CONSOLIDATED HCI HOLDINGS CORPORATION

ANNUAL REPORT • 2018

The Company incurred a net loss for the year ended September 30, 2018 of $328,000 or $0.016 per share. With no revenue from ongoing business activities, general and administrative expenses of $801,000 were offset by interest and other income of $79,000, $56,000 of construction cost recoveries from all remaining house building co-tenancies wound up during the year, a foreign exchange gain of $110,000 and $228,000 of income tax recoveries.

The Company's net earnings for the year ended September 30, 2017 of $670,000 or $0.033 per share was a result of a non-cash fair value gain on its investment properties of $567,000 and the gain on the sale of a marketable security of $1,814,000, which were offset by the writeoff of $415,000 of amounts receivable from the Company's house building co-tenancies, the provision of $840,000 for severance payments to employees and $456,000 of other expenses net of income tax recoveries and investment property revenue.

As the Company is no longer engaged in any active business activities it paid a special dividend of $4,630,000 in the third quarter of 2018, leaving it with sufficient cash to continue to operate while management and the Board of Directors consider options as to the Company's future.

On your behalf, I would like to thank our Board of Directors for the guidance they provide to management.

(Signed) Stanley Goldfarb

Stanley Goldfarb
President

MANAGEMENT'S DISCUSSION AND ANALYSIS

As of November 23, 2018

OVERVIEW

Consolidated HCI Holdings Corporation (the "Company") is an Ontario-based publicly traded company. On September 20, 2017, the Company announced that, as it had discontinued and divested a substantial portion of its operations, it had ceased to be actively engaged in ongoing business and no longer met the listing requirements of the Toronto Stock Exchange (the "TSX") its Class B shares were delisted from trading on the TSX at the close of business on that day. At the opening of trading on Thursday September 21, 2017 the Company's Class B shares commenced trading on the NEX board 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 TSX or TSX-V Venture but which no longer maintain compliance with the ongoing financial listing standards of those markets.

The following management's discussion and analysis ("MD&A") of the financial condition of the Company and its financial performance for the two years ended September 30, 2018 and 2017 are the views of management and should be read in conjunction with the consolidated financial statements including the related notes in the 2018 and 2017 audited consolidated financial statements. Amounts presented in this MD&A are in thousands of Canadian dollars, unless otherwise noted.

The information included in this MD&A, including the 2017 comparative information, has been prepared in accordance with International Financial Reporting Standards ("IFRS") unless otherwise noted.

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 consolidated financial statements as at September 30, 2018 and 2017.

CONTROLS AND PROCEDURES

As at September 30, 2018, 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 IFRS. All internal controls over financial reporting are completed by the Chief Financial Officer.

Until the Company's house building co-tenancies were wound up on June 30, 2018, being the last of the Company's co-tenancies, the certifying officers had 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 joint operations. Management of the operations was distinct from that of the Company and, as such, the Company did not have sufficient access to the operations to design and evaluate controls, policies and procedures carried out by these entities. The Company is satisfied that, considering its own review and analysis of financial information provided by the joint operations and discussion with the joint operations' management, material errors or omissions in the operations' financial reporting for consolidation purposes would have come to the attention of the Company's management and be corrected prior to consolidation.

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 following summary of financial information as at September 30, 2018 and 2017 and for the years then ended relates to the Company's aggregate consolidated proportionate share of its joint operations, comprising all its investments in its investment properties and residential construction:

	September 30	
	2018	2017
Assets	$ —	$ 464
Liabilities	—	157
	$ —	$ 307

	Year ended September 30	
	2018	2017
Revenue	$ —	$ 864
Recoveries (expenses)	56	(819)
Fair value gain on investment properties	—	567
Earnings	$ 56	$ 612

	Year ended September 30	
	2018	2017
Cash provided by (used in)		
Operating activities	$ 56	$ (178)
Investing activities	—	11,208
Financing activities	—	(179)

The certifying officers have evaluated the design and operating effectiveness of the Company's DC&P and ICFR for the year ended September 30, 2018 and have concluded that such DC&P and ICFR were appropriately designed and were operating effectively.

The certifying officers have determined there were no changes in the Company's ICFR that occurred during the year ended September 30, 2018 that have significantly affected, or are reasonably likely to significantly affect, the Company's ICFR.

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 such as "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.

REVIEW OF FINANCIAL RESULTS

Financial data presented herein is expressed in thousands of Canadian dollars and is in accordance with IFRS.

Results of operations

Two-year summary of operating results
(in thousands of dollars, except per share amounts)

		2018		2017
Total revenue	$	79	$	986
Earnings (loss) before income taxes	$	(556)	$	309
Recovery of income taxes		228		361
Net earnings (loss) for the year	$	(328)	$	670
Basic and diluted earnings (loss) per share	$	(0.016)	$	0.033

Total revenue decreased in 2018 by $907 compared to the revenue recorded for the same period in 2017, the result of a decrease in investment property revenue of $864 and a decrease in interest income of $43.

House building operations

The Company completed and closed all housing inventory by September 30, 2013.

During both 2018 and 2017, adjustments for cost estimates made in projects that had previously sold out, resulted in the Company recording cost recoveries totalling $56 in its house building operations.

As at September 30, 2016, amounts receivable included $831 owing from the house building co-tenancies' project manager. These amounts, 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. The project manager, at its discretion, may have called on co-tenants for additional contingency fund contributions if and when required, paid for additional project costs contemplated when establishing the fund or released remaining funds back to the co-tenancy for distribution to the co-tenants once they were no longer considered necessary to hold.

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 2017 consolidated financial statements.

During the third quarter of 2018, this agreement was formalized and the $415 of contingency funds were repaid to the Company.

Rental operations

(in thousands of dollars)

	2018	2017
Rental revenues	$ —	$ 864
Rental operating expenses	—	287
Net operating income*	$ —	$ 577

* Net operating income is an important measure used by management to evaluate the operating performance of the 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.

In 2017, up to June 30, net operating income was reduced by interest expense and amortization of $110 and increased by a gain in fair value of investment properties of $567, resulting in net earnings from rental operations of $1,034.

General and administrative expenses

General and administrative expenses in 2018, in aggregate, decreased by $1,315 over those of 2017, the result of certain non-recurring costs incurred in 2017, including $840 of accrued employee severance costs, $346 of costs related to the sale of investment properties and a decrease in other administrative expenses of $129, the result of decreased payroll and other costs reflecting a decrease in Company activity.

Costs incurred in 2017 relating to the sale of investment properties include the cost of meetings with the Company's real estate consultants regarding the sale and marketing of the investment properties, their preparation of a fairness opinion on the offer from certain Directors and professional fees and other costs incurred in communicating the valuation and sales process to shareholders.

As previously disclosed in the Company's Management Information Circular dated February 20, 2018 for the year ended September 30, 2017, the terms of the Management Agreement provided for management fees of 3% of pre-tax earnings subject to a minimum of $250. For the years ended September 30, 2018 and 2017, these minimum management fees, calculated in accordance with the agreement, were paid during the year and included in general and administrative expenses. See "TRANSACTIONS WITH RELATED PARTIES."

Interest and other income

Interest and other income decreased by $43 from 2017 to 2018 caused primarily by a decrease in cash available for investment with the payment of dividends of $16,461 and $4,630 on September 15, 2017 and September 4, 2018, respectively.

Interest expense

Interest incurred in the Company's rental operations decreased by $95 as a result of the sale of its investment properties on June 30, 2017. Until its assumption by the purchasers of the investment properties, the mortgage on the Company's industrial/commercial building bore interest at the rate of 3.85% per annum.

Income taxes

The 2018 income tax recovery of $147, computed by applying the average statutory Canadian federal and provincial income tax rate of 26.5% to earnings before income taxes, increased by $81 of other tax items.

The 2017 income tax provision of $82, computed by applying the average statutory Canadian federal and provincial income tax rate of 26.5% to earnings before income taxes, was offset by $442, primarily the result of the fair value gain on investment properties and the gain on the sale of a marketable security being taxed at lower than statutory rates.

Selected quarterly consolidated financial information (unaudited)

(in thousands of dollars, except per share amounts)

	2018				2017			
	4th Qtr	3rd Qtr	2nd Qtr	1st Qtr	4th Qtr	3rd Qtr	2nd Qtr	1st Qtr
Revenue	$ 20	$ 22	$ 18	$ 19	$ 43	$ 264	$ 365	$ 314
Net earnings (loss)	$ (111)	$ (74)	$ (9)	$ (134)	$(1,511)	$ 1,705	$ (368)	$ 844
Basic and diluted earnings (loss) per share	$(0.006)	$(0.003)	$ —	$(0.007)	$(0.073)	$ 0.083	$(0.018)	$ 0.041

Fluctuations in the quarterly results over the two-year period shown above are primarily due to the timing of changes in the fair value of the Company's investment properties, sold on June 30, 2017, the accrual of employee severance payments in the fourth quarter of 2017, declining interest income due to a reduction in term deposit investments and the gain on the sale of a marketable security in the third quarter of 2017.

FINANCIAL CONDITION

(in thousands of dollars)

	2018	2017
Cash and cash equivalents	$ 875	$ 7,744
Amounts receivable	—	415
Income taxes recoverable	258	—
Other assets	23	37
Total assets	$ 1,156	$ 8,196

ASSETS

Amounts receivable

Amounts receivable decreased in 2018 by $415 on the receipt of the balance of contingency funds received from the Company's house building co-tenancies.

Other

The Company's remaining real estate holding consists of one serviced residential lot in Mississauga, Ontario, the last remaining lot in a subdivision developed by the Company in a previous year. This lot was previously deeded to the City of Mississauga in accordance with the subdivision agreement and would only be returned to the Company and be available to sell on the resolution of certain storm water management issues affecting the lot and non-owned adjoining lands. Management has determined that a builder has purchased the non-owned adjoining lands for development and expects these aforementioned issues will be resolved in the near future and the residential lot returned to the Company and be available for sale, either to the builder or on the open market.

OUTSTANDING SHARE DATA

As at September 30, 2018, the Company's authorized capital stock consists of an unlimited number of Class B, voting shares, without par value, of which 20,575,866 shares are issued and outstanding at a stated value of $35,890, unchanged since October 1, 2016.

LIQUIDITY AND CAPITAL RESOURCES

Cash flows

(in thousands of dollars)

	2018	2017
Cash provided by (used in)		
Operating activities	$ (2,239)	$ (1,060)
Investing activities	—	24,896
Financing activities	(4,630)	(16,640)
Increase (decrease) in cash and cash equivalents	(6,869)	7,196
Cash and cash equivalents, beginning of the year	7,744	548
Cash and cash equivalents, end of the year	$ 875	$ 7,744

Cash and cash equivalents decreased in 2018 by $6,869. This decrease resulted from the payment of a dividend of $4,630, the details of which are set out in note 16 to the consolidated financial statements for September 30, 2018, income tax payments of $1,081, the payment $890 of employee severance payments accrued at September 30, 2017 and $268 of other net cash outflows.

Cash and cash equivalents increased in 2017 by $7,196. This increase resulted from $10,592 of maturities net of reinvestments in short-term money market instruments, $11,466 net proceeds from the sale of the investment properties referred to above, offset by the payment of a dividend of $16,461, the details of which are set out in note 16 to the consolidated financial statements for September 30, 2018 and $1,599 of other net cash inflows.

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.

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:

(in thousands of dollars)

September 30, 2018	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 one of the Company's investment properties
Marc Muzzo	(1)	$ 125	—	—
Stanley Goldfarb	(2)	$ 125	—	—

September 30, 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 one of the Company's investment properties
Marc Muzzo	(1)	$ 125	—	—
Stanley Goldfarb	(2)	$ 125	—	—
Dani Cohen	(3)	—	$ 29	$ 118

(1) Marc Muzzo 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.

(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 on June 30, 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.

In the fourth quarter of 2018, the Company moved its business office to smaller premises in an office of a company in which Stanley Goldfarb is a shareholder, director and officer at an annual rental of $3.

Employment of the Chief Financial Officer was terminated on March 31, 2018. In a month to month arrangement, commencing April 1, 2018, he was paid a fee of $15 per month as the provider of accounting, reporting and office management functions for the Company.

RISK MANAGEMENT

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.

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 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.

As at September 30, 2018 and 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.

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

FUTURE ACCOUNTING CHANGES

Details of accounting standards issued and yet to be applied are included in note 4 of the consolidated financial statements for September 30, 2018.

FINANCIAL INSTRUMENTS

Information pertaining to the Company's financial instruments is included in note 10 of the consolidated financial statements for September 30, 2018.

OFF-BALANCE SHEET ARRANGEMENTS

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 of the consolidated financial statements for September 30, 2018, 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.

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.

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 (Signed) Rudolph Bratty

Director 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.

CORPORATE DIRECTORY

DIRECTORS

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President
Ruland Reality Limited

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

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President
The Daniels Group Inc.

Richard Gambin*
President
Ricgam Investments Ltd.

Stanley Goldfarb
President
Logpin Investments Limited

Marc Muzzo
Director
Marel Contractors

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

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
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