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

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF CONSOLIDATED HCI HOLDINGS CORPORATION

Our opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Consolidated HCI Holdings Corporation and its subsidiaries (together, the Company) as at September 30, 2019 and 2018, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRS).

What we have audited

The Company's consolidated financial statements comprise:

- the consolidated balance sheets as at September 30, 2019 and 2018;
- the consolidated statements of operations for the years then ended;
- the consolidated statements of changes in shareholders' equity for the years then ended;
- the consolidated statements of cash flows for the years then ended; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

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

Independence

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

Other information

Management is responsible for the other information. The other information comprises the Management's Discussion and Analysis and the information, other than the consolidated financial statements and our auditor's report thereon, included in the annual report.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, 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.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements.

We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Andrew Popert.

PricewaterhouseCoopers LLP

Chartered Professional Accountants, Licensed Public Accountants
Vaughan, Ontario
January 22, 2020

CONSOLIDATED BALANCE SHEETS

(in thousands of Canadian dollars)	September 30 2019	September 30 2018
ASSETS		
Current assets		
Cash	$ 61	$ 875
Income taxes recoverable	118	258
Other	43	23
	$ 222	$ 1,156
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	$ 49	$ 40
SHAREHOLDERS' EQUITY		
Capital stock (note 6)	35,890	35,890
Deficit	(35,717)	(34,774)
	173	1,116
	$ 222	$ 1,156

Subsequent events (note 12)
Contingencies and commitments (note 13)

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)	2019	2018
Income (expenses)		
General and administrative (notes 9 and 10)	(478)	(801)
Interest and other income	5	79
Housing project cost recoveries	—	56
Recovery of prior year land cost of sale	29	—
Foreign exchange gain	—	110
Loss before income taxes	(444)	(556)
Recovery of income taxes (note 5)	118	228
Net loss for the year	$ (326)	$ (328)
Basic and diluted loss per share	$ (0.016)	$ (0.016)
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	Total equity
Balance – October 1, 2017	$ 35,890	$ (29,816)	$ 6,074
Net loss for the year	—	(328)	(328)
Dividends paid (note 11)	—	(4,630)	(4,630)
Balance – October 1, 2018	35,890	(34,774)	1,116
Net loss for the year	—	(326)	(326)
Dividends paid (note 11)	—	(617)	(617)
Balance – September 30, 2019	$ 35,890	$ (35,717)	$ 173

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)	2019	2018
Cash provided by (used in)		
OPERATING ACTIVITIES		
Net loss for the year	$ (326)	$ (328)
Changes in non-cash operating balances		
Accounts receiveable	—	415
Accounts payable and accrued liabilities	9	(1,192)
Income taxes recoverable	140	(1,148)
Other	(20)	14
	(197)	(2,239)
FINANCING ACTIVITIES		
Dividends paid (note 11)	(617)	(4,630)
Decrease in cash during the year	(814)	(6,869)
Cash, beginning of the year	875	7,744
Cash, end of the year	$ 61	$ 875
SUPPLEMENTARY INFORMATION		
Income taxes paid (recovered)	$ (258)	$ 969

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 January 14, 2020.

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, 2019.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Instruments

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

Cash is 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.

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

Accounting Standards Effective in the Current Year

The Company's adoption of the following new standards and amendments to existing standards, which were effective in the current year, had no 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 International Accounting Standard ("IAS") 39 to IFRS 9, Financial Instruments ("IFRS 9").

IFRS 9 – Financial Instruments

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.

New Accounting Standards

The following new standards and amendments to existing standards apply to annual periods beginning on or after January 1, 2019, with earlier adoption permitted. The Company does not expect these changes to have a material impact on its consolidated financial statements.

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.

5. INCOME TAXES

The 2018 income tax recovery differs from the amount computed by applying the average statutory Canadian federal and provincial income tax rate to the loss before income taxes. These differences are as follows:

	2019	2018
Expected income tax recovery at 26.5% (2018 – 26.5%)	$ 118	$ 147
Realized foreign exchange loss written off for accounting purposes in previous year	—	29
Previous year income tax overprovision	—	49
Other	—	3
	—	81
Income tax recovery	$ 118	$ 228

6. CAPITAL STOCK

AUTHORIZED

Unlimited Class B, voting shares, without par value

Details of issued capital stock, unchanged since October 1, 2017, are as follows:

	Number of shares	Amount
Balance, September 30, 2019 and September 30, 2018	20,575,866	$ 35,890

7. FINANCIAL INSTRUMENTS

Fair Values

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

Credit Risk

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

Liquidity Risk

Liquidity risk is managed by maintaining cash in excess of projected needs. As at September 30, 2019, 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 12 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.

8. 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 until June 30, 2018, at which time all such operations were wound up and remaining assets distributed to participants:

Name of joint operation	Ownership interest %
Purple Stone Homes	30.00
Kewanee Holdings	30.00
Honeysuckle Homes	10.00
Jenrette Construction	28.75

Reflected in 2018 revenue and cash flow in these consolidated financial statements is $56, being the Company's proportionate share of construction cost recoveries of these joint operations.

9. 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 until their wind up on June 30, 2018;
- the Company is managed by two shareholders who are also officers and directors under a management agreement; and
- 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.

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:

	2019	2018
Management fee expense	$ 125	$ 250

Management has waived its entitlement to management fees for the third and fourth quarters of 2019.

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:

	2019	2018
Salaries and employee benefits	$ —	$ 149
Consulting fees	139	90
Management fees	125	250
Directors' fees	40	54
Total	$ 304	$ 543

10. GENERAL AND ADMINISTRATIVE EXPENSES BY NATURE

Expenses incurred by nature are as follows:

	2019	2018
Salaries, employee benefits, consulting fees and directors' fees	$ 178	$ 293
Management fees	125	250
Professional fees	61	91
Other	114	167
	$ 478	$ 801

11. DIVIDENDS

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.

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.

12. SUBSEQUENT EVENTS

Subsequent to September 30, 2019, on January 14, 2020, the Company completed the private placement of unsecured promissory notes for gross proceeds of $345.

The purpose of this borrowing is to provide the Company with sufficient working capital for general corporate purposes while management and the Board of Directors decide on the future direction of the Company.

The promissory notes bear interest at the annual rate of 4%, with the principal amount and all accrued and unpaid interest being due and payable on January 14, 2021.

13. 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.