

MANAGEMENT'S DISCUSSION and ANALYSIS

As at June 30, 2019

OVERVIEW

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 ("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.

The following management's discussion and analysis ("MD&A") of the financial condition of the Company and its financial performance for the nine-month periods ended June 30, 2019 and 2018 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, except per share amounts, are in thousands of Canadian dollars.

The information included in this MD&A, including the 2018 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 June 30, 2019 and 2018.

CONTROLS AND PROCEDURES

As at June 30, 2019, 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 and reviewed by the Chief Executive Officer or the Vice-President.

The certifying officers have evaluated the design and operating effectiveness of the Company's DC&P and ICFR for the nine-month period ended June 30, 2019 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 nine-month period ended June 30, 2019 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

Summary of operating results

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

	Three months ended		Nine months ended	
	June 30 2019	June 30 2018	June 30 2019	June 30 2018
Revenue	\$ –	\$ 22	\$ 5	\$ 59
Loss before income taxes	\$ (86)	\$ (100)	\$ (405)	\$ (401)
Recovery of income taxes	23	26	108	123
Net loss for the period	\$ (63)	\$ (74)	\$ (297)	\$ (278)
Basic and diluted loss per share	\$ (0.003)	\$ (0.004)	\$ (0.014)	\$ (0.014)

The revenue decreased in the first nine months of 2019 by \$54 compared to the revenue recorded for the same period in 2018. All of the Company's term deposits matured in the fourth quarter of 2018 and were not reinvested. They were used to fund the dividends of \$4,630 paid on September 4, 2018 and \$617 paid on March 5, 2019.

General and administrative expenses

General and administrative expenses in the first nine months of 2019, in aggregate, decreased by \$187 over those of the corresponding period in 2018, reflective of reduced corporate activity in general.

Income taxes

The income tax recovery for the first nine months of 2019 of \$108 (June 30, 2018 – \$123) was computed by applying the average statutory Canadian federal and provincial income tax rate of 26.5% (2018 – 26.5%) to losses before income taxes.

FINANCIAL CONDITION

	June 30 2019	September 30 2018
Cash	\$ 108	\$ 875
Income taxes recoverable	108	258
Other assets	23	23
Total assets	\$ 239	\$ 1,156

OTHER ASSETS

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. Recent discussions with the builder regarding the builder's development plans lead management to believe that it is not possible to predict when the lot will be returned to the Company.

OUTSTANDING SHARE DATA

As at June 30, 2019, 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, 2017.

LIQUIDITY AND CAPITAL RESOURCES

Cash Flows

	Nine months ended	
	June 30 2019	June 30 2018
Cash used in:		
Operating activities	\$ (150)	\$ (2,107)
Financing activities	(617)	—
Decrease in cash during the period	(767)	(2,107)
Cash, beginning of the period	875	7,744
Cash, end of the period	\$ 108	\$ 5,637

Cash decreased in the first nine months of 2019, primarily the result of the payment of a dividend of \$617 detailed below, the payment of general and administrative expenses and the September 30, 2018 accounts payable and accrued liabilities, partially offset by an income tax refund of \$258. The Company's cash is expected 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:

June 30, 2019	Note	Receives management fees from the Company
Marc Muzzo	(1)	\$ 63
Stanley Goldfarb	(2)	\$ 63

June 30, 2018	Note	Receives management fees from the Company
Marc Muzzo	(1)	\$ 94
Stanley Goldfarb	(2)	\$ 94

- (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.

Management has waived its entitlement to management fees for the third quarter of 2019.

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 and ending on April 30, 2019, he was paid a fee of \$15 per month as the provider of accounting, reporting and office management functions for the Company. Total fees payable for the period from May 1 to June 30, 2019 amounted to \$10 and are included in accounts payable and accrued liabilities.

RISK MANAGEMENT

Liquidity Risk

Liquidity risk is managed by maintaining cash in excess of projected needs. As at June 30, 2019, the Company is not subject to any material liquidity risk.

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

OFF-BALANCE SHEET ARRANGEMENTS

The Company does not have any off-balance sheet arrangements.

DIVIDEND PAID

On February 11, 2019, the Company declared a special dividend of \$0.03 per Class B share payable to shareholders of record at the close of business on February 25, 2019. The dividend totalling \$617 was paid on March 5, 2019.

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.