions payable	150,686	150,686	150,686	-	-
Due to related parties	41,360	41,360	41,360	-	-
Prepaid mortgage interest	26,596	26,596	26,596	-	-
Short term debentures	653,926	750,000	750,000	-	-
Debentures	6,020,000	6,020,000	-	6,020,000	-
Series A redeemable preferred shares	6,580,875	6,827,643	-	-	6,827,643
	$ 13,594,617	$ 13,937,459	$ 1,089,816	$ 6,020,000	$ 6,827,643

2019	Carrying values	Contractual cash flows	Within a year	1 to 3 years	3 to 5 years
Accounts payable and accrued liabilities	$ 164,732	$ 164,732	$ 164,732	$ -	$ -
Withholding tax payable	61,492	61,492	61,492	-	-
Distributions payable	53,027	53,027	53,027	-	-
Interest payable	10,721	10,721	10,721	-	-
Prepaid mortgage interest	170,259	170,259	170,259	-	-
Debentures	2,100,000	2,100,000	2,100,000	-	-
Series A redeemable preferred shares	6,480,844	6,980,538	-	-	6,980,538
	$ 9,041,075	$ 9,540,769	$ 2,560,231	$ -	$ 6,980,538

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. The Company is exposed to currency risk primarily from other investments that are denominated in a currency other than the Canadian dollar. The Company does not use foreign currency forwards to hedge the principal balance of future earnings and cash flows caused by movements in foreign exchange rates.

As at December 31, 2020, the Company has the following assets and liabilities denominated in US dollars:

	2020	2019
Cash and cash equivalents	**$ 154,363**	$ 29,911
Distributions payable	**150,686**	53,027
Series A redeemable preferred shares	**6,580,875**	6,480,844
	$ 6,885,924	$ 6,563,782

12. Financial instruments (continued)

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of financial assets or financial liabilities with fluctuate because of changes in market interest rates. The Company manages its sensitivity to interest rate fluctuations by managing the fixed rate composition of its investment portfolio.

The Company's amounts receivable, accounts payable and accrued expenses, prepaid mortgage interest have no exposure to interest rate risk due to their short-term nature. Cash and cash equivalents carry a variable rate of interest and are subject to minimal interest rate risk and the debentures have no exposure to interest rate risk due to their fixed interest rate.

Interest income risk

The Company's mortgage loans consist of short term loans that are generally repaid by the borrowers in under 12 months. The reinvestment of the funds received from such repayments is invested at current market interest rates. As such, the weighted average interest rate applicable to the investment portfolio changes with time. This creates an ongoing risk that the weighted average interest rate on the investment portfolio will decrease, which will have a negative impact on the Company's mortgage interest income.

Unless otherwise noted, it is management's opinion that the Company is not exposed to significant market risk and other price risks arising from these financial instruments.

13. Fair value of financial instruments

a) Mortgage investments

There is no quoted price in an active market for the mortgage investments. The Manager makes its determination of fair value based on its assessment of the current lending market for mortgages. Typically, the fair value of these mortgage investments approximate their carrying values given the amounts consist of short-term loans.

b) Other financial assets and liabilities

The fair values of cash and cash equivalents, amounts receivable, due from related parties, accounts payable, prepaid mortgage interest, debentures and redeemable preferred shares approximate their carrying amounts due to their short-term maturities or bear interest and dividend at market rates.

14. Capital risk management

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 defines its capital structure to include common shares and debentures.

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.

The Company's investment restrictions and asset allocation model incorporate various restrictions and investment parameters to manage the risk profile of the mortgage investments. There have been no changes in the process over the previous year.

At December 31, 2020, the Company was in compliance with its investment restrictions.

15. COVID-19

The spread of COVID-19 has severely impacted many local economies around the globe. In many countries, including Canada, businesses are being forced to cease or limit operations for long or indefinite periods of time. Global stock markets have also experienced great volatility and a significant weakening. Governments and central banks have responded with monetary and fiscal interventions to stabilize economic conditions.

The Company continues to operate at a functional capacity in a virtual manner.

The duration and impact of the COVID-19 pandemic, as well as the effectiveness of government and central bank responses, remains unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position and results of the Company for future periods.

16. Events after the statement of financial position date

The following significant non-adjusting event has occurred between the reporting date and the date of authorization.

The Company issued debentures in January and February 2021 for aggregate gross proceeds of $610,000.

TOP 10 SHAREHOLDINGS

Shareholder	Units
JCSD TRUSTEE SERVICES LTD - SIGMA GLOBAL BOND	625,000
JCSD TRUSTEE SERVICES LTD - SIGMA OPTIMA	525,000
SAGICOR POOLED EQUITY FUND	384,000
SIGMA GLOBAL MARKETS FUND JCSD TRUSTEE SERVICES LTD.	225,000
ROLAND R. JAMES	112,000
HUGH CROSS	50,000
QUINTAL INVESTMENTS LTD.	50,000
VENIA L. GRAY	50,000
MARY J. MCCONNELL	50,000
ROBERT E. SMITH	30,000

OWNERSHIP IN THE COMPANY OF MORE THAN 25%

Individual	Ownership	Active in Business
Sergiy Shchavyelyev	25%	Yes
Robert Kay	25%	Yes
Yuliya Yashku	25%	No
Igor Demitchev	25%	No

Jamaica Central Securities Depository Limited
Registrar Services Unit
P.O. BOX 1084, 40 Harbour Street, Kingston, Jamaica
Tel: (876) 967-3271-4 Fax: (876) 948-6653

Top 10 shareholdings for EQUITYLINE MORTGAGE INVESTMENT CORPORATION PREFERENCE SHARES
As at
December 31, 2020

	Primary Account Holder	Joint Holder(s):	Volume	Percentage
1	JCSD TRUSTEE SERVICES LTD - SIGMA GLOBAL BOND			
			625,000	23.2913%
		Client total ownership	**625,000**	**23.2913%**
2	JCSD TRUSTEE SERVICES LTD - SIGMA OPTIMA			
			275,000	10.2482%
			100,000	3.7266%
			150,000	5.5899%
		Client total ownership	**525,000**	**19.5647%**
3	SAGICOR POOLED EQUITY FUND			
			384,000	14.3102%
		Client total ownership	**384,000**	**14.3102%**
4	SIGMA GLOBAL MARKETS FUND JCSD TRUSTEE SERVICES LTD.			
			225,000	8.3849%
		Client total ownership	**225,000**	**8.3849%**
5	ROLAND R. JAMES			
		RICHARD C. JAMES	112,000	4.1738%
		Client total ownership	**112,000**	**4.1738%**
9	HUGH CROSS			
			50,000	1.8633%
		Client total ownership	**50,000**	**1.8633%**
7	QUINTAL INVESTMENTS LTD.			
			50,000	1.8633%
		Client total ownership	**50,000**	**1.8633%**
6	VENIA L. GRAY			
			50,000	1.8633%
		Client total ownership	**50,000**	**1.8633%**
8	MARY J. MCCONNELL			
		ANITA S. BICKNELL	50,000	1.8633%
		Client total ownership	**50,000**	**1.8633%**
10	ROBERT E. SMITH			
			29,951	1.1162%
		Client total ownership	**29,951**	**1.1162%**
11	DESMOND ALPHANSO RICHARDS			
		SHAMARRAH GILBERT-RICHARDS	27,000	1.0062%
		Client total ownership	**27,000**	**1.0062%**
13	JCSD TRUSTEE SERVICES LTD - SIGMA GLOBAL VENTURE			
			25,000	0.9317%
		Client total ownership	**25,000**	**0.9317%**
14	MICHAEL G. LEE			

Jamaica Central Securities Depository Limited
Registrar Services Unit
P.O. BOX 1084, 40 Harbour Street, Kingston, Jamaica
Tel: (876) 967-3271-4 Fax: (876) 948-6653

Date:

Time:

Top 10 shareholdings for EQUITYLINE MORTGAGE INVESTMENT CORPORATION PREFERENCE SHARES
As at
December 31, 2020

	Primary Account Holder	Joint Holder(s):	Volume	Percentage
		MARVA D. LEE ANDREW G. LEE	25,000	0.9317%
		Client total ownership	**25,000**	**0.9317%**
12	ALBERT LUE			
			25,000	0.9317%
		Client total ownership	**25,000**	**0.9317%**
15	DONALD E. BAHADUR			
		RAMONA A. BAHADUR-DE MERCADO CHAMALIE E. BAHADUR	22,500	0.8385%
		Client total ownership	**22,500**	**0.8385%**
16	MARJORIE J. HAMILTON			
		HECTOR HAMILTON	22,500	0.8385%
		Client total ownership	**22,500**	**0.8385%**

Total Issued Capital:	**2,683,400**
Total Units Owned by Top 10 Shareholders:	**2,247,951**
Total Percentage Owned by Top 10 Shareholders:	**83.7725%**

NOTE: Information reflected above reports on the top 'x' shareholdings where 'x' identifies the shareholder count. In cases where more than one shareholder has equal number of units as at report date; the holdings will be 'grouped' for counting purposes and counted as one.

*****End of Report*****

Production Environment
Report ID 8849

EQUITYLINE
MORTGAGE INVESTMENT CORPORATION

2020 ANNUAL REPORT

EQUTIYLINE MORTGAGE INVESTMENT CORPORATION

Directors Report

The Directors are pleased to submit their report along with the Audited Financial Statements of the Company for the year ended December 31, 2020.

Directors

The directors of the Company as at December 31, 2020 were:

Sergiy Shchavyelyev	Chairman and Chief Executive officer
Robert Kay	Executive Vice President
Sergiy Przhebelskyy	Chief Operating Office
Stephen Clarke	Vice President
Mark Simone	Vice President
Ungad Chadda	Independent Director
Donald Hathaway	Independent Director
Eric Klein	Independent Director
William Handler	Independent Director
Mark Korol	Independent Director

Independent Audit Committee

Eric Klein	Chairman
Ungad Chadda	
Mark Korol	

Senior Management

Roman Raskin	Chief Financial Officer
Arthur Smelyansky	Chief Portfolio Officer

Audit Committee Composition and Function

The primary purpose of a company's audit committee is to provide oversight of the financial reporting process, the audit process, the company's system of internal controls and compliance with laws and regulations.

The audit committee can expect to review significant accounting and reporting issues and recent professional and regulatory pronouncements to understand the potential impact on financial statements. An understanding of how management develops internal interim financial information is necessary to assess whether reports are complete and accurate.

The committee reviews the results of an audit with management and external auditors, including matters required to be communicated to the committee under generally accepted auditing standards. Controls over financial reporting, information technology security and operational matters fall under the purview of the committee.

The audit committee is responsible for the appointment, compensation and oversight of the work of the auditor. As such, CPAs report directly to the audit committee, not management.

Audit committees meet separately with external auditors to discuss matters that the committee or auditors believe should be discussed privately. The committee also reviews proposed audit approaches and handle coordination of the audit effort with internal audit staff. When an internal audit function exists, the committee will review and approve the audit plan, review staffing and organization of the function, and meet with internal auditors and management on a periodic basis to discuss matters of concern that may arise.

Audit committees must have authority over their own budgets and over external auditors. It is through these protections that investors will come to trust the financial reports released by companies.

While boards should seek members who can provide a diverse range of competent perspectives based on their experience and expertise, it is nevertheless imperative that board members are knowledgeable and conversant in the language of finance and accounting. This need is particularly acute for the audit committee.

Governance Policies

Please visit our website at https://equitylinemic.com/documents/#current-corporate-documents /

EQUITYLINE
MORTGAGE INVESTMENT CORPORATION

Management's Discussion and Analysis

Equityline Mortgage Investment Corporation

For the year ended December 31, 2020

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 26, 2021. 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 the proceeds of 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, 2020. This MD&A should be read in conjunction with the audited financial statements for the year ended December 31, 2020 and 2019, 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

As of December 31, 2020, the Company held 28 residential mortgages and 3 commercial mortgages. These mortgages yield an average 11.22% return. In 2019 the Company had 37 residential mortgages, 1 commercial mortgage, and 1 residential commercial mortgage. These mortgages yielded an average 11.63% return.

SIGNIFICANT EVENTS

The Company's operations could be significantly adversely affected by the effects of the COVID-19 pandemic.

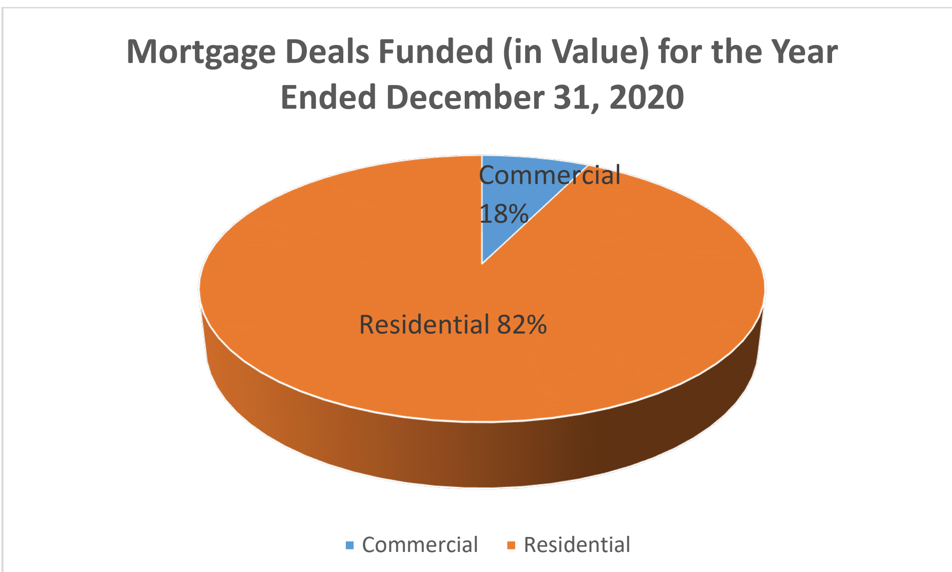
The Company cannot accurately predict the impact COVID-19 will have on its operations and the ability of others to meet their obligations to the Company. In addition, the outbreak of COVID-19 could result in a widespread health crisis that could adversely affect the economies and financial markets of many countries, resulting in an economic downturn that could further affect the Company's operations and ability of borrowers to repay their debt.

For year ended December 31, 2020, COVID-19 has had a minimal impact to the Company's income as evidenced by the fact that there were no defaults or N.S.F. cheques on its mortgage loans. The Company did not receive any notices of default within the mortgage loan portfolio as of the date of this MD&A. The Company is still expecting positive cash flows for the foreseeable future.

The COVID-19 pandemic has introduced uncertainty and volatility in global markets and economies. The Company is monitoring these developments and is prepared for potentially adverse impacts related to COVID19. The Company has a comprehensive pandemic and business continuity plan that is designed to mitigate business risks and their impact on investors and borrowers.

PORTFOLIO ACTIVITY

During year ended December 31, 2020, the Company funded 47 new mortgages totaling $14,806,886. 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 standards, thereby forcing borrowers to engage with private lenders as a result of the difficulty qualifying for institutional loans. The result has been a large increase in demand for private mortgage products nationwide.



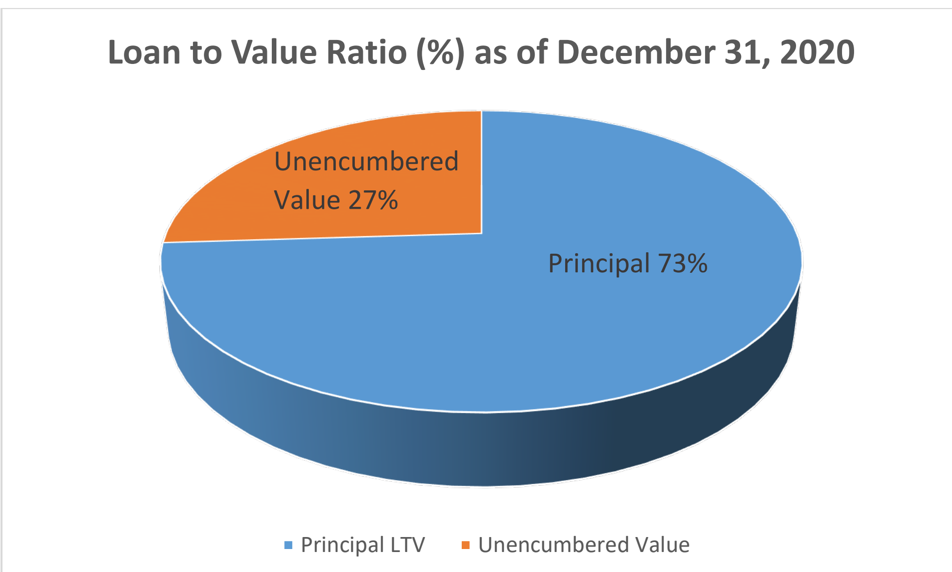
100% of the portfolio is invested in Ontario urban markets that generally experience better real estate liquidity in periods of uncertainty and thus offer a better risk profile.

Mortgage Portfolio Interest Income and Average Return

During the year, the Company earned $1,037,213 (2019- $752,690) of interest income on net mortgage investments while the weighted average interest rate on net mortgage investments for the year ended December 31, 2020 was 11.22%. 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 11.63%.

Loan-to-Value (LTV) of Portfolio

Funds are put towards a high-quality mortgage portfolio as part of a conservative investment approach. This portfolio of mortgages ended December 31, 2020 has an average loan-to-value of 73%. In 2019, the portfolio of mortgages had an average loan-to-value of 74%.



Expenses

Management Fees

The management fee paid by the Company is calculated as 1% per annum of the 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, 2020, the Company incurred management fees of $91, 851 (2019 - $81,138).

General and Administrative

For the year ended December 31, 2020, the Company incurred general and administrative expenses of $32,283 (2019 – $13,235). General and administrative expenses consist of listing fees, fees paid on custodial services, and other operating costs and administration of the mortgage portfolio.

HIGHLIGHTS OF FINANCIAL PERFORMANCE

For the year ended December 31, 2020, the Company incurred a net loss and comprehensive loss of $832,853. (2019 – Net loss of $836,033).

An excerpt from the Audited Annual Statement of Loss and Comprehensive Income for Year ended December 31, 2020 and 2019 is as the following:

NET INCOME	**3,650.00**	(56,868.00)
ACCRETION OF TRANSACTIONS COSTS	**(261,659.00)**	(237,973.00)
DISTRIBUTION TO SHAREHOLDERS OF SERIES A PREFERRED SHARES	**(574,844.00)**	(541,192.00)
NET LOSS AND COMPREHENSIVE INCOME	**$ (832,853.00)**	$ (836,033.00)

The accounting standards require that capital issued with a redemption option are required to be reported as a liability, costs associated with the issuance of same capital are amortized over the expected redemption period. As such, Series A redeemable Preferred shares have been classified as a long-term liability, therefore dividends paid on those shares are recorded as expenses and associated expenses are recorded as accretion of transaction.

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 net proceeds of $6,199,133 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, 2020, the Company distributed $574,844 or $0.21 CAD per Series A Redeemable Preferred Share. (2019 - $541,192, or $0.20 CAD per Series A Preferred Share).

RELATED PARTY TRANSACTIONS

As at December 31, 2020, "Due from related party" totalled $43,354 (2019 – $197,474). The amounts are non-interest bearing and are due on demand. The Company and the Manager are related by virtue of common ownership in management. The Manager provides servicing and administration services to the Company and all amounts are held in trust by the Manager.

As at December 31, 2020, "Due to related party" totalled $41,360 (2019 – Nil). These amounts are non-interest bearing and due on demand. For further details on related party transactions during the year we guide you to Note #6 of the 2020 Audited Financial Statements of the Company.

OUTSTANDING SHARE DATA

As at December 31, 2020, 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.

The Company has also authorized an unlimited number of Series B and H non-voting shares, of which nil 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 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, 2020, 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.

EquityLinE

Mortgage Investment Corporation

Stability / Predictability / Diversification

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