

URBANA CORPORATION

INTERIM MANAGEMENT REPORT OF FUND PERFORMANCE

For the six month period ended June 30, 2009

This interim management report of fund performance follows the disclosure requirements of the Canadian Securities Administrators' National Instrument 81-106. It contains financial highlights but does not contain the complete interim or annual financial statements of Urbana Corporation ("Urbana"). You can get a copy of Urbana's interim or annual financial statements at your request, and at no cost, by calling Urbana collect at (416) 595-9106, by writing to us at: 150 King Street West, Suite 1702, Toronto, Ontario M5H 1J9 or by visiting our website at www.urbanacorp.com or the SEDAR website at www.sedar.com.

Securityholders may also contact us using one of these methods to request a copy of Urbana's proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure.

Forward-looking Statements

Certain statements included in this report may constitute forward-looking statements, including those identified by the expressions "believe", "plan", "intend" and similar expressions to the extent they relate to Urbana or its investment manager, Caldwell Investment Management Ltd.. Such forward-looking statements are not historical facts but reflect Urbana's or the investment manager's current expectations regarding future results or events. Such forward-looking statements are subject to a number of risks and uncertainties that could cause actual results or events to differ materially from current expectations. Readers are cautioned to consider these and other factors carefully when making decisions with respect to Urbana and not place undue reliance on forward-looking statements. Unless required by applicable law, Urbana does not undertake any obligation to update publicly or to revise any of such forward-looking statements, whether as a result of new information, future events or otherwise.

MANAGEMENT DISCUSSION OF FUND PERFORMANCE

Results of Operations

Urbana's net shareholders' equity decreased from \$158,402,330 at the end of 2008 to \$157,394,980 at the end of June, 2009, a decrease of \$1,007,350. Net assets (as described in note 10 to the interim financial statements) per common share was \$2.04 per share as of June 30, 2009 compared to \$2.05 as of December 31, 2008, representing a decrease of 0.49%. The net assets per share for the Non-Voting Class A Shares, which have the same rights as the common shares upon liquidation, is the same as the net assets per common share.

In the first six months of 2009, Urbana sold all of its holdings in the Hong Kong Exchange & Clearing Ltd., the Johannesburg Stock Exchange, the London Stock Exchange and the Osaka Securities Exchange and a portion of its holding in the TMX Group Inc. at a combined loss of \$3,647,206. All of these positions were sold for the purpose of reducing Urbana's loan position. Our overall goal is to boost liquidity over time in order to acquire larger positions in key world exchanges. Management believes that in the environment during the first half of this year, liquidity became significantly more important. Dividend income in the first six months of this year was \$2,001,111 as compared to \$1,255,202 for the same period in 2008. The increase was due mainly to the increased dividends paid on the NYX Euronext shares. Seat rental income increased from \$1,005,798 in the first six months of 2008 to \$1,515,651 in the first six months of this year because the seats were rented out at a higher rent per seat. Legal expenses and shareholder reporting costs were \$12,283 and \$29,176 respectively in the first six months of 2009 which were significantly less than that of the same period in 2008 (\$347,286 and \$130,823 respectively). Investment management fees were \$1,060,830 in the first six months of 2009, which was a decrease of \$732,883 compared to the first six months of 2008 due to the lower net assets. All other expenses in the first six months of 2009 were similar to those of the same period in 2008. In the first six months of 2009, Urbana's operations resulted in a net loss of \$857,084 (\$2,223,253 before net unrealized loss on foreign exchange and investments, non-controlling interests and income taxes) as compared to a net loss of \$48,959,879 (\$450,116 before the specified items) in the same period of 2008.

Over the first six months of 2009, stock market indices improved dramatically. Trading volumes also increased but competitive pricing pressures and technology upgrades continued to keep operating margins in check at some exchanges. One of our largest holdings, the Chicago Board Options Exchange ("CBOE") more than held its own with continuing profit gains. During the period, Urbana had the opportunity to purchase upward of 5 percent of India's National Stock Exchange, that country's dominant stock and derivatives exchange. We have delayed this potential purchase as management determined that financing would have been too dilutive for our existing shareholders. This dilution factor was of particular concern as our investment in the CBOE appeared more attractive, with the potential resolution of litigation with Chicago Board of Trade traders. This situation has now been decided in favour of the CBOE. The period for potential appeals ends on August 28, 2009 after which time the CBOE is expected to proceed with the demutualization process. We believe this can result in gains from current price levels for CBOE seats. As a result of the above, we anticipate a "liquidity" event with this position over the next 6 to 9 months.

Normal Course Issuer Bid

In August 2008 the Toronto Stock Exchange accepted Urbana's notice of intention to conduct a normal course issuer bid ("NCIB") to purchase up to 5,954,185 of its Non-voting Class A shares, representing 10% of the public float, pursuant to the TSX rules. Purchases under the bid commenced on August 28, 2008 and will terminate on the earlier of August 27, 2009, the date Urbana completes its purchases pursuant to the notice of intention to make a normal course issuer bid filed with the TSX, or the date of notice by Urbana of termination of the bid. Purchases are on the open market by Urbana through the facilities of the TSX in accordance with the rules and policies of the TSX. The price that Urbana paid for such shares was the market price of such shares on the TSX at the time of acquisition. Non-Voting Class A shares purchased

under the bid are cancelled. Urbana has not purchased and will not purchase in any given 30 day period, in the aggregate, more than 1,366,731 Class A shares, being 2% of the 68,336,582 issued and outstanding Class A shares as at August 26, 2008. During the six month period ended June 30, 2009, Urbana purchased 100,000 Class A shares pursuant to the NCIB. Prior to the period, Urbana had purchased 1,236,582 Class A shares pursuant to the NCIB.

Demand Loan Facility

On February 19, 2008 Urbana entered into a demand loan facility with Bank of Montreal (the “Bank”). Under this loan facility, Urbana may borrow up to \$50,000,000 from the Bank at any given time. Interest is charged on the outstanding balance of the loan facility at prime, calculated on a daily basis. The loan facility is secured by a general charge on Urbana’s assets and allows Urbana to purchase additional interests in public and/or private exchanges around the world. As at June 30, 2009, the outstanding balance of the loan was \$5,500,000 representing 3.49% of the net assets of Urbana. All proceeds from this loan facility so far have been used to purchase interests in various exchanges. Effective July 31, 2009, some of the terms of this demand loan facility were changed. Under the new terms, Urbana may borrow up to \$15,000,000 from the Bank with an interest rate of the Bank’s prime rate plus 2.75%. All other terms of the loan facility remain the same.

Acquisitions and Dispositions of Investments

From January 1, 2009 to June 30, 2009, Urbana made the following acquisitions and dispositions of investments:

Acquisitions

Investment	Quantity	Type of Securities	Cost
None	-	-	-

Dispositions

Investment	Quantity	Type of Securities	Proceeds
Hong Kong Exchange & Clearing Ltd.	80,000	shares	\$ 848,721
Johannesburg Stock Exchange Ltd.	56,000	shares	288,249
London Stock Exchange Group	132,000	shares	1,101,033
Osaka Securities Exchange Co. Ltd.	200	shares	1,021,216
TMX Group Inc.	30,791	shares	968,180

Related Party Transactions

Caldwell Financial Ltd., a company under common management with Urbana, is the parent company of Caldwell Investment Management Ltd. (“CIM”), the investment manager of Urbana. In the six month period ended June 30, 2009, CIM earned from Urbana investment management fees of \$1,060,830 (June 30, 2008 – 1,793,713). In the six month period ended June 30, 2009, CIM absorbed no expenditures relating to Urbana (June 30, 2008 - \$319,004). As at June 30, 2009 there was an investment management fee payable of \$536,991 to CIM (December 31, 2008 – \$630,826). There were no other fees payable to related parties as at June 30, 2009.

Subsequent to its establishment, the Independent Review Committee of Urbana has made a recommendation to Urbana and CIM to execute portfolio transactions through Caldwell Securities Ltd., a sister company of CIM and a registered broker and investment dealer, provided that such transactions are executed on terms as favourable or more favourable to Urbana as those executed through broker-dealers unrelated to CIM.

FINANCIAL HIGHLIGHTS

The following tables show selected key financial information about Urbana and are intended to help you understand Urbana's financial performance for the six month period ended June 30, 2009 and for the prior four financial years.

Urbana's Net Assets per Share^(1,2&3)					
	Six months ended 06/30/2009	2008	2007	2006	2005
Net assets, beginning of period	\$2.05	\$3.37	\$2.68	\$1.26	\$0.71
Total investment income for the period	0.05	0.07	0.06	0.04	0.04
Total expenses for the period, including future taxes ⁽⁴⁾	(0.03)	(0.08)*	(0.13)*	(0.37)	(0.13)
Realized gains(losses) for the period	(0.05)	(0.05)	0.06	0.02	(0.02)
Unrealized gains (losses) for the period	(0.00)	(1.52)	0.31	1.78	0.66
Distributions	Nil	Nil	Nil	Nil	Nil
Net assets , end of period ⁽⁵⁾	2.04	2.05	3.37	2.69	1.26

*Revised from 2008 annual MRFP.

- (1) This information is derived from Urbana's audited annual financial statements and most recent unaudited interim financial statements. The net assets per share presented in the financial statements differs from the net asset value calculated for fund valuation purposes due to differences in valuation techniques as described in the note 10 to the interim financial statements.
- (2) Net assets are based on the actual number of shares outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of shares outstanding over the financial period.
- (3) The net assets for the periods beginning 2007 and onward are shown as net assets and the net assets for all prior periods are shown as net asset values (see note (1) above).
- (4) Total expenses include future taxes only where future taxes are a liability. Where future taxes are an asset (i.e. a future tax credit), total expenses do not include future taxes.
- (5) This is not a reconciliation of beginning and ending net assets per share.

Ratios and Supplemental Data					
	Six months ended 06/30/2009	2008	2007	2006	2005
Total net asset value (000's) ⁽¹⁾	\$157,395	\$158,402*	\$262,841	\$26,917	\$11,334
Shares outstanding ⁽¹⁾	77,000,000	77,100,000	78,061,518	10,000,000	9,000,000
Management expense ratio excluding share issuance costs ⁽²⁾	2.67%	2.77%	2.99%	4.60%	3.25%
Management expense ratio including share issuance costs	2.67%	2.77%	10.50%	4.93%	3.25%
Management expense ratio excluding share issuance costs before waivers or absorptions	2.67%	3.03%	3.37%	4.59%*	3.25%
Portfolio turnover ratio ⁽³⁾	0.00%	5.22%	3.00%*	10.17%	8.03%
Trading expense ratio ⁽⁴⁾	0.00%	0.08%	0.00%	0.00%	0.18%
Net asset value per share	\$2.04	\$2.06	\$3.37	\$2.69	\$1.26
Closing market price (common)	\$1.61	\$1.51	\$5.40	\$3.00	\$2.00
Closing market price (Class A)	\$1.51	\$1.35	\$5.15	-	-

*revised from 2008 annual MRF

- (1) This information is provided as at the end of the stated period/financial year.
- (2) Management Expense Ratio is based on total expenses (excluding commissions and other portfolio transaction costs) for the stated period and is expressed as an annualized percentage of weekly average net asset value during the period.
- (3) Urbana's portfolio turnover rate indicates how actively the corporation's investment manager manages Urbana's portfolio securities investments. A portfolio turnover rate of 100% is equivalent to the corporation buying and selling all of the securities in the portfolio once in the course of the year. The higher a company's portfolio turnover rate in a year, the greater the trading costs payable by the company in the year, and the greater the chance that the company will receive taxable gains or losses in the year. There is not necessarily a relationship between a high turnover rate and the performance of the investment portfolio.
- (4) The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of weekly average net asset value during the period.

Management Fees

Investment management fees are charged for portfolio management services in accordance with an investment management agreement with CIM. Investment management fees accrue on the basis of 1.50% per annum of the market value of the equity securities in Urbana's investment portfolio and 0.50% of the market value of the fixed income securities in the corporation's investment portfolio. During the six month period ended June 30, 2009, CIM earned \$1,060,830 of investment management fees from Urbana and absorbed no expenditures related to Urbana. The investment management fees are accrued and paid quarterly in arrears.

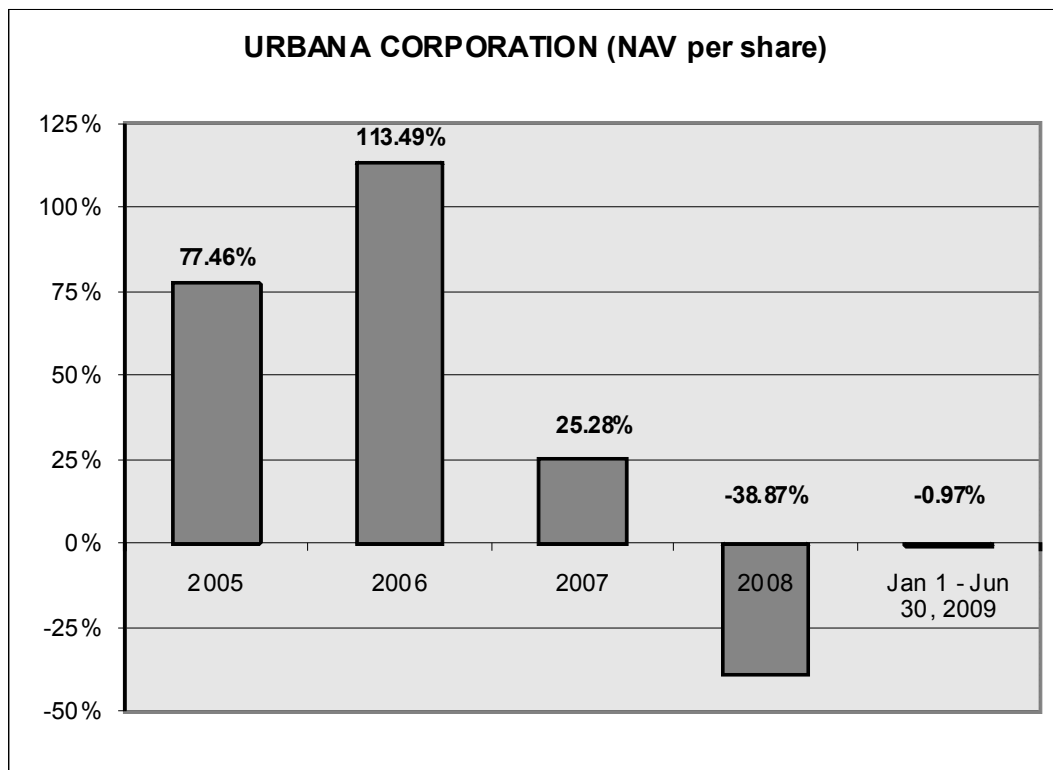
PAST PERFORMANCE

The performance information presented in this section shows how Urbana has performed in the past and does not necessarily indicate how it will perform in the future.

Year-by-Year Returns

The following bar chart shows the net asset value performance of Urbana's common shares for the financial years/periods indicated. The bar chart shows, in percentage terms, how much an investment made on the first day of each financial year/period would have grown or decreased by the last day of each financial year/period based on the net asset value (NAV) per share of Urbana.

Urbana's Non-Voting Class A Shares were first issued on January 11, 2007. The Non-Voting Class A Shares, which have the same rights as the common shares upon liquidation, have the same NAV per share as the common shares.



SUMMARY OF INVESTMENT PORTFOLIO
(non-consolidated)
As at June 30, 2009

The following market value data are all based on last traded price (as opposed to last bid price)

Number of Shares/Units	Description	Cost	Market Value	% of Portfolio Market Value	% of Total Asset Value
1,735,981	NYSE Euronext	\$ 116,322,041	\$ 54,938,222	35.30%	36.55%
22	Chicago Board Options Exchange	58,814,759	48,544,430	31.19%	32.30%
2,400,000	CIH Inc. (Bombay Stock Exchange)	26,566,306	23,580,050	15.15%	15.69%
169,341	Budapest Stock Exchange	4,761,242	8,275,533	5.32%	5.51%
180,000	TMX Group Inc.	7,058,590	6,091,200	3.91%	4.05%
41	Minneapolis Grain Exchange	10,146,476	5,237,689	3.37%	3.48%
9	Kansas City Board of Trade	5,287,915	4,128,599	2.65%	2.75%
54	OneChicago LLC	3,175,830	1,813,054	1.16%	1.21%
1,250,000	CNSX Markets Inc. ¹	1,250,000	1,250,000	0.80%	0.83%
50,000	Bulgarian Stock Exchange	724,589	333,124	0.21%	0.22%
24,683	Bermuda Stock Exchange	533,099	601,347	0.39%	0.40%
100	CIH Inc. voting shares	105	116	0.00%	0.00%
312,500	CNSX Markets Inc. Class A	0	0	0.00%	0.00%
	Cash and Cash Equivalents	835,245	835,575	0.54%	0.56%
	Total	<u>\$ 235,476,196</u>	<u>\$ 155,628,938</u>	100.00%	103.55%

¹CNSX Markets Inc. – formerly Canadian Quotation and Trading System Inc. Urbana holds 312,500 class A shares of CNSX Markets Inc. The shares have nil market value and will be cancelled at the time the debenture matures.

The above summary of the investment portfolio may change due to ongoing portfolio transactions. Weekly and quarterly updates are available at Urbana's website at www.urbanacorp.com