Company, with respect to the Pullman Claims As of the date of the Company's assumption of the Pullman Claims, Koll was defending approximately 360 claims that individuals had contracted asbestos-related diseases by reason of their work maintaining or

repairing Pullman cars. Management believes that costs related to these approximately 360 claims will not have a material adverse effect on the Company

ITEM 2. PROPERTIES

As of December 31, 1996, the principal properties owned or leased by the Company for use in its business included

Location	Principal Use	Owned or Leased
McAdoo, Pennsylvania	Mass market cigar manufacturing and distribution	Owned
Cayey, Puerto Rico	Mass market cigar manufacturing	Owned
La Romana, Dominican Republic	Premium cigar manufacturing	Leased
Comerio, Puerto Rico	Tobacco dressing	Owned
Richmond, Virginia	Pipe tobacco manufacturing and premium cigar distribution	Leased
Danli, Honduras	Premium cigar manufacturing	Owned
Maypen, Jamaica	Premium cigar manufacturing	Owned
Fort Lauderdale, Florida	Administrative office	Leased

The Company believes that its existing and planned manufacturing facilities and distribution centers are adequate for the current level of the Company's operations The Company believes that additional facilities, if necessary, would be readily available on a timely basis on commercially reasonable terms. For 1997, the Company is expanding its existing manufacturing facilities in the Dominican Republic and Honduras and acquiring additional manufacturing equipment for a total expected cost of approximately $4 million

Further, the Company believes that the leased space that houses its existing manufacturing and distribution facilities is not unique and could be readily replaced, if necessary, at the end of the terms of its existing leases on commercially reasonable terms The Company's leases have expiration dates ranging from 1999 to 2000, many of which are renewable at the option of the Company

All of the principal properties owned by the Company are subject to first priority liens granted in favor of the lenders under the credit agreement, as amended to February 3, 1997 (the "Credit Agreement") of Consolidated Cigar Corporation ("Consolidated Cigar"), a wholly-owned subsidiary of Cigar Holdings

The Company has excess capacity in all of its cigar and pipe tobacco plants The Company's ability to take advantage of such excess capacity by increasing shift operations and the production of premium and mass market cigars may be limited by the availability of trained laborers and shortages in the supply of tobacco

The Company believes that its facilities are well maintained and in substantial compliance with