

MANAGEMENT'S DISCUSSION and ANALYSIS

As at March 31, 2020

OVERVIEW

Consolidated HCI Holdings Corporation (the "Company") is an Ontario-based publicly traded company that trades 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 six-month periods ended March 31, 2020 and 2019 are the views of management and should be read in conjunction with the consolidated financial statements including the related notes in the September 30, 2019 and 2018 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 2019 comparative information, has been prepared in accordance with International Financial Reporting Standards ("IFRS") unless otherwise noted.

GOING CONCERN

The Company's interim consolidated financial statements have been prepared using generally accepted accounting principles that are applicable to a going concern. The going concern basis assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business. The Company incurred operating losses in its previous two fiscal years, has a working capital deficiency, no longer has any source of revenue and continues to incur general and administrative expenses. Management and the Board of Directors continue to consider options as to the Company's future. Whether and when the Company can successfully source capital and/or financing and successfully develop a revenue-producing profitable business with positive cash flows is uncertain. Accordingly, material uncertainty exists whether the Company can discharge its obligations, including its accounts payable and accrued liabilities and notes payable, within the next 12 months. This material uncertainty casts significant doubt upon the Company's ability to continue as a going concern and therefore the use of generally accepted accounting principles that are applicable to a going concern may not be appropriate. These interim consolidated financial statements do not reflect adjustments to carrying values and classification of assets and liabilities that might be necessary should the Company be unable to continue as a going concern, and such adjustments may be material.

COVID-19

On March 11, 2020, the World Health Organization characterized the outbreak of a strain of the novel coronavirus ("COVID-19") as a pandemic, which has resulted in a series of public health and emergency measures that have been put in place to combat the spread of the virus. The duration and impact of COVID-19 is unknown at this time and it is not possible to reliably estimate the impact that the length and severity of these developments will have on the financial results and condition of the Company in future periods.

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 March 31, 2020 and 2019.

CONTROLS AND PROCEDURES

As at March 31, 2020, 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 six-month period ended March 31, 2020 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 six-month period ended March 31, 2020 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 March 31 2020		Six months ended March 31 2020	
		March 31 2019		March 31 2019
Revenue	\$ 1	\$ 2	\$ 1	\$ 5
Loss before income taxes	\$ (81)	\$ (161)	\$ (146)	\$ (319)
Recovery of income taxes	–	43	2	85
Net loss for the period	\$ (81)	\$ (118)	\$ (144)	\$ (234)
Basic and diluted loss per share	\$ (0.004)	\$ (0.006)	\$ (0.007)	\$ (0.011)

The revenue decreased in the first six months of 2020 by \$4 compared to the revenue recorded for the same period in 2019 reflective of the Company's reduced cash balances in 2020.

General and administrative expenses

General and administrative expenses in the first six months of 2020, in aggregate, decreased by \$209 over those of the corresponding period in 2019, reflective of reduced corporate activity in general.

Income taxes

The income tax recovery for the first six months of 2020 of \$2 (March 31, 2019 – \$85) was computed by applying the average statutory Canadian federal and provincial income tax rate of 26.5% (2019 – 26.5%) to losses before income taxes. Only \$7 of such losses are available for carry-back to a prior year. The Company has \$139 of losses available for carry forward for which an income tax benefit has not been recognized. These losses commence to expire in 2040.

FINANCIAL CONDITION

	March 31 2020	September 30 2019
Cash	\$ 363	\$ 61
Income taxes recoverable	2	118
Other assets	43	43
Total assets	\$ 408	\$ 222

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 March 31, 2020, 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, 2018.

NOTES PAYABLE

On January 14, 2020, as previously reported, the Company completed the private placement of unsecured promissory notes for gross proceeds of \$345. The purpose of this borrowing was 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. The notes are repayable without penalty at any time prior to maturity.

LIQUIDITY AND CAPITAL RESOURCES

Cash Flows

	Six months ended	
	March 31 2020	March 31 2019
Cash provided by (used in):		
Operating activities	\$ (43)	\$ (130)
Financing activities	345	(617)
	302	(747)
Cash, beginning of the period	61	875
Cash, end of the period	\$ 363	\$ 128

Cash increased in the first six months of 2020 by \$302 resulting from the receipt of proceeds from private placement of unsecured promissory notes of \$345 net of \$43 of cash expended in payment of general and administrative expenses. At March 31, 2020, the Company is facing material liquidity risk as explained above under GOING CONCERN.

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:

March 31, 2020	Note	Receives management fees from the Company
Marc Muzzo	(1)	\$ –
Stanley Goldfarb	(2)	\$ –

March 31, 2019	Note	Receives management fees from the Company
Marc Muzzo	(1)	\$ 62.5
Stanley Goldfarb	(2)	\$ 62.5

- (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.

While management and the Board of Directors consider options as to the Company's future, management waived any entitlement to management fees for the third and fourth quarters of 2019 and the first and second quarters of 2020. The management contract expired at the end of 2019 and was not renewed for 2020.

The Company's business office is located in the office of a company in which Stanley Goldfarb is a shareholder, director and officer at an annual rental of \$3.

The Company's Chief Financial Officer provides accounting, reporting and office management functions for the Company on a month to month, fee for service basis. Total fees for the period from October 1, 2019 to March 31, 2020 are \$56, of which \$5 are included in accounts payable and accrued liabilities.

RISK MANAGEMENT

Liquidity Risk

Liquidity risk is managed by maintaining cash in excess of projected needs. At March 31, 2020, the Company is facing material liquidity risk as explained above under GOING CONCERN.

The Company's contractual obligations are its accounts payable and accrued liabilities and notes payable. Uncertainty exists whether the Company can discharge these obligations within the next 12 months as explained above under GOING CONCERN.

OFF-BALANCE SHEET ARRANGEMENTS

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

OUTLOOK

Management and the Board of Directors are considering options as to the Company's future as the Company had discontinued and divested substantially all of its operations, and had ceased to be actively engaged in any ongoing business in 2017. Uncertainty exists as to the Company's ability to continue as a going concern and is explained above under GOING CONCERN.

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