# MANAGEMENT'S RESPONSIBILITIES

The consolidated financial statements of Consolidated HCI Holdings Corporation have been prepared by management of the Company in accordance with International Financial Reporting Standards.

Management maintains appropriate controls to provide reasonable assurance that the assets of the Company, its subsidiaries and joint ventures are safeguarded and that financial information is reliable and accurate. Where necessary, management uses judgment to make estimates based on informed knowledge of the facts.

The Board of Directors bears ultimate responsibility for the consolidated financial statements. An Audit Committee composed of independent directors has reviewed in detail these consolidated financial statements with management and also with the external auditor appointed by the shareholders. The Audit Committee has recommended its approval to the Board. The Board of Directors has approved these consolidated financial statements.

All other financial and operating data included in the annual report are consistent with information contained in the consolidated financial statements and have been reviewed by the Board of Directors.

(Signed) Stanley Goldfarb

Stanley Goldfarb
President and Treasurer

November 23, 2018

# INDEPENDENT AUDITOR'S REPORT

## TO THE SHAREHOLDERS OF CONSOLIDATED HCI HOLDINGS CORPORATION

We have audited the accompanying consolidated financial statements of Consolidated HCI Holdings Corporation and its subsidiaries, which comprise the consolidated balance sheets as at September 30, 2018 and September 30, 2017 and the consolidated statements of operations, changes in shareholders' equity, comprehensive loss and cash flows for the years then ended, and the related notes, which comprise a summary of significant accounting policies and other explanatory information.

**Management's responsibility for the consolidated financial statements**

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

**Auditor's responsibility**

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Consolidated HCI Holdings Corporation and its subsidiaries as at September 30, 2018 and September 30, 2017 and their financial performance and their cash flows for the years then ended in accordance with International Financial Reporting Standards.

PricewaterhouseCoopers LLP

**Chartered Professional Accountants, Licensed Public Accountants**
**Toronto, Ontario**

## CONSOLIDATED BALANCE SHEETS

| (in thousands of Canadian dollars) | September 30 2018 | September 30 2017 |
|---|---|---|
| **ASSETS** | | |
| **Current assets** | | |
| Cash and cash equivalents (note 6) | $ 875 | $ 7,744 |
| Amounts receivable (note 7) | — | 415 |
| Income taxes recoverable | 258 | — |
| Other | 23 | 37 |
| | $ 1,156 | $ 8,196 |
| **LIABILITIES** | | |
| **Current liabilities** | | |
| Accounts payable and accrued liabilities | $ 40 | $ 1,232 |
| Income taxes payable | — | 890 |
| | 40 | 2,122 |
| **SHAREHOLDERS' EQUITY** | | |
| Capital stock (note 9) | 35,890 | 35,890 |
| Deficit | (34,774) | (29,816) |
| | 1,116 | 6,074 |
| | $ 1,156 | $ 8,196 |

Contingencies and commitments (note 17)

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

**Approved by the Board of Directors**

(Signed) Stanley Goldfarb

Director

(Signed) Rudolph Bratty

Director

## CONSOLIDATED STATEMENTS OF OPERATIONS

| Years ended September 30 (in thousands of Canadian dollars, except share and per share amounts) | 2018 | 2017 |
|---|---|---|
| Investment property revenue (note 14) | $ — | $ 864 |
| Investment property operating expenses (note 14) | — | 287 |
| **Net rental income** | — | 577 |
| **Other income (expenses)** | | |
| General and administrative (notes 14 and 15) | (801) | (2,116) |
| Interest and other income | 79 | 122 |
| Interest expense | — | (95 ) |
| Amortization of leasing costs | — | (15) |
| Housing project recoveries (completion costs) (note 7) | 56 | (423) |
| Fair value gain on investment properties (note 5) | — | 567 |
| Gain on sale of marketable security | — | 1,814 |
| Foreign exchange gain (loss) | 110 | (122) |
| | (556) | (268) |
| **Earnings (loss) before income taxes** | (556) | 309 |
| Recovery of income taxes (note 8) | 228 | 361 |
| **Net earnings (loss) for the year** | $ (328) | $ 670 |
| Basic and diluted earnings (loss) per share | $ (0.016) | $ 0.033 |
| Weighted average number of shares outstanding | 20,575,866 | 20,575,866 |

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

## CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

| (in thousands of Canadian dollars) | 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 year | — | 670 | — | 670 |
| Other comprehensive income | — | — | 418 | 418 |
| Dividends paid (note 16) | — | (16,461) | — | (16,461) |
| Reclassification of unrealized gains on available-for-sale financial assets to net earnings | — | — | (1,597) | (1,597) |
| Balance – September 30, 2017 | 35,890 | (29,816) | — | 6,074 |
| Net loss for the year | — | (328) | — | (328) |
| Dividends paid (note 16) | — | (4,630) | — | (4,630) |
| **Balance – September 30, 2018** | $ 35,890 | $ (34,774) | $ — | $ 1,116 |

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

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

| Years ended September 30 (in thousands of Canadian dollars) | 2018 | 2017 |
|---|---|---|
| Net earnings (loss) for the year | $ (328) | $ 670 |
| Other comprehensive income, net of income taxes, which will recycle through profit | | |
| Unrealized gains arising during the year on available-for-sale financial assets | — | 418 |
| Amounts reclassified to consolidated statements of operations | — | (1,597) |
| Comprehensive loss for the year | $ (328) | $ (509) |

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

# CONSOLIDATED STATEMENTS OF CASH FLOWS

| Years ended September 30 (in thousands of Canadian dollars) | 2018 | 2017 |
|---|---|---|
| Cash provided by (used in) | | |
| **OPERATING ACTIVITIES** | | |
| Net earnings (loss) for the year | $ (328) | $ 670 |
| Gain on sale of marketable security | — | (1,814) |
| Deduct non-cash items (note 13(a)) | — | (1,765) |
| Leasing costs incurred | — | (54) |
| Changes in non-cash operating balances (note 13(b)) | (1,911) | 1,903 |
| | (2,239) | (1,060) |
| **INVESTING ACTIVITIES** | | |
| Investment properties | | |
| Additions | — | (258) |
| Sales proceeds | — | 11,466 |
| Short-term investments | | |
| Purchases | — | (29,740) |
| Sales or maturities | — | 40,332 |
| Proceeds on sale of marketable security | — | 3,091 |
| Restricted cash | — | 5 |
| | — | 24,896 |
| **FINANCING ACTIVITIES** | | |
| Dividends paid (note 16) | (4,630) | (16,461) |
| Repayments of mortgage loan on an investment property | — | (179) |
| | (4,630) | (16,640) |
| Increase (decrease) in cash and cash equivalents during the year | (6,869) | 7,196 |
| Cash and cash equivalents, beginning of the year (note 6) | 7,744 | 548 |
| Cash and cash equivalents, end of the year (note 6) | $ 875 | $ 7,744 |

**SUPPLEMENTARY INFORMATION** (note 13(c))

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

## 1. DESCRIPTION OF BUSINESS

Consolidated HCI Holdings Corporation (the "Company") is an Ontario-based publicly traded company that, 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 ("TSX-V") for issuers previously listed on the Toronto Stock Exchange or TSX-V 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 the Company's registered office is 40 King Street West, Suite 2100, Toronto, Ontario.

The Board of Directors approved the consolidated financial statements on November 20, 2018.

## 2. BASIS OF PRESENTATION AND STATEMENT OF COMPLIANCE

These 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 consolidated annual financial statements. The policies applied in these consolidated financial statements are based on IFRS policies effective as at September 30, 2018.

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### Principles of Consolidation

The consolidated financial statements include the accounts of the Company and, until the sale of its investment properties on June 30, 2017 (note 5) and the windup of its house building operations on June 30, 2018 that were conducted through co-tenancies, the Company's proportionate share of the assets, liabilities, revenue and expenses of those co-tenancies.

### Financial Instruments

The Company's designations and measurement basis of its financial instruments are as follows:

Cash, and cash equivalents are classified as "Loans and Receivables." After their initial recognition at fair value, these instruments are recorded at amortized cost using the effective interest rate method.

Accounts payable and accrued liabilities are classified as "Other Liabilities." After their initial recognition at fair value less directly attributable transaction costs, these instruments are recorded at amortized cost using the effective interest rate method.

### Tenant Inducements

Cash inducements paid to tenants to enter into leases were amortized as a reduction in rental revenue over the term of the lease on a straight-line basis.

### Rental Revenue

Rental revenue was recognized using the straight-line method whereby any contractual rent increases over the term of a lease are recognized as revenue on a straight-line basis.

The recovery of property operating expenses from tenants was recognized as revenue in the period in which the applicable expense was incurred.

### Interest Income

Interest income is recognized using the effective interest rate method.

### Income Taxes

Income tax expense consists of current income tax expenses. Income taxes are the expected taxes payable on the taxable income for the period using income tax rates enacted or substantively enacted at the end of the reporting period and any adjustments to income taxes payable in respect of previous years.

## 4. ACCOUNTING STANDARDS

### New Accounting Standards

### International Accounting Standards ("IAS") 7 – Statement of Cash Flows

This standard has been amended by the IASB to introduce additional disclosures 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 consolidated 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 does not expect these changes to have a material impact 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 loss 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")**

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.

## 5. INVESTMENT PROPERTIES

| | | |
|---|---|---|
| Balance, October 1, 2016 | $ | 12,436 |
| Amortization of leasing costs | | (15) |
| Additions | | 258 |
| Fair value adjustment | | 567 |
| Leasing costs incurred | | 54 |
| Sale of investment properties on June 30, 2017 | | (13,300) |
| Balance, September 30, 2017 | $ | — |

## 6. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of the following:

| | | 2018 | | 2017 |
|---|---|---|---|---|
| Cash | $ | 875 | $ | 3,244 |
| Term deposits | | — | | 4,500 |
| Total cash and cash equivalents | $ | 875 | $ | 7,744 |

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

Included in cash and cash equivalents at September 30, 2017 is the Company's proportionate share of cash and cash equivalents of the Company's proportionately consolidated house building operations (note 3) of $47.

## 7. AMOUNTS RECEIVABLE

| | 2018 | 2017 |
|---|---|---|
| Receivable from house building co-tenancies | $ — | $ 415 |

Amounts receivable comprise $nil (September 30, 2017 – $415) owing from the Company's house building co-tenancies' project manager. This amount, originally amounting to $831, which was being held pursuant to the project co-tenancy agreements, was 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.

The remaining balance of the contingency funds was returned to the Company during 2018 as well as $56 consisting of the Company's share of construction cost recoveries and the house building co-tenancies wound up on June 30, 2018.

## 8. INCOME TAXES

a) Significant components of the income tax provision (recovery) for the years ended September 30 are as follows:

| | 2018 | 2017 |
|---|---|---|
| Current | $ (228) | $ 881 |
| Deferred | — | (1,242) |
| Recovery of income taxes | (228) | (361) |
| Income tax recovery on other comprehensive income | — | (153) |
| | $ (228) | $ (514) |

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

| | 2018 | 2017 |
|---|---|---|
| Expected income tax at 26.5% (2017 – 26.5%) | $ (147) | $ 82 |
| Fair value gains on investment properties taxed at lower than statutory rates | — | (189) |
| Gain on sale of marketable security taxed at lower than statutory rates | — | (240) |
| Other | (81) | (14) |
| | (81) | (443) |
| Income tax provision in earnings | (228) | (361) |
| Income tax recovery in other comprehensive income | — | (153) |
| | $ (228) | $ (514) |

## 9. CAPITAL STOCK

AUTHORIZED

Unlimited Class B, voting shares, without par value

Details of issued capital stock, unchanged since October 1, 2016, are as follows:

| | Number of shares | Amount |
|---|---|---|
| Balance, September 30, 2018 and September 30, 2017 | 20,575,866 | $ 35,890 |

## 10. 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.

With respect to cash and cash equivalents, a one percent increase or decrease in interest rates would increase or decrease net earnings and equity by $6 (2017 – $57) as at September 30, 2018.

### Foreign Currency Risk

Foreign currency risk is the financial exposure to unanticipated changes in the exchange rate between two currencies. The Company is exposed to foreign currency risk with respect to US$5 (2017 – $2,381) included in cash and cash equivalents.

### Credit Risk

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

### Liquidity Risk

Liquidity risk is managed by maintaining cash and cash equivalents in excess of projected needs. As at September 30, 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. 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.

## 11. FINANCIAL GUARANTEES

The Company was previously contingently liable for its co-investors' share of the obligations in co-tenancy developments. As indicated in note 3, the Company's house building co-tenancies were wound up on June 30, 2018 and the Company was released from all obligations of the co-tenancies. As at September 30, 2017, the Company's co-investors' share of obligations of such entities comprised liabilities of $637. In each case, assets of the co-tenancy developments, consisting primarily of cash and cash equivalents, were available to satisfy such obligations.

## 12. INVESTMENTS IN JOINT ARRANGEMENTS

A joint arrangement is a contractual arrangement, pursuant to which the Company and other parties undertake an economic activity that is subject to joint control, whereby the strategic financial and operating policy decisions relating to the activities of the joint arrangements require the unanimous consent of the parties sharing control. Joint arrangements are of two types – joint ventures and joint operations.

Joint ventures involve the establishment of a separate entity in which each venture has an interest in the net assets of the arrangement and are accounted for using the equity method of accounting.

Where the Company undertakes its activities as a joint operation through a direct interest in the joint operation's assets and a direct obligation for the joint operation's liabilities, rather than through the establishment of a separate entity, the Company's proportionate share of the joint operation's assets, liabilities, revenues, expenses and cash flows is recognized in the consolidated financial statements and classified according to their nature.

The following table summarizes joint operations in which the Company participated and for which it recognized its proportionate interest in the underlying assets, liabilities, revenues, expenses and cash flows:

| Name of joint operation | Ownership interest % | |
|---|---|---|
| | 2018 | 2017 |
| 7700 Keele Street – to June 30, 2017 | — | 50.00 |
| Seven-Keele – to June 30, 2017 | — | 50.00 |
| Purple Stone Homes – to June 30, 2018 | 30.00 | 30.00 |
| Kewanee Holdings – to June 30, 2018 | 30.00 | 30.00 |
| Honeysuckle Homes – to June 30, 2018 | 10.00 | 10.00 |
| Jenrette Construction – to June 30, 2018 | 28.75 | 28.75 |

The Company's aggregate proportionate share of its joint operations is reflected in these consolidated financial statements as shown below.

| | 2018 | 2017 |
|---|---|---|
| Assets | $ — | $ 464 |
| Liabilities | — | 157 |
| | $ — | $ 307 |

| | 2018 | 2017 |
|---|---|---|
| Revenue | $ — | $ 864 |
| Recoveries (expenses) | 56 | (819) |
| Fair value gain on investment properties | — | 567 |
| Earnings | $ 56 | $ 612 |

| | 2018 | 2017 |
|---|---|---|
| Cash provided by (used in) | | |
| Operating activities | $ 56 | $ (178) |
| Investing activities | — | 11,208 |
| Financing activities | — | (179) |

## 13. CONSOLIDATED STATEMENTS OF CASH FLOWS

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

| | 2018 | 2017 |
|---|---|---|
| Deferred income taxes | $ — | $ (1,242) |
| Amortization of leasing costs | — | 15 |
| Amortization of deferred financing costs | — | 17 |
| Amortization of tenant inducements | — | 16 |
| Accrued interest receivable | — | (4) |
| Fair value gain on investment properties | — | (567) |
| | $ — | $ (1,765) |

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

| | 2018 | 2017 |
|---|---|---|
| Amounts receivable | $ 415 | $ 415 |
| Accounts payable and accrued liabilities | (1,192) | 568 |
| Income tax payable (recoverable) | (1,148) | 937 |
| Other | 14 | (17) |
| | $ (1,911) | $ 1,903 |

(c) Supplementary information consists of the following:

| | 2018 | 2017 |
|---|---|---|
| Interest paid | $ — | $ 95 |
| Income taxes paid | $ 969 | $ 9 |

## 14. 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, were 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, until their wind up on June 30, 2018, its house building co-tenancies;
- two companies, owned by a co-tenant in one of the Company's Vaughan, Ontario, investment properties, leased space in the property until its sale on June 30, 2017 (note 3); and
- a company owned by a co-tenant of the Company's Vaughan, Ontario, investment properties, until their sale on June 30, 2017 (note 3), 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 year were as follows:

| | 2018 | 2017 |
|---|---|---|
| Management fee expense | $ 250 | $ 279 |
| Rental income | $ — | $ 118 |

### Key Management Compensation

Key management includes the Chief Executive Officer, the Chief Financial Officer, Vice-president and Directors and they have been compensated as follows:

| | 2018 | 2017 |
|---|---|---|
| Salaries and employee benefits | $ 149 | $ 880 |
| Consulting fees | 90 | — |
| Management fees | 250 | 250 |
| Directors' fees | 54 | 61 |
| Total | $ 543 | $ 1,191 |

## 15. GENERAL AND ADMINISTRATIVE EXPENSES BY NATURE

Expenses incurred by nature are as follows:

| | 2018 | 2017 |
|---|---|---|
| Salaries, employee benefits, consulting fees and directors' fees | $ 293 | $ 1,183 |
| Management fees | 250 | 250 |
| Professional fees | 91 | 189 |
| Other | 167 | 494 |
| | $ 801 | $ 2,116 |

## 16. DIVIDENDS

On August 4, 2018, the Company declared a special dividend of $0.225 per Class B share payable to shareholders of record at the close of business on August 28, 2018. The dividend, totalling $4,630, was paid on September 4, 2018.

On August 23, 2017, the Company declared a special dividend of $0.80 per Class B share payable to shareholders of record at the close of business on September 8, 2017. The dividend, totalling $16,461, was paid on September 15, 2017.

## 17. 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 consolidated financial position or financial performance.