MANAGEMENT'S DISCUSSION and ANALYSIS

As of February 11, 2011

The following Management's Discussion and Analysis ("MD&A") is intended to provide readers with an explanation of the performance of Consolidated HCI Holdings Corporation ("CHCI" or the "Company") for the three-month periods ended December 31, 2010 and 2009, as well as updating CHCI's most recently issued MD&A, dated December 14, 2010. This MD&A should be read in conjunction with the unaudited consolidated interim financial statements of the Company, including the notes thereto, for the three months ended December 31, 2010 and should also be read in conjunction with the audited consolidated financial statements and the MD&A for the fiscal year ended September 30, 2010, as set out in the Company's 2010 Annual Report. Additional information relating to the Company, including the Certification of Interim Filings for the quarter ended December 31, 2010 signed by the Chief Executive Officer ("CEO") and the Chief Financial Officer ("CFO"), is also available on the SEDAR website at www.sedar.com.

RESPONSIBILITY OF MANAGEMENT AND THE BOARD OF DIRECTORS

Management is responsible for the information disclosed in this MD&A and has in place the appropriate information systems, procedures and controls to ensure information used internally by management and disclosed externally is materially complete and reliable. In addition, the Company's Audit Committee and Board of Directors provide an oversight role with respect to all public financial disclosures by the Company and have reviewed and approved this MD&A and the accompanying unaudited consolidated interim financial statements.

FORWARD-LOOKING STATEMENTS

In various places in the MD&A, there are forward-looking statements reflecting management's current expectations regarding future economic conditions, results of operations, financial performance and other matters affecting the Company. Forward-looking statements include information regarding possible or assumed future results or transactions, as well as statements preceded by, followed by or that include the words "believes," "expects," "anticipates," "estimates," "intends" or similar expressions. Important factors, in addition to those discussed in this document, could affect the future results of the Company and could cause those results to differ materially from those expressed in any forward-looking statements.

OVERVIEW

CHCI is an Ontario-based, publicly traded real estate company trading on the Toronto Stock Exchange under the symbol CXA.B. The Company's activities in the real estate industry are conducted with others at varying participation rates in co-tenancies and joint ventures. The unaudited consolidated interim financial statements include these ventures on a proportionate consolidation basis. The activities of the Company include the leasing of land in Mississauga, Ontario on which a third party has constructed a commercial building, the redevelopment and leasing of an existing industrial property in Vaughan, Ontario for industrial and commercial uses and the ownership of another commercial building in Mississauga, Ontario, leased to another party. As outlined in note 14 to the accompanying unaudited consolidated interim financial statements for the three months ended December 31, 2010, on February 2, 2011, the Company completed the sale of substantially all of its Mississauga real estate assets. The Company also conducts activities through various ventures in the building and selling of new homes on land purchased from others, including related parties. The Company also invests in syndicated mortgage loans, which are secured by real property developments of other land developers and builders.

REVIEW OF FINANCIAL RESULTS

Results of Operations

Summary of operating results

(Unaudited, in thousands of dollars, except per share amounts)

	Three months ended December 31 2010		Three months ended December 31 2009	
Revenue	**$**	**4,460**	$	5,887
Earnings from continuing operations, before income taxes	**$**	**1,049**	$	906
Provision for income taxes		**360**		97
Earnings for the period from continuing operations		**689**		809
Earnings for the period from discontinued operations, net of income taxes		**54**		50
Net earnings for the period	**$**	**743**	$	859
Basic and diluted earnings per share				
From continuing operations	**$**	**0.03**	$	0.04
From discontinued operations		**–**		–
Total basic and diluted earnings per share	**$**	**0.03**	$	0.04

Revenue from continuing operations in the first three months of 2010 decreased by $1.43 million compared to the revenue recorded for the same period in 2009. This decrease is comprised of a decrease in housing sales of $0.83 million, a decrease in land sales of $0.43 million, a decrease in rental revenue of $0.03 million and a decrease in interest and other income of $0.14 million. As mentioned in previous years, the nature of real estate development does not allow for a consistent year-to-year volume of sales. Revenue is comprised of sales in specific projects as the marketplace dictates and buyers become available.

Land development operations

(Unaudited, in thousands of dollars)

	Three months ended December 31 2010		Three months ended December 31 2009	
Revenue from land sales	**$**	**–**	$	430
Land cost of sales		**–**		134
Gross profit from land sales	**$**	**–**	$	296

The Company had no land sales during the first quarter of fiscal 2011. During the comparable period in the prior year, the Company sold two lots remaining from a residential subdivision completed in a previous year, which were not able to be sold previously due to restrictions imposed by the municipality that were lifted during the fiscal year ended September 30, 2010.

House building operations

(Unaudited, in thousands of dollars)

	Three months ended	
	December 31 2010	December 31 2009
Revenue from housing sales	**$ 3,604**	$ 4,436
Housing cost of sales	**3,034**	4,102
Gross profit from housing sales	**$ 570**	$ 334

The Company's share of joint venture revenue from housing sales decreased in the first quarter of 2011 by $0.83 million compared to the corresponding period in the previous year. This revenue decrease is primarily the result of there being fewer units sold. Other than the purchase of 5 lots (share – 1.5 lots) in an existing project, which the vendor was unable to deliver until 2011, the Company has acquired no new lots since the first quarter of 2010 as it builds out and sells its existing inventory.

The gross margin percentage on housing sales is a function of the project sold. Margins vary widely from project to project and are influenced by many factors, including market demand in the project's location, the proximity of competing product, the mix of product in the project, the cost of land, the stage in a project when construction cost increases hit the market and the length of time that it takes for a project to sell out, resulting in higher than budgeted carrying costs. The overall gross margin on housing sales for the first three months of 2011 was 15.8% compared to 7.5% for the corresponding period in 2010 primarily as a result of more higher margin product being sold in the first quarter of 2011 than in the first quarter of 2010.

Rental operations

(Unaudited, in thousands of dollars)

	Three months ended	
	December 31 2010	December 31 2009
Continuing operations		
Rental revenues	**$ 119**	$ 149
Rental operating expenses	**45**	48
Mortgage interest	**57**	51
	102	99
Earnings from continuing operations	**17**	50
Discontinued operations		
Rental revenues	**79**	78
Rental operating expenses	**3**	3
Earnings from discontinued operations	**76**	75
Net operating income*	**$ 93**	$ 125

* Net operating income is an important measure used by management to evaluate the operating performance of the income-producing properties. However, it is not defined by Canadian generally accepted accounting principles ("GAAP"), does not have a standard meaning and may not be comparable with other companies.

The decrease in net earnings from continuing rental operations for the three months ended December 31, 2010 compared to the corresponding period in the previous year results primarily from a decrease in rental revenue of the Company's last remaining continuing operations income-producing property. The tenant from which the Company purchased the building in 2005 vacated at the end of its lease in the third quarter of 2010 reducing the building's leased space from 73%, the level of occupancy since October 1, 2009, to 49%, the level at which it remained through to December 31, 2010.

Rental results from discontinued operations relate to the Company's rental properties in Mississauga, sold subsequent to December 31, 2010 as outlined in note 14 to the accompanying unaudited consolidated interim financial statements for the three months ended December 31, 2010.

Interest and other income

Interest and other income decreased by $0.14 million for the three months ended December 31, 2010 compared to the corresponding period in the previous year. This decrease was primarily due to the Company having a substantially greater investment in low interest rate cash and short-term money market instruments and substantially reduced investment in higher interest rate syndicated mortgage loans during the first three months of 2010 compared to the corresponding period in 2009. After December 31, 2008, other than fulfilling funding commitments and participating in renewals or extensions on existing syndicated mortgage loans, the Company ceased investing in new syndicated mortgage loans with a view to accumulating cash to pay a future dividend, which was ultimately paid on January 13, 2010.

General and administrative expenses

General and administrative expenses, incurred in the first three months of 2011, in aggregate, are comparable to those incurred during the corresponding period of 2009, with no material change in any individual expense component.

Income taxes

The income tax provision for the first three months of 2011 of $0.4 million (2010 - $0.1 million) has been computed by applying the average statutory Canadian federal and provincial income tax rate of 28.75% (2010 – 31.5%) to earnings before income taxes.

Management has determined that potential unrecorded future income tax benefits of approximately $11.4 million may be available to the Company under certain circumstances. Due to the uncertainty as to whether these benefits will be realized, such benefits will be recognized in the accounts of the Company only as and when the realization of the benefits is confirmed.

FINANCIAL CONDITION

(Unaudited, in thousands of dollars)

	December 31 2010	September 30 2010
Income-producing properties	**$ 7,207**	$ 8,210
Land under development	**1**	153
Housing under development	**8,620**	9,898
Cash and cash equivalents	**8,463**	7,175
Restricted cash	**352**	344
Assets held for sale	**1,122**	–
Amounts receivable	**7,085**	7,459
Investments in syndicated mortgage loans	**14,918**	17,126
Investments in marketable securities	**23,101**	20,451
Deposits on land purchases	**–**	30
Income taxes recoverable	**721**	497
All other assets	**291**	163
Total assets	**$ 71,881**	$ 71,506
Mortgage loans on:		
Income-producing property	**$ 4,462**	$ 4,520
Housing under development	**158**	733
Total long-term financial liabilities	**$ 4,620**	$ 5,253

ASSETS AND LIABILITIES

During the first three months of 2011, the Company realized cash from sales in its house building joint ventures, maturities of syndicated mortgage loans and interest earned on its investments in syndicated mortgage loans and cash and short-term investments. The majority of this cash was used to fund the operations of the Company's house building joint ventures and invest in marketable securities and syndicated mortgage loans.

The Company's housing under development decreased by $1.3 million during the first three months of 2011, resulting from the cost of houses sold exceeding the expenditures on housing construction, carrying costs and the cost of additional lots purchased in an existing house building project.

A condition of the mortgage loan on the Company's Vaughan, Ontario income-producing property is that the co-tenancy maintain a long-term debt to tangible equity ratio of 3:1. As at December 31, 2010, with a ratio at that date of 3.2:1, this condition has not been met. The lender may, at its option, demand immediate payment of the loan and enforce any security under the loan agreement. The lender has neither requested that the Company remedy this breach of covenant nor demanded repayment of the loan.

Mortgage loans on housing under development decreased by $0.6 million during the first three months of 2011 as a result of the repayment of the loan outstanding at September 30, 2010 net of the a new mortgage payable on the purchase of the additional lots referred to above.

At December 31, 2010, the Company's real estate holdings consist of its 12.55% share of an 8,103 square foot commercial building, its 25% share of 13.2 acres of land subject to a long-term lease and 2.52 acres of adjacent, serviced commercial land, inventory of one residential lot held for sale, all located in Mississauga, Ontario, and its 50% share of the income-producing property in Vaughan, Ontario. Subsequent to December 31, 2010, with the exception of the residential lot, all of the Mississauga properties were sold as outlined in note 14 to the accompanying unaudited consolidated interim financial statements for the three months ended December 31, 2010.

OUTSTANDING SHARE DATA

Authorized capital stock consists of an unlimited number of Class B voting shares without par value. Issued and outstanding as at December 31, 2010 are 20,575,866 shares, unchanged from October 1, 2009.

LIQUIDITY AND CAPITAL RESOURCES

Cash flows

(Unaudited, in thousands of dollars)

	Three months ended December 31 2010	December 31 2009
Cash provided by (used in):		
Continuing operations		
Operating activities	**$ 1,107**	$ 1,307
Investing activities	**(344)**	2,504
Financing activities	**471**	(22)
Increase in cash and cash equivalents during the period from continuing operations	**1,234**	3,789
Increase in cash and cash equivalents during the period from discontinued operations – operating activities	**54**	50
	1,288	3,839
Cash and cash equivalents, beginning of the period	**7,175**	34,004
Cash and cash equivalents, end of the period	**$ 8,463**	$ 37,843

Cash and cash equivalents increased in the first three months of 2011 by $1.3 million primarily the result of cash generated from maturities and partial repayments of syndicated mortgage loans and house building activities, net of the purchase of marketable securities and investment in syndicated mortgage loans.

The Company continues to use cash flows to fund existing commitments in the syndicated mortgage loan segment of its operations, to invest in money market investments and to invest in its house building segment. The Company's cash and cash equivalents serve to provide the Company with sufficient liquidity to carry on its business activities.

CONTRACTUAL OBLIGATIONS

Disclosure relating to the Company's contractual obligations is contained in note 15 to the accompanying unaudited consolidated interim financial statements for the three months ended December 31, 2010.

TRANSACTIONS WITH RELATED PARTIES

In the normal course of business, the Company continues to be a party to the types of transactions, and maintains balances with related parties as described in the September 30, 2010 MD&A, dated December 14, 2010. Related party transactions are recorded at their exchange amounts, which is the consideration agreed to by the parties and in accordance with standard commercial practices, typical of the real estate industry.

RISK MANAGEMENT

Disclosure relating to the Company's susceptibility to interest rate risk, credit and operational risks and liquidity risk and its capital risk management objectives are outlined in note 15 to the accompanying unaudited consolidated interim financial statements for the three months ended December 31, 2010.

At the present time, management is satisfied that the Company's receivables will be collected in full and that land and housing inventories are valued at the lower of cost and net realizable value.

ENVIRONMENTAL RISKS

As an owner of real property, the Company is subject to various federal, provincial and municipal laws relating to environmental matters. Such laws provide that the Company could be liable for costs of removal and remediation of certain hazardous toxic substances released on or in its properties or disposed of at other locations. The failure to remove or remediate such substances, if any, could adversely affect the Company's ability to sell such real property or to borrow using such real property as collateral and, potentially, could result in claims against the Company. The Company is not aware of any material environmental liabilities at the present time.

ACCOUNTING POLICIES AND ACCOUNTING STANDARDS

The Company's accounting policies, as well as the accounting standards to which it adheres, remain unchanged from those disclosed and discussed in the audited consolidated financial statements and the MD&A for the year ended September 30, 2010.

CONTROLS AND PROCEDURES

At December 31, 2010, the Chief Executive Officer and the Chief Financial Officer ("certifying officers") of the Company have designed disclosure controls and procedures ("DC&P") to provide reasonable assurance that information required to be disclosed in its various reports is recorded, processed, summarized and reported accurately and have designed internal controls over financial reporting ("ICFR") to provide reasonable assurance regarding the reliability of financial reporting and the preparation of its consolidated financial statements for external purposes in accordance with Canadian generally accepted accounting principles ("GAAP"). All internal controls over financial reporting are either completed or reviewed by the Chief Financial Officer with involvement from the CEO and Vice-President as deemed necessary. Other than the Chief Financial Officer, the Company has only one employee who is engaged in accounting and record keeping functions and who is directly supervised by the Chief Financial Officer.

The certifying officers have limited the scope of the design of the DC&P and ICFR to exclude controls, policies and procedures of the Company's non-publicly accountable, proportionately consolidated entities ("the entities"). Management of the entities is distinct from that of the Company and, as such, the Company does not have sufficient access to the entities to design and evaluate controls, policies and procedures carried out by these entities. The Company is satisfied that, considering its own quarterly review and analysis of financial information provided by the entities and discussion with the entities' management, material errors or omissions in the entities' financial reporting for consolidation purposes would come to the attention of the Company's management and be corrected prior to consolidation.

The following summary of financial information as at December 31, 2010 and September 30, 2010 and for the three-month periods ended December 31, 2010 and December 31, 2009 relates to the Company's proportionately consolidated entities, comprising all its investments in its income-producing property continuing operations and residential construction segments:

	December 31 2010	September 30 2010
Assets	**$ 20,273**	$ 21,266
Liabilities	**7,234**	7,330
	$ 13,039	$ 13,936

	Three months ended	
	December 31 2010	December 31 2009
Revenue	**$ 3,744**	$ 4,604
Expenses	**3,210**	4,179
Earnings	**$ 534**	$ 425

	Three months ended	
	December 31 2010	December 31 2009
Cash provided by (used in)		
Operating activities	**$ (381)**	$ (1,832)
Investing activities	**$ (8)**	$ (153)
Financing activities	**$ 439**	$ (20)

The certifying officers have determined that there were no changes in the Company's ICFR that occurred during the three months ended December 31, 2010 that have significantly affected, or are reasonably likely to significantly affect, the Company's ICFR.

FUTURE ACCOUNTING CHANGES

International Financial Reporting Standards ("IFRS")

On February 13, 2008, the Accounting Standards Board confirmed that the use of IFRS will be required for fiscal years beginning on or after January 1, 2011 for publicly accountable profit-oriented enterprises. After that date, IFRS will replace GAAP for such enterprises. Accordingly, the Company will first report under IFRS for its fiscal year ended September 30, 2012 with comparative financial information restated to conform with IFRS presentation. While IFRS standards are premised on a conceptual framework similar to Canadian GAAP, there are differences in the areas of recognition, measurement and disclosure that may materially impact the Company's consolidated financial statements. The impact of these differences to the Company's consolidated financial results at the time of transition and on implementation is currently being assessed. Based on existing IFRS, significant differences to Canadian GAAP that may materially impact the Company's financial results include, but are not limited to, fair value determination and accounting for investment properties, principles of consolidation, measurement of contingencies, income taxes and impairment of assets. The impact of IFRS to the Company at the transition date, October 1, 2010 will depend on the IFRS standards in effect at the time, accounting elections that have not yet been made and the prevailing business and economic facts and circumstances.

The Company has completed the preliminary phase of its conversion plan between Canadian GAAP and IFRS and has determined there are no significant systems implications or implications affecting the control environment, that is, ICFR and DC&P. The IFRS assessment on reporting results is being overseen by the Company's CFO and will address specific areas of financial reporting and disclosure as the conversion date approaches.

Summarized below are key areas where changes in accounting policies are expected that may impact the Company's consolidated financial statements.

First-time Adoption of IFRS

The Company's adoption of IFRS will require the application of IFRS 1, First-time Adoption of International Financial Reporting Standards ("IFRS 1"), which provides guidance for an entity's initial adoption of IFRS. IFRS 1 generally requires that a company apply all IFRS effective at the end of its first IFRS reporting period retrospectively. The following are significant optional exemptions available under IFRS 1 the Company expects to apply in preparing its first financial statements in accordance with IFRS. Other available elections are either not applicable or not material to the Company. Note these elections are subject to change as further analysis is completed.

- Business Combinations – the Company expects to elect to not restate any business combinations that have occurred prior to October 1, 2010.

- Initial measurement of investment property – IFRS 1 provides two alternatives for an entity to initially measure an investment property upon transition to IFRS: measure at fair value, or continue to use the historical cost basis used under Canadian GAAP. The Company can elect to initially measure its investment property at fair value at transition and use that fair value as deemed cost at that date. Management is currently assessing these alternatives.

Investment Properties

Currently, the Company's investment property is carried at cost, net of accumulated depreciation and net of any impairment losses. IFRS provides entities with the choice to account for investment properties using the fair value model or the cost based model. Under a fair value model, depreciation is not recorded and investment properties are adjusted to fair value at each reporting date with changes in fair value recorded directly in the statement of earnings. If the cost based model is adopted, the investment property would be carried at cost less accumulated depreciation and any impairment charges; however, disclosure of fair value is required.

Principles of Consolidation

Currently, the Company's consolidated financial statements include its proportionate share of the assets, liabilities, revenues and expenses of joint ventures and co-tenancies. Under IFRS expected to be in place when the Company adopts IFRS, these joint ventures and co-tenancies may be accounted for using the equity method.

Impairment of Assets

IFRS uses a one-step approach for both testing and measuring impairment. Asset carrying values are compared directly with the higher of fair value less costs to sell and value in use (which is a discounted cash flow analysis). The Company currently uses a two-step approach: first comparing asset carrying values with undiscounted future cash flows to determine whether impairment exists; and then measuring any impairment by comparing the asset's carrying value with fair value. The difference in methodology may potentially result in a difference in the asset impairment test results upon transition to IFRS.

Income Taxes

Currently, the Company's future income tax assets and liabilities are determined based on differences between the financial reporting and tax bases of assets and liabilities. IFRS requires a similar approach to recognizing future income tax assets and liabilities. However, the adoption of IFRS policies could alter the financial reporting bases of assets and liabilities and, consequently, impact the Company's future income tax assets and liabilities.

The following table addresses key elements of the conversion plan and an assessment of the Company's progress:

Key Activity	Milestones	Status/Timelines
IFRS Conversion Scoping Phase	Review of current standards vs. IFRS. Identification of significant differences. Assessment of available resources. Monitoring changes to Canadian GAAP and IFRS and their impact on the Company.	September 1, 2010 – December 31, 2010 Reported to Audit Committee – February 2011
Decisions on Accounting Policies and IFRS 1	Formal review of differences in each area. Assessment of differences between IFRS and the Company's current practices. Decision on accounting policy choices and IFRS 1 for each assessed area.	February 1, 2011 – April 30, 2011 Report to Audit Committee – May 2011
Information Technology Evaluation	Identification of IT requirements, both hardware and software, for IFRS conversion.	Determined there are no significant systems or IT implications. Reported to Audit Committee – February 2011
Control Environment: Internal Control Over Financial Reporting and Disclosure Controls and Procedures	Review and assessment of impact of accounting policy choices and changes relating to IFRS conversion.	Determined there are no significant control environment implications. Reported to Audit Committee –February 2011

Key Activity	Milestones	Status/Timelines
Financial Impact Analysis for Transactional Areas	Analysis of differences between Canadian GAAP and IFRS that was completed will be quantified. Senior management to review and sign-off.	May 1, 2011 – June 30, 2011 Report to Audit Committee - August 2011
Financial Statement Preparation	Identification of transactions impacted by IFRS conversion. An assessment of these transactions, appropriate changes and remapping will be completed. The assessment and remapping will form the skeleton of the IFRS compliant financial statements.	July 1, 2011 – August 15, 2011 Report to Audit Committee – August 2011
Business Activities Impact	Identification of impacts on business activities to be completed. Completion of any renegotiations.	Ongoing throughout process Report to Audit Committee – Ongoing

Business Combinations

In January 2009, the CICA issued CICA Handbook Section 1582, "Business Combinations", Section 1601, "Consolidations", and Section 1602, "Non-controlling Interests". These sections replace the former CICA Handbook Section 1581, "Business Combinations", and Section 1600, "Consolidated Financial Statements", and establish a new section for accounting for a non-controlling interest in a subsidiary.

CICA Handbook Section 1582 establishes standards for the accounting for a business combination. It provides the Canadian equivalent to International Financial Reporting Standard ("IFRS") 3, "Business Combinations" (January 2008). The section applies prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2011.

CICA Handbook Section 1601 establishes standards for the preparation of consolidated financial statements.

CICA Handbook Section 1602 establishes standards for accounting for a non-controlling interest in a subsidiary in consolidated financial statements subsequent to a business combination. It is equivalent to the corresponding provisions of International Financial Reporting Standard IAS 27, "Consolidated and Separate Financial Statements" (January 2008).

CICA Handbook Section 1601 and Section 1602 apply to interim and annual consolidated financial statements relating to fiscal years beginning on or after January 1, 2011.

Earlier adoption of these sections is permitted as of the beginning of a fiscal year. All three sections must be adopted concurrently. The Company does not intend to early adopt any of these sections.

FINANCIAL INSTRUMENTS

The basis for the Company's fair value estimation of its financial instruments is outlined in note 15 to the accompanying unaudited consolidated interim financial statements for the three months ended December 31, 2010.

CRITICAL ACCOUNTING ESTIMATES

The nature of critical accounting estimates in areas of capitalized costs and estimated costs to complete, carrying values and income taxes is the same as discussed in the Company's annual MD&A.

OFF-BALANCE SHEET ARRANGEMENTS

Disclosure relating to financial guarantees made by the Company is outlined in note 16 to the accompanying unaudited consolidated interim financial statements for the three months ended December 31, 2010.

OUTLOOK

As at December 31, 2010, the Company has completed the purchase of all of the lots for which it had given deposits at September 30, 2009 in its house building operations and management does not expect to acquire additional lots or continue its house building operations beyond the middle of its 2012 fiscal year end at which time it expects to have completed and sold its three currently active house building projects. The total value of house sales in 2011 is expected to be lower than that of 2010 as the Company will have fewer lots available for sale in 2011 than it delivered to buyers in all of 2010 and the value of 2012 house sales will likely decline over that in 2011 for the same reason. As well, profit margins on house sales could be adversely affected by increased costs won by certain building trades in recently completed contract renewals completed in 2010.

With substantially all of its development land and income-producing properties having been sold as of September 30, 2008, the Company's remaining real estate holdings consist of the income-producing properties and land described above under "Financial Condition – Assets and Liabilities." The Company is continuing with its efforts to complete the leasing of its Vaughan, Ontario income-producing property. Management has been receiving expressions of interest to lease space in the building and has been working with prospective tenants but, to date, no new space has been let. Management has not yet determined what development, if any, might take place on the land adjoining this property, which was acquired in 2010.

Management continues to closely monitor the Company's investments in syndicated mortgage loans. Two of the syndicated mortgage loans in the Company's portfolio are not performing to their terms and appropriate steps are being taken by the syndicator with regard to these non-compliant loans. While no actual losses have been realized on any of the Company's investments, management has recorded a provision for potential loss on one of these syndicated mortgage loans, which it believes to be adequate to deal with current exposures.

Management and the Board of Directors continue to assess the basis for the Company's ongoing operations with a view to maximizing shareholder value.