CONSOLIDATED HCI HOLDINGS CORPORATION

Second QUARTER REPORT

2 For The Six Months Ended March 31, 2018

Consolidated HCI Holdings Corporation

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

Under National Instrument 51 – 102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating the financial statements have not been reviewed by an auditor.

The accompanying unaudited interim consolidated financial statements of Consolidated HCI Holdings Corporation (the "Company") for the six months ended March 31, 2018 have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these interim consolidated financial statements in accordance with the standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

CONSOLIDATED HCI HOLDINGS CORPORATION

INTERIM CONSOLIDATED BALANCE SHEETS

(unaudited, in thousands of Canadian dollars)

	March 31 2018	September 30 2017
ASSETS		
Current assets		
Cash and cash equivalents (note 5)	**$ 5,644**	$ 7,744
Amounts receivable (note 6)	**415**	415
Income taxes recoverable	**176**	–
Other	**28**	37
Total assets	**$ 6,263**	$ 8,196
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities (note 10)	**393**	1,232
Income taxes payable	**–**	890
Total liabilities	**393**	2,122
SHAREHOLDERS' EQUITY		
Capital stock	**35,890**	35,890
Deficit	**(30,020)**	(29,816)
Total shareholders' equity	**5,870**	6,074
Total liabilities and shareholders' equity	**$ 6,263**	$ 8,196

Contingencies and commitments (note 12)

The accompanying notes are an integral part of these interim consolidated financial statements.

CONSOLIDATED HCI HOLDINGS CORPORATION

INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

(unaudited, in thousands of Canadian dollars)

	Capital stock	**Deficit**	**Accumulated other comprehensive income**	**Total equity**
Balance – October 1, 2017	**$ 35,890**	**$ (29,816)**	**$ –**	**$ 6,074**
Net loss for the period	**–**	**(204)**	**–**	**(204)**
Balance – March 31, 2018	**$ 35,890**	**$ (30,020)**	**$ –**	**$ 5,870**

	Capital stock	Deficit	Accumulated other comprehensive income	Total equity
Balance – October 1, 2016	$ 35,890	$ (14,025)	$ 1,179	$ 23,044
Net earnings for the period	–	476	–	476
Other comprehensive income	–	–	352	352
Balance – March 31, 2017	$ 35,890	$ (13,549)	$ 1,531	$ 23,872

The accompanying notes are an integral part of these interim consolidated financial statements.

CONSOLIDATED HCI HOLDINGS CORPORATION

INTERIM CONSOLIDATED STATEMENTS OF OPERATIONS

(unaudited, in thousands of Canadian dollars, except share and per share amounts)

	Three months ended		Six months ended	
	March 31 2018	March 31 2017	**March 31 2018**	March 31 2017
Investment property revenue	**$ –**	$ 342	**$ –**	$ 629
Investment property operating expenses	**–**	112	**–**	224
Net rental income	**–**	230	**–**	405
Other income (expenses)				
Interest and other income	**18**	23	**37**	50
General and administrative expenses	**(213)**	(634)	**(448)**	(845)
Foreign exchange gain	**86**	–	**110**	–
Interest expense	**–**	(43)	**–**	(68)
Amortization of leasing costs	**–**	(5)	**–**	(10)
Fair value gain (loss) on investment properties	**–**	(118)	**–**	909
	(109)	(777)	**(301)**	36
Earnings (loss) before income taxes	**(109)**	(547)	**(301)**	441
Income tax recovery	**(39)**	(179)	**(97)**	(35)
Net earnings (loss) for the period	**(70)**	(368)	**(204)**	476
Basic and diluted earnings (loss) per share	**$ –**	$ (0.02)	**$ (0.01)**	0.02
Weighted average number of shares outstanding	**20,575,866**	20,575,866	**20,575,866**	20,575,866

The accompanying notes are an integral part of these interim consolidated financial statements.

INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

(unaudited, in thousands of Canadian dollars)

	Six months ended	
	March 31 2018	March 31 2017
Net earnings (loss) for the period	**$ (204)**	$ 476
Other comprehensive income net of income taxes, which will recycle through profit		
Unrealized gains arising during the year on available-for-sale financial assets	**–**	352
Comprehensive income (loss) for the period	**$ (204)**	$ 828

The accompanying notes are an integral part of these interim consolidated financial statements.

CONSOLIDATED HCI HOLDINGS CORPORATION

INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

(unaudited, in thousands of Canadian dollars)

	Six months ended **March 31 2018**	March 31 2017
Cash provided by (used in)		
OPERATING ACTIVITIES		
Net earnings (loss) for the period	**$ (204)**	$ 476
Deduct non-cash items (note 11(a))	**–**	(775)
Leasing costs incurred	**–**	(22)
Changes in non-cash operating balances (note 11(b))	**(1,896)**	(83)
	(2,100)	(404)
INVESTING ACTIVITIES		
Additions to investment properties	**–**	(140)
Short-term investments		
Purchases	**–**	(20,160)
Sales or maturities	**–**	21,160
Restricted cash	**–**	5
	–	865
FINANCING ACTIVITIES		
Repayment of mortgage loan on investment property	**–**	(120)
Increase (decrease) in cash and cash equivalents during the period	**(2,100)**	341
Cash and cash equivalents, beginning of the period (note 5)	**7,744**	548
Cash and cash equivalents, end of the period (note 5)	**$ 5,644**	$ 889
SUPPLEMENTARY INFORMATION		
Interest paid	**$ –**	$ 50
Income taxes paid	**$ 969**	$ 36

The accompanying notes are an integral part of these interim consolidated financial statements.

1. Description of Business

Consolidated HCI Holdings Corporation (the "Company") is an Ontario-based publicly traded company which, effective September 21, 2017, commenced trading on the NEX under the trading symbol CXA.H. The NEX is a separate board of the TSX Venture Exchange for issuers previously listed on the TSX or TSX Venture Exchange but which no longer maintain compliance with the ongoing financial listing standards of those markets.

Management and the Board of Directors are considering options as to the Company's future given that as of June 30, 2017, as previously reported, the Company had discontinued and divested substantially all of its operations, and had ceased to be actively engaged in any ongoing business.

The address of its registered office is 40 King Street West, Suite 2100, Toronto, Ontario.

The Board of Directors approved the interim consolidated financial statements on May 23, 2018.

2. Basis of Preparation

These interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") applicable to the preparation of interim consolidated financial statements, including International Accounting Standard ("IAS") 34, Interim Financial Reporting.

The policies applied in these interim consolidated financial statements are based on IFRS policies effective as of March 31, 2018.

These interim consolidated financial statements should be read in conjunction with the Company's annual consolidated financial statements for the year ended September 30, 2017.

3. Critical Accounting Estimates

The preparation of interim consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the reported amounts of income and expenses during the reporting period. Actual results could differ from those estimates.

For the six months ended March 31, 2017, the Company recorded a fair value gain of $909 on its last remaining investment properties, which were subsequently sold on June 30, 2017. The basis of valuation of these properties was outlined in the notes to the Company's annual consolidated financial statements for the year ended September 30, 2017.

4. Accounting Standards

New Accounting Standards

IAS 7 – Statement of Cash Flows

This standard has been amended by the IASB to introduce additional disclosure that will allow users to understand changes in liabilities arising from financing activities. This amendment was effective for annual periods beginning on or after January 1, 2017 and had no impact on the Company's financial statements.

Future Changes in Accounting Standards

The following new standards and amendments to existing standards apply to annual periods beginning on or after January 1, 2018, with earlier adoption permitted. The Company is currently evaluating the impact of these changes on its consolidated financial statements.

IFRS 7 – Financial Instruments: Disclosures

This standard has been amended to enhance disclosures relating to the transition from IAS 39 to IFRS 9, Financial Instruments ("IFRS 9"). These amendments will be effective on the adoption of IFRS 9 described below.

IFRS 9 – Financial Instruments

The complete version of IFRS 9 was issued in July 2014 and is effective for accounting periods beginning on or after January 1, 2018 with early adoption permitted. IFRS 9 addresses the classification, measurement and recognition of financial assets and financial liabilities. It replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortized cost, fair value through other comprehensive income ("OCI") and fair value through profit or loss. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in OCI not recycling. There is now a new expected credit losses model that replaces the incurred loss impairment model used in IAS 39. For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in OCI, for liabilities designated at fair value through profit or loss. IFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management actually uses for risk management purposes. Contemporaneous documentation is still required but is different to that currently prepared under IAS 39.

IFRS 15 – Revenue from Contracts with Customers ("IFRS 15")

IFRS 15 specifies how and when revenue should be recognized, in addition to requiring more informative and relevant disclosures. The IFRS 15 revenue recognition model requires management to exercise significant judgment and make estimates that affect revenue recognition. This standard supersedes IAS 18, "Revenue," IAS 11, "Construction Contracts," and a number of revenue-related interpretations. IFRS 15 must be applied for periods beginning on or after January 1, 2018, with early application permitted.

IFRS 16 – Leases

IFRS 16, "Leases" ("IFRS 16"), sets out the principles for the recognition, measurement and disclosure of leases. IFRS 16 provides revised guidance on identifying a lease and for separating lease and non-lease components of a contract. IFRS 16 introduces a single accounting model for all lessees and requires a lessee to recognize right-of-use assets and lease liabilities for leases with terms of more than 12 months, unless the underlying asset is of low value. Under IFRS 16 lessor accounting for operating and finance leases will remain substantially unchanged. IFRS 16 is effective for annual periods beginning on or after January 1, 2019, with earlier application permitted for entities that apply IFRS 15, "Revenue from Contracts with Customers."

5. Cash and Cash Equivalents

Cash and cash equivalents consist of the following:

		March 31 2018		September 30 2017
Cash	**$**	**494**	$	3,244
Term deposits		**5,150**		4,500
	$	**5,644**	$	7,744

Cash and cash equivalents include unrestricted cash and term deposits with an original maturity of three months or less from the date of acquisition.

Included in cash and cash equivalents is the Company's proportionate share of cash and cash equivalents of the Company's proportionately consolidated entities of $45 (September 30, 2017 – $47).

6. Amounts Receivable

		March 31 2018		September 30 2017
Receivable from house building co-tenancies	**$**	**415**	$	415

Amounts receivable comprise $415 (September 30, 2017 – $415) owing from the Company's house building co-tenancies' project manager. These amounts, originally amounting to $831, which are being held pursuant to the project co-tenancy agreements, were meant to provide contingency funds should any warranty or other claims be made with respect to the houses sold. During the fourth quarter of fiscal 2017, the Company and the project manager reached an agreement in principle under which the project manager would indefinitely retain 50% of such contingency funds and release the balance back to the Company in exchange for releasing the Company from any future project related costs. Accordingly, the Company expensed $415 of the amount receivable from the project manager in its September 30, 2017 consolidated financial statements and arrangements are in process for the return of the remaining balance to the Company.

7. Income Taxes

(a) Significant components of the income tax provision (recovery) for the six months ended March 31, 2018 are as follows::

	Six months ended **March 31 2018**	Six months ended March 31 2017
Current	**$ (97)**	$ (197)
Deferred	**–**	162
	(97)	(35)
Income tax provision on other comprehensive income included in deferred income taxes	**–**	59
	$ (97)	$ 24

(b) The income tax provision (recovery) differs from the amount computed by applying the average statutory Canadian federal and provincial income tax rates to loss (earnings) before income taxes. These differences are:

	Six months ended **March 31 2018**	Six months ended March 31 2017
Expected income tax provision (recovery) at 26.5% (2016 – 26.5%)	**$ (80)**	$ 117
Fair value gains on investment properties taxed at lower than statutory rates	**–**	(121)
Other	**(17)**	(31)
Income tax recovery in interim consolidated statements of operations	**(97)**	(35)
Income tax provision in interim consolidated statements of comprehensive income (loss)	**–**	59
	$ (97)	$ 24

8. Financial Instruments

Fair Values

The fair values of cash and cash equivalents, amounts receivable, and accounts payable and accrued liabilities approximate their carrying values due to their short-term maturities.

Market Risk – Interest Rate Risk

The Company is subject to interest rate fluctuations; however, current low and stable interest rates have lessened the risk associated with such fluctuations.

The following interest sensitivity table outlines the potential impact of a 1% change in interest rates on variable rate assets and liabilities for the six months ended March 31:

March 31, 2018

	Carrying Value	Interest Rate Risk			
		-1%		+1%	
Increase (decrease)		Net Earnings	Equity	Net Earnings	Equity
Financial Assets					
Cash and cash equivalents	**$ 5,644**	**$ (21)**	**$ (21)**	**$ 21**	**$ 21**

March 31, 2017

	Carrying Value	Interest Rate Risk			
		-1%		+1%	
Increase (decrease)		Net Earnings	Equity	Net Earnings	Equity
Financial Assets					
Cash and cash equivalents	**$ 889**	**$ (3)**	**$ (3)**	**$ 3**	**$ 3**
Financial Liabilities					
Loan payable	**2,808**	**10**	**10**	**(10)**	**(10)**
Total increase (decrease)		**$ 7**	**$ 7**	**$ (7)**	**$ (7)**

Credit Risk

The Company's maximum exposure to credit risk are the fair values of cash and cash equivalents and amounts receivable.

Liquidity Risk

Liquidity risk is managed by maintaining cash and cash equivalents in excess of projected needs. At March 31, 2018, the Company is not subject to any liquidity risk.

The Company's contractual obligations, which are its accounts payable and accrued liabilities, are expected to be repaid within twelve months.

Capital Risk Management

The Company's capital consists of its shareholders' equity and it is not subject to any externally imposed capital requirements.

While management and the Board of Directors consider options as to the Company's future, the Company's objective is to preserve capital and retain adequate liquidity to provide cash for the Company's needs.

9. Financial Guarantees

The Company is contingently liable for its co-investors' share of the obligations in co-tenancy developments. As at March 31, 2018, the Company's co-investors' share of obligations of such entities comprises liabilities of $635 (September 30, 2017 – $637). In each case, assets of the co-tenancy developments, consisting primarily of cash and cash equivalents, are available to satisfy such obligations.

10. Related Party Transactions

The following is a summary of the Company's related party relationships:

- certain shareholders, and certain shareholders who are officers and directors or parties related to them, are also participants in all of the house building co-tenancies:
- the Company is managed by two shareholders who are also officers and directors under a management agreement;
- a shareholder who is also a director is associated with a law firm that provides legal services to the Company and some of its co-tenancies;
- two companies owned by a co-tenant in one of the Company's Vaughan, Ontario investment properties, leased space in that property until its sale on June 30, 2017; and
- a company owned by a co-tenant of the Company's Vaughan, Ontario investment properties, until their sale on June 30, 2017, acted as the manager of those properties and was paid management fees.

Related party transactions are recorded at the amount of consideration agreed to by the parties.

Transactions with related parties during the period were as follows:

	Six months ended **March 31 2018**	Six months ended March 31 2017
Management fee expense	**$ 125**	$ 144
Rental income	**$ –**	$ 77

The interim consolidated balance sheets include the following balances with related parties:

	Six months ended **March 31 2018**	Six months ended March 31 2017
Accounts payable and accrued liabilities	**$ –**	$ 125

11. Consolidated Statements of Cash Flows

(a) Non-cash items in operating activities are as follows:

	Six months ended March 31 2018	March 31 2017
Deferred income taxes	**$ –**	$ 162
Amortization of leasing costs	**–**	10
Amortization of deferred financing costs	**–**	17
Amortization of tenant inducements	**–**	10
Straight-line rent receivable	**–**	(67)
Accrued interest receivable	**–**	2
Fair value gain on investment properties	**–**	(909)
	$ –	$ (775)

(b) Changes in non-cash balances in operating activities are as follows:

	Six months ended March 31 2018	March 31 2017
Amounts receivable	**$ –**	$ 98
Accounts payable and accrued liabilities	**(839)**	122
Income taxes payable	**(1,066)**	(233)
Other	**9**	(70)
	$ (1,896)	$ (83)

12. Contingencies and Commitments

The Company, from time to time, is subject to legal proceedings brought against it and its subsidiaries. Management does not believe these proceedings in aggregate will have a material adverse effect on the Company's interim consolidated financial position or financial performance.

MANAGEMENT'S DISCUSSION and ANALYSIS

As of May 24, 2018

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 six-month periods ended March 31, 2018 and 2017, as well as updating CHCI's most recently issued annual MD&A, dated January 4, 2018. This MD&A should be read in conjunction with the unaudited interim consolidated financial statements of the Company, including the notes thereto, for the six-month periods ended March 31, 2018 and 2017 and should also be read in conjunction with the audited consolidated financial statements and the MD&A for the fiscal years ended September 30, 2017 and 2016, as set out in the Company's 2017 Annual Report. Amounts presented in this MD&A are in thousands of Canadian dollars, unless otherwise indicated.

Additional information relating to the Company, including the Certification of Interim Filings for the quarter ended March 31, 2018 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 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 unaudited interim consolidated financial statements as at March 31, 2018 and 2017.

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

As explained in note 1 to the March 31, 2018 interim consolidated financial statements, Consolidated HCI Holdings Corporation, after June 30, 2017, no longer actively engaged in any ongoing business.

REVIEW OF FINANCIAL RESULTS

Results of Operations

Summary of operating results

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

	Three months ended		Six months ended	
	March 31 2018	March 31 2017	**March 31 2018**	March 31 2017
Revenue	**$ 18**	$ 365	**$ 37**	$ 679
Earnings (loss) before income taxes	**$ (109)**	$ (547)	**$ (301)**	$ 441
Recovery of income taxes	**(39)**	(179)	**(97)**	(35)
Net earnings (loss) for the period	**$ (70)**	$ (368)	**$ (204)**	$ 476
Basic and diluted earnings (loss) per share	**$ –**	$ (0.02)	**$ (0.01)**	$ 0.02

The decrease of $347 in revenue in the first three months of 2018, compared to the same period in 2017, is primarily the result of the absence of investment property rental revenue in 2018 due to the sale of the Company's investment properties in the third quarter of 2017.

Rental operations

(Unaudited, in thousands of Canadian dollars)

	Three months ended		Six months ended	
	March 31 2018	March 31 2017	**March 31 2018**	March 31 2017
Rental revenue	**$ –**	$ 342	**$ –**	$ 629
Property operating expenses	**–**	112	**–**	224
Net operating income*	**$ –**	$ 230	**$ –**	$ 405

* Net operating income is an important measure used by management to evaluate the operating performance of investment properties. However, it is not defined under IFRS, does not have a standard meaning and may not be comparable with other companies.

Until their sale on June 30, 2017, the Company's investment properties comprised a multi-unit 50%-owned industrial/commercial building and a 50%-owned rental building leased as a fast food outlet in Vaughan, Ontario.

Interest and other income

Interest and other income for the first half of fiscal of 2018 decreased by $13 compared to the same period in 2017, the result of the Company reducing its level of investment in term deposits since January 1, 2017.

General and administrative expenses

General and administrative expenses decreased for the first six months of fiscal 2018 by $397 over those of the comparative 2017 period resulting from the absence in 2018 of $346 of costs related to the June 30, 2017 asset sale, as explained in note 1 to the March 31, 2018 interim consolidated financial statements, and a reduction of $51 in other items.

Income taxes

The income tax recovery for the first six months of 2018 of $97 (March 31, 2017 – recovery of $35) computed by applying the average statutory Canadian federal and provincial income tax rate of 26.5% (2017 – 26.5%) to earnings before income taxes was increased by $16 of income tax recovery resulting from the loss for tax purposes being carried back to a previous year (March 31, 2017 – offset by $121), the result of the fair value gain on investment properties being taxed at lower than statutory rates, and $31 of income tax recovery resulting from the prior year's loss for income tax purposes carried back to a previous year.

FINANCIAL CONDITION

(Unaudited, in thousands of Canadian dollars)

	March 31 2018	September 30 2017
Cash and cash equivalents	**$ 5,644**	$ 7,744
Amounts receivable	**415**	415
Income taxes recoverable	**176**	–
Other assets	**28**	37
Total assets	**$ 6,263**	$ 8,196

ASSETS AND LIABILITIES

During the first six months of fiscal 2018, the Company used cash to pay the balance of its September 30, 2017 income tax liability, reduce its accounts payable and accrued liabilities and cover its ongoing general and administrative costs.

OUTSTANDING SHARE DATA

Authorized capital stock consists of an unlimited number of Class B voting shares without par value. Issued and outstanding as at March 31, 2018 are 20,575,866 shares, unchanged from October 1, 2016.

LIQUIDITY AND CAPITAL RESOURCES

Cash flows

(Unaudited, in thousands of Canadian dollars)

	Six months ended	
	March 31 2018	March 31 2017
Cash provided by (used in):		
Operating activities	**$ (2,100)**	$ (404)
Investing activities	**–**	865
Financing activities	**–**	(120)
Increase (decrease) in cash and cash equivalents during the period	**(2,100)**	341
Cash and cash equivalents, beginning of the period	**7,744**	548
Cash and cash equivalents, end of the period	**$ 5,644**	$ 889

In the first half of fiscal 2018 the Company used cash to pay the balance of its September 30, 2017 income tax liability and accounts payable and accrued liabilities and to cover general and administrative expenses. Currently, the Company's only revenue source constitutes interest on term deposits. The Company's cash and cash equivalents serve to provide the Company with sufficient liquidity to continue as is until Management and the Board of Directors come to a decision as to the Company's future.

CONTRACTUAL OBLIGATIONS

The Company's contractual obligations, comprising its accounts payable and accrued liabilities totalling $393, mature in less than one year.

TRANSACTIONS WITH RELATED PARTIES

The Company has entered into transactions with other entities in which the following individuals hold management positions as noted in the following tables:

(Unaudited, in thousands of Canadian dollars)

March 31, 2018	Note	Receives management fees from the Company
Marc Muzzo	(1)	**$ 63**
Stanley Goldfarb	(2)	**$ 63**

March 31, 2017	Note	Receives management fees from the Company	Receives property management fees to manage the investment properties	Pays rent to the Company for space leased in the Company's investment property
Marc Muzzo	(1)	$ 63		
Stanley Goldfarb	(2)	$ 63		
Dani Cohen	(3)		$ 19	$ 77

(1) Marc Muzzo is a shareholder, director and officer of the Company who holds management positions in entities that have provided management services to the Company as noted in the tables above.

(2) Stanley Goldfarb is a shareholder, director and officer of the Company who holds a management position in an entity that has provided management services to the Company as noted in the tables above.

(3) Dani Cohen was a co-tenant in the Company's investment properties until their sale in the third quarter of 2017. He was paid management fees for management services to the properties and paid rent for space leased in one of the properties as noted in the tables above.

RISK MANAGEMENT

Market Risk – Interest Rate Risk

The Company is subject to interest rate fluctuations; however, current low and stable interest rates have lessened the risk associated with such fluctuations.

Credit and Operational Risks

The Company's maximum exposure to credit risk is the fair values of cash and cash equivalents and amounts receivable.

As at March 31, 2018 and September 30, 2017, none of the Company's financial assets are past due.

Liquidity Risk

Liquidity risk is managed by maintaining cash and cash equivalents in excess of projected needs. At March 31, 2018, the Company is not subject to any liquidity risk.

The Company's contractual obligations, which are its accounts payable and accrued liabilities, are expected to be repaid within twelve months.

Capital Risk Management

The Company's capital consists its shareholders' equity and it is not subject to any externally imposed capital requirements.

While management and the Board of Directors consider options as to the Company's future, the Company's objective is to preserve capital and retain adequate liquidity to provide cash for the Company's needs.

CONTROLS AND PROCEDURES

At March 31, 2018, the CEO and the CFO ("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 they have designed internal controls over financial reporting ("ICFR") to provide reasonable assurance regarding the reliability of financial reporting and the preparation of its interim consolidated financial statements for external purposes in accordance with IFRS. All ICFR are either completed or reviewed by the CFO with involvement from the CEO and Vice-President as deemed necessary. Until January 19, 2018, other than the CFO, the Company had only one employee who was engaged in accounting and recordkeeping functions and who was directly supervised by the CFO. That employee retired on that date and his duties were assumed by the CFO.

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 March 31, 2018 and September 30, 2017 and for the six-month periods ended March 31, 2018 and 2017 relates to the Company's aggregate proportionate share of its proportionately consolidated entities, comprising its investments in its residential construction operations and, until its sale on June 30, 2017, its investment property operations:

(Unaudited, in thousands of Canadian dollars)

	March 31 2018	September 30 2017
Assets	**$ 464**	$ 464
Liabilities	**157**	157
	$ 307	$ 307

	Three months ended **March 31 2018**	Three months ended March 31 2017	Six months ended **March 31 2018**	Six months ended March 31 2017
Revenue	**$ –**	$ 342	**$ –**	$ 629
Expenses	**–**	(164)	**–**	(305)
Fair value gain (loss) on investment properties	**–**	(118)	**–**	909
Earnings	**$ –**	$ 60	**$ –**	$ 1,233

	Six months ended **March 31 2018**	Six months ended March 31 2017
Cash provided by (used in)		
Operating activities	**$ –**	$ 478
Investing activities	**–**	135
Financing activities	**–**	(122)

The certifying officers have determined there were no changes in the Company's ICFR that occurred during the six months ended March 31, 2018 that have significantly affected, or are reasonably likely to significantly affect, the Company's ICFR.

NEW ACCOUNTING STANDARDS

Details of new accounting standards are included in note 4 to the interim consolidated financial statements for March 31, 2018.

FUTURE ACCOUNTING CHANGES

Details of accounting standards issued and yet to be applied are included in note 4 to the interim consolidated financial statements for March 31, 2018.

FINANCIAL INSTRUMENTS

Information pertaining to the Company's financial instruments is included in note 8 to the interim consolidated financial statements for March 31, 2018.

CRITICAL ACCOUNTING ESTIMATES

Information pertaining to critical accounting estimates as they relate to the Company's investment properties, prior to their sale, is included in note 3 of the interim consolidated financial statements for March 31, 2018.

OFF-BALANCE SHEET ARRANGEMENTS

Financial Guarantees

The Company is contingently liable for its co-investors' share of the obligations in co-tenancy developments. At March 31, 2018, the Company's co-investors' share of obligations of such entities comprises liabilities of $635 (September 30, 2017 – $637). In each case, assets of the co-tenancy developments, consisting primarily of cash and cash equivalents, are available to satisfy such obligations.

OUTLOOK

Management and the Board of Directors are considering options as to the Company's future given that as of June 30, 2017, as previously reported, the Company had discontinued and divested substantially all of its operations, and had ceased to be actively engaged in any ongoing business.

Additional information relating to the Company has been filed on SEDAR and can be found at www.sedar.com.

CORPORATE DIRECTORY

DIRECTORS

Rudolph Bratty**
President
Ruland Realty Limited

John H. Craig
Solicitor and Partner
Cassels Brock & Blackwell LLP
Barristers and Solicitors

John H. Daniels*
President
The Daniels Group Inc.

Richard Gambin*
President
Ricgam Investments Ltd.

Stanley Goldfarb
President
Logpin Investments Limited

Marc Muzzo
Director
Marel Contractors

OFFICERS

Stanley Goldfarb
President, Chief Executive Officer
& Treasurer

Marc Muzzo
Vice-President

John H. Craig
Secretary

Arnold J. Resnick
Chief Financial Officer

AUDITOR

PricewaterhouseCoopers LLP

TRANSFER AGENT

Computershare Investor
Services Inc.

SOLICITORS

Cassels Brock & Blackwell LLP

REGISTERED OFFICES

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Holdings Corporation
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Toronto, Ontario
M5H 3C2

EXECUTIVE OFFICES

100 Strada Drive, Unit 3
Woodbridge, Ontario
L4L 5V7
Tel: 905-851-7741
Fax: 416-253-5074
E-mail: ewdl@bellnet.ca

STOCK EXCHANGE LISTING

TSX Venture Exchange – NEX
Symbol: CXA.H

* Audit Committee
** Chairman of the Board and the Audit Committee

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