URBANA CORPORATION

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the six months ended June 30, 2018

This Management's Discussion and Analysis ("MD&A") supplements, but does not form part of, the unaudited condensed interim financial statements of Urbana Corporation ("Urbana" or the "Corporation") and notes thereto for the six months ended June 30, 2018 (the "Interim Financial Statements") and the audited financial statements of Urbana and notes thereto for the year ended December 31, 2017 (the "Annual Audited Financial Statements"). Consequently, the following discussion and analysis of the financial condition and results of operations should be read in conjunction with the Interim Financial Statements and the Annual Audited Financial Statements, which have been prepared in accordance with International Financial Reporting Standards ("IFRS"). All amounts shown in this MD&A, unless otherwise specified, are presented in Canadian dollars. This MD&A is current as of August 8, 2018. The Corporation's Audit Committee reviewed this document, and prior to its release the Corporation's Board of Directors approved it, on the Audit Committee's recommendation.

You can obtain information relating to the Corporation, including the Corporation's annual information form and Annual Audited Financial Statements, 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.

REPORTING REGIME

In 2005, the Corporation became an investment fund for the purposes of applicable securities laws.

On July 13, 2015, shareholders voted to authorize the Corporation, at the sole discretion of its board of directors, from time to time, to seek to exercise control over issuers in which it invests, such that the Corporation would no longer be an investment fund for securities law purposes (the "Reclassification"). As a result of the Reclassification, Urbana is subject to National Instrument 51-102 ("NI 51-102") *Continuous Disclosure Obligations*, instead of National Instrument 81-106 ("NI 81-106") *Investment Fund Continuous Disclosure* to which it was subject prior to the Reclassification. Under NI 51-102, Urbana is required to file annual and interim Management's Discussion and Analysis. For accounting purposes, Urbana continues to be treated as an investment entity under IFRS.

NON-GAAP MEASURES

The Corporation prepares and releases audited annual financial statements and unaudited condensed interim financial statements in accordance with IFRS, but complements IFRS results in this MD&A with the following financial measures which are not recognized under IFRS and which do not have a standard meaning prescribed by IFRS: "net assets per share", "total return of net assets per share" and "compound annual growth rate of net assets per share since inception".

Net assets per share

The three financial measures used to calculate “net assets per share”, namely assets, liabilities and number of shares outstanding, are individually recognized under IFRS, but “net assets per share” is not. The calculation of net assets per share as at June 30, 2018 and December 31, 2017 is presented in the following table:

	June 30, 2018	**December 31, 2017**
Assets ($)	248,245,338	266,820,930
LESS Liabilities ($)	19,890,405	15,535,894
EQUALS Net Assets ($)	228,354,933	251,285,036
DIVIDED BY Number of Shares Outstanding	50,000,000	50,000,000
EQUALS Net assets per share ($)	4.57	5.03

Total return of net assets per share

The total return of net assets per share over a given period refers to the increase or decrease of Urbana’s net assets per share over a specified time period, expressed as a percentage of Urbana’s net assets per share at the beginning of the time period**,** assuming that each dividend paid during the period was reinvested at a price equal to the net assets per share at the relevant time.

Compound annual growth rate of net assets per share since inception

Compound annual growth rate (“CAGR”) of net assets per share since inception is the compound annual growth rate of Urbana’s net assets per share from October 1, 2002, when Caldwell Investment Management Ltd., the investment manager of Urbana, started managing Urbana’s investment portfolio, to the end of the period in question.

We calculate CAGR of net assets per share since inception by dividing Urbana’s net assets per share at the end of the period in question by its net assets per share at inception (i.e. October 1, 2002), raising the result to the power of the quotient obtained by having one divided by the number of years representing the period length, and subtracting one from the subsequent result.

The Corporation provides the three non-IFRS measures indicated above because it believes each measure can provide information that may assist shareholders to better understand the Corporation’s performance and to facilitate a comparison of the results of ongoing operations. No measure that is calculated in accordance with IFRS is directly comparable to or provides investors with this net assets per share information. As a result, no quantitative reconciliation from “net assets per share” to an IFRS measure is provided in this MD&A.

Non-IFRS measures should not be construed as alternatives to net comprehensive income (loss) determined in accordance with IFRS as indicators of the Corporation’s performance and readers are cautioned not to view non-IFRS measures as alternatives to financial measures calculated in accordance with IFRS. CAGR of net assets per share since inception describes the historical rate at which Urbana’s net assets per share would have increased at a steady rate. This single historical rate is only an illustration and does not represent the actual annual growth rate of Urbana’s net assets per share in any given year. The growth rate of Urbana’s net assets per share in any given year since 2002 may have been higher or lower than the CAGR of net assets per share due to market volatility and other factors.

Business Strategy and Risk Factors

The strategy of Urbana is to seek out, and invest in, private investment opportunities for capital appreciation and to invest in publicly traded securities to provide growth, income and liquidity. Urbana has the scope to invest in any sector in any region. There were no material changes to Urbana's investment style during the second financial quarter of 2018 ("2018 Q2") that affected the overall level of risk associated with investment in the Corporation. Some of the risk factors associated with investing in Urbana are described in Urbana's most recent annual information form, which is available on the Corporation's website at www.urbanacorp.com and on SEDAR at www.sedar.com. Risks and uncertainties that may materially affect Urbana's future performance include individual corporate risk, macroeconomic risk, currency risk and product price risk.

Overall Performance and Discussion of Operations

The second quarter of 2018 was not a banner performance period for Urbana. In that period, we underperformed major market indices. During this period, Urbana's net assets per share decreased from $4.64 to $4.57, representing a 1.5% negative total return of net assets per share. During the same period, the S&P/TSX Total Return Composite Index ("S&P/TSX Index") increased by 6.8% and the Dow Jones Industrial Average Index ("DJIA Index") increased by 1.3%.

Real Matters Inc., a major Urbana position, continued its decline and undercut our overall results. We are still confident in this position as earnings from their appraisal business should begin to be augmented by their 2016 title and closing acquisition of U.S. based title search specialist Linear Title & Closing Limited. The business of title search and closing of real estate transactions in the U.S. holds significant promise. This will round out Real Matter's current business offering in the U.S. It will probably take an additional year before contributions from this acquisition become evident. Longer-term, this company could see revenues increase from their rich data base concerning needed home repairs across the U.S.

Our large U.S. financial institutions also experienced pullbacks, especially Cboe Global Markets, Inc., the company that owns the Chicago Board Options Exchange ("CBOE"). The CBOE experienced negative press regarding their "VIX" or CBOE Volatility Index in the first quarter of 2018. The CBOE's share price began to recover in early July 2018.

The above positions were a major cause of the pullback in our year-to-date results.

During the first half of 2018, Urbana's net assets per share decreased from $5.03 to $4.57, after the payment of a dividend of ten cents ($0.10) per share[1] in January 2018, resulting in a 7.3% negative total return of net assets per share. During the same period, the S&P/TSX Index increased by 1.9% and the DJIA Index declined by 0.7%.

From October 1, 2002, the date when Caldwell Investment Management Ltd., the investment manager of Urbana, started managing Urbana's investment portfolio, to June 30, 2018, the

[1] The common shares and the Class A shares participate equally in dividends.

CAGR of Urbana's net assets per share was 15.0%. During the same period, the CAGR of the S&P/TSX Index was 9.2% and the CAGR of the DJIA Index was 10.4%.[2]

As we enter the second half of the year, the larger U.S. banks are showing significant earnings growth and their share prices are starting to recover. This sector remains a major component of our marketable securities portfolio.

In the first half of the year, our participation in the cryptocurrency and blockchain space was limited as we continue to see significant risks in this area.

In respect of the popular cannabis sector, our participation is indirect via our investment in CNSX Markets Inc. ("CNSX"), the operator of the Canadian Securities Exchange ("CSE"). The CSE's exposure to that sector has significantly enhanced the CSE's profile and profit numbers. Trading volumes and new listings on the CSE from cannabis companies are now broadening into other sectors such as technology and mining.

To date, we have an unrealized gain in the CNSX (CSE) position of $9.9M. We have expectations for further improvement. The CNSX (CSE) is an excellent company run by a great team.

We have taken some early positions in the areas of artificial intelligence and social media/marketing, and have added slightly to our energy positions.

In addition, we have taken minor positions in some opportunistic investments such as Detour Gold Corp., and subsequent to quarter end, Whitecap Resources Inc.

We are generally maintaining our key holdings in U.S. financials and in Canadian companies, which sell their products in U.S. dollars.

We have reduced some positions and taken some profits as noted in this and our previous quarterly report, primarily in an effort to keep our borrowing low during this period of significant geopolitical uncertainty, primarily emanating from Washington.

In 2018 Q2, dividend and interest income were $608,053 and $30,161 respectively, down from $703,053 and $35,095, respectively, in the second quarter of 2017 ("2017 Q2"). The decrease in dividend income stemmed primarily from our reduced holdings of Deutsche Bank combined with a 40% drop in the Deutsche Bank dividend rate.

Urbana realized a net gain of $7.3M from the sale and disposition of investments in 2018 Q2 (2017 Q2 - $2.2M). This gain stemmed from the disposition of a portion of the investments in U.S. financial institutions, namely Bank of America ($4.7M), Citigroup ($2.0M) and Morgan Stanley ($1.9M). These gains were partially offset by a loss on the sale of Deutsche Bank ($1.2M), foreign currency conversion losses and mining expenditures that were recorded against realized gains.

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[2] The CAGR of the indexes are calculated in the same way as the CAGR of net assets per share since inception.

Urbana recorded $9.9M in unrealized losses in 2018 Q2 (2017 Q2 - $0.6M gain). Approximately $12.3M of previously recorded unrealized gains on Bank of America, Citigroup and Morgan Stanley were converted to realized gains, which resulted in an increase in unrealized losses during 2018 Q2. Our investment in Real Matters incurred an unrealized loss of $5.0M in 2018 Q2. These unrealized losses were partially offset by unrealized gains on CNSX Markets Inc., the operator of the CSE, and Suncor Energy.

During 2018 Q2, Urbana recorded a net loss before income taxes of $3.7M (2017 Q2 - $1.9M net income) due to $9.9M in unrealized losses on investments. Investment management fees in 2018 Q2 were $1.0M, down slightly from $1.1M in 2017 Q2, because of lower average net assets under management in 2018 Q2. Although interest expenses were $74,762 in 2018 Q2, relatively unchanged from 2017 Q2, lower average borrowings were offset by higher borrowing rates in 2018 Q2 compared to last year. Transaction costs in 2018 Q2 amounted to $96,040, up from $50,482 in 2017 Q2, due to increased trading activity in 2018 Q2. Professional fees in 2018 Q2 were $106,397, down from $159,212 in 2017 Q2, since last year included fees for special project work. Administrative expenses in 2018 Q2 were $435,794, up from $349,014 in 2017 Q2, due primarily to increased marketing and advertising expenses in the current year. Foreign withholding tax expense in 2018 Q2 was $48,286, down from $80,476 in 2017 Q2, due to a refund of previously remitted U.S. withholding taxes this year. An increased deferred income tax recovery of $310,000 has been recorded in 2018 Q2 (2017 Q2 - $170,000) primarily due to the unrealized losses recorded during 2018 Q2.

Urbana has not purchased any of its non-voting Class A shares ("Class A shares") in 2018 Q2. Since May 2010, Urbana has purchased and cancelled a total of 37,526,320 Class A shares under its normal course issuer bid ("NCIB") programs. The number of Class A shares now outstanding is 40,000,000.

Financial Highlights

The following table shows selected key financial information about Urbana and is intended to help you understand Urbana's financial performance in 2018 Q2 compared to 2017 Q2 and to the prior three financial years:

	Supplemental Data[1]				
	2018 Q2	**2017 Q2**	**2017**	**2016**	**2015**
Total net assets ($)	228,354,933	235,657,257	251,285,036	236,676,802	186,043,679
Shares outstanding	50,000,000	50,091,900	50,000,000	52,863,200	53,388,500
Net assets per share ($)	4.57	4.70	5.03	4.48	3.48
Closing market price (common)($)	2.95	3.55	3.83	2.95	2.05
Closing market price (Class A)($)	2.81	3.39	3.42	2.99	2.05

(1) This information is provided as at the end of the stated financial period.

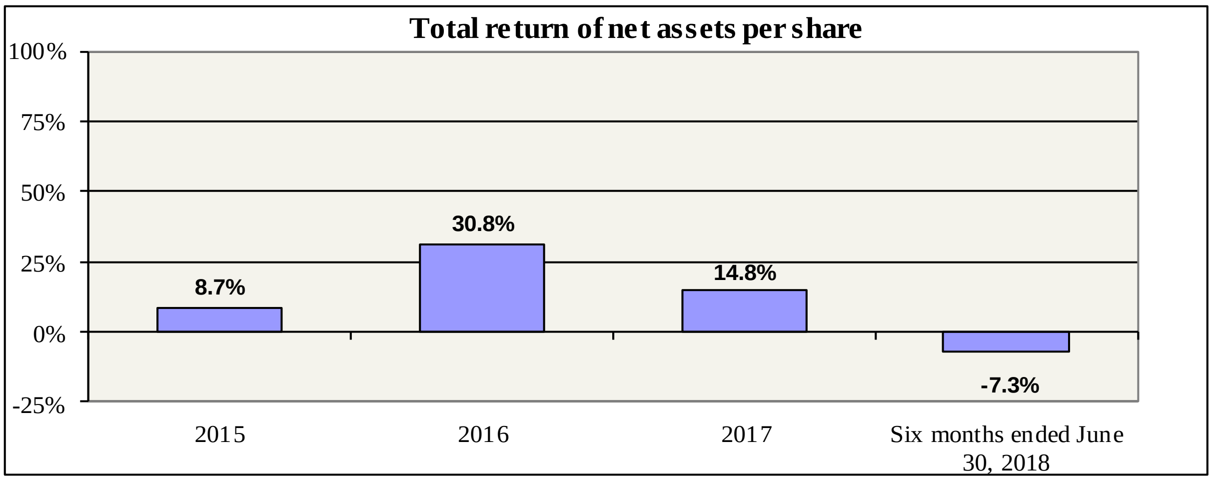
Past Performance

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 Performance

The following bar chart shows the net assets per share performance of Urbana's common shares for the financial periods indicated. The bar chart shows, in percentage terms, how much an investment made on the first day of each financial period would have grown or decreased by the last day of each financial period based on the net assets per share of Urbana, assuming that each dividend paid during the period was reinvested.

Urbana's Class A shares, which have the same rights as the common shares as to dividends and upon liquidation, are treated as if they are common shares for the purposes of the net assets per share calculation.



Summary of Investment Portfolio as at June 30, 2018

The following data is extracted from Urbana's Interim Financial Statements:

Number of securities	Description	Cost ($)	Fair value ($)	% of Portfolio Fair Value
	Private equity investments			
13,260,878	CNSX Markets Inc.	7,248,349	17,106,533	6.89%
32	Minneapolis Grain Exchange (seats)	7,279,359	7,997,936	3.22%
800,000	Caldwell Financial Ltd.	1,826,650	2,784,000	1.12%
2,350,000	Radar Capital Inc. Class A common (i)	50	50	0.00%
15,410,081	Radar Capital Inc. Class B common (i)	11,557,561	11,557,561	4.66%
15,410,081	Radar Capital Inc. Preferred (i)	3,852,520	3,852,520	1.55%
3,000,000	Evolve Funds Group Inc. Class A preferred	3,000,000	3,000,000	1.21%
9,909,025	Highview Financial Holdings Inc.	5,406,753	8,521,762	3.43%
4,538,460	Four Lakes Capital Fund Limited Partnership	4,999,998	4,655,552	1.88%
406,066	Caldwell Growth Opportunities Trust (ii)	3,400,000	3,998,126	1.61%
100	Urbana Special Investment Holdings Ltd. (iii)	2,894,499	457,875	0.19%
	Public equity investments			
757,569	Caldwell India Holdings Inc. (iv)	16,501,204	13,020,447	5.25%
395,500	Urbana Mauritius Inc. (v)	7,312,848	7,085,948	2.86%
150,000	Cboe Global Markets, Inc.	4,959,551	20,534,832	8.28%
125,000	Intercontinental Exchange Group Inc.	5,192,307	12,093,918	4.87%
200,000	Citigroup Inc.	9,359,861	17,605,983	7.10%
600,000	Bank of America Corp.	8,369,806	22,249,521	8.97%

300,000	Suncor Energy	11,845,146	16,050,000	6.47%
450,000	Barrick Gold Corp.	7,792,240	7,771,611	3.13%
400,000	Teck Resources Ltd. Class B	4,552,271	13,396,000	5.40%
350,000	Morgan Stanley	9,706,936	21,823,315	8.79%
300,000	Deutsche Bank AG	6,137,776	4,191,024	1.69%
300,000	HIVE Blockchain Technologies Ltd.	840,000	222,000	0.09%
300,000	HIVE Blockchain Technologies Ltd. Warrants	-	24,000	0.01%
3,135,711	Real Matters Inc.	12,179,624	17,873,553	7.20%
10,000	Alibaba Group Holding Ltd.	2,556,499	2,440,554	0.98%
300,000	Detour Gold Corp.	3,091,883	3,546,000	1.43%
30,000	Micron Technology Inc.	2,284,947	2,069,466	0.83%
	Private debt investments			
500,000	NinePoint Financial Group Inc. (vi)	500,000	500,000	0.20%
500,000	NinePoint Financial Group Inc. (vii)	500,000	500,000	0.20%
	Cash	1,206,326	1,206,326	0.49%
		166,354,964	248,136,413	100.00%

(i) Radar Capital Inc. ("RCI") owns 30% of the common shares of Highview Financial Holdings Inc.
(ii) Caldwell Growth Opportunities Trust owns 30.15% of the investor shares of Caldwell India Holdings Inc. ("CIHI") and 5.69% of the Class B common shares of RCI.
(iii) Urbana Special Investment Holdings Ltd., a wholly-owned subsidiary of Urbana, holds 51.44262 equity shares of OneChicago LLC.
(iv) Urbana owns 64.57% of the investor shares of CIHI, which holds 1,173,319 equity shares of the Bombay Stock Exchange (the "BSE"). These shares became freely tradeable on February 1, 2018. Urbana also owns 100 voting ordinary shares of CIHI representing 100% of the voting ordinary shares. The fair value of these voting ordinary shares is nominal.
(v) Urbana Mauritius Inc., a wholly-owned subsidiary of Urbana, holds 395,500 equity shares of the BSE. These shares became freely tradeable on February 1, 2018.
(vi) Unsecured promissory note maturing on August 1, 2023 with interest at 12% per annum payable quarterly.
(vii) Unsecured promissory note maturing on August 1, 2023 with interest compounding annually at 12% per annum payable on the maturity date.

In addition to the investments listed above, Urbana holds 44 mining claims in Urban Township, Quebec. In the first six months of 2018, mining expenditures of $77,849 (2017 - $394,767) have been recorded in the Interim Financial Statements as a loss in computing net realized gain on sale and disposal of investments.

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.urganacorp.com.

Demand Loan Facility

On February 15, 2008, Urbana entered into a demand loan facility with a major Canadian chartered bank (the "Bank"). On March 2, 2015, the loan facility agreement was amended to allow Urbana to borrow up to $25M. Interest is charged on the outstanding balance of the loan facility at the Bank's prime rate plus 1.25%, calculated on a daily basis and paid monthly. The loan facility is secured by a general charge on Urbana's assets. Loan proceeds may be used to make additional investments and/or for general corporate purposes. As at June 30, 2018, the outstanding balance of the loan was $7.4M. The minimum and maximum amounts borrowed during 2018 Q2 were $nil and $16.0M respectively. As at the date of this MD&A, the Corporation has complied with all covenants, conditions or other requirements of the outstanding debt.

Normal Course Issuer Bid

On August 28, 2017 the Toronto Stock Exchange (the "TSX") accepted Urbana's notice of intention to conduct a normal course issuer bid from Urbana to purchase up to 3,965,762 of its own Class A shares (the "NCIB"), representing 10% of the public float, pursuant to TSX rules.

Purchases under the NCIB were permitted starting on August 31, 2017, and will terminate on the earlier of August 30, 2018, the date Urbana completes its purchases pursuant to the notice of intention to conduct a normal course issuer bid filed with the TSX or the date of notice by Urbana of termination of the bid. The Class A shares purchased under the NCIB must be cancelled. As at June 30, 2018, Urbana had not purchased any Class A shares pursuant to the NCIB.

Acquisitions and Dispositions of Portfolio Investments

From January 1, 2018 to June 30, 2018, Urbana made the following significant acquisitions and dispositions of portfolio investments:

Acquisitions

Investments	No. of Securities	Cost Base ($)[1]
Suncor Energy	50,000	2,364,760
Alibaba Group Holding Ltd.	10,000	2,556,499
Radar Capital Inc. Class B common	15,410,081	11,557,561
Radar Capital Inc. Preferred	15,410,081	3,852,520
Four Lakes Capital Fund Limited Partnership	1,538,460	1,999,998
Evolve Funds Group Inc. Class A preferred	3,000,000	3,000,000
Barrick Gold Corp.	250,000	4,163,510
Detour Gold Corp.	300,000	3,091,883
Micron Technology Inc.	30,000	2,284,947

Dispositions

Investments	No. of Securities	Cost Base ($)[1]	Proceeds ($)[1]
Radar Capital Fund I Limited Partnership	5,000,040	4,358,561	10,150,081
Radar Capital Fund II Series F Limited Partnership	300,000	3,000,000	3,960,000
Radar Capital Inc. Promissory note	1,300,000	1,300,000	1,300,000
Barrick Gold Corp.	50,000	850,892	845,891
Bank of America Corp.	200,000	2,789,936	7,489,176
Citigroup Inc.	50,000	2,339,965	4,349,039
Morgan Stanley	50,000	1,386,705	3,273,751
Deutsche Bank AG	300,000	6,137,776	4,916,895

[1] Cost base does not include transaction costs and proceeds are net of transaction costs.

Mining Claims

Urbana has owned mineral claims in Urban Township, Quebec for a number of years. Management monitors the exploration activity in the area on an ongoing basis and may carry out exploration work on its mineral claims if and when it is deemed suitable. Urbana holds 44 claims in the area totaling 1,154.4 hectares or 2,852.7 acres. Geophysical work and drilling have been conducted on previously unexplored portions of our claim group in 2017. Urbana completed a winter drill program in March 2017 targeting several identified geological anomalies. A report which summarizes both the exploration work completed in the recent past and results to date is underway and will assist in determining next steps.

Urbana has incurred mining expenditures totaling $1.1M of which $0.1M relates to 2018 and has been recorded as a loss in computing "net realized gain on sale and disposal of investments" in the Interim Financial Statements, in accordance with IFRS 6 *"Exploration for and Evaluation of Mineral Resources"*. Management has elected to expense exploration and evaluation costs related to the mineral claims as the property holds no known proven reserves or resources. Although the property has several interesting gold occurrences, there has been no ore body tonnage proven up as yet. The property is therefore still highly speculative. If ore body type tonnage is proven up in the future, and the determination has been made to move into the development phase, then future expenditures on development will be capitalized and tested for impairment. The amount of money laid out on exploration has not been material for Urbana and is expected to continue to be immaterial for the near-term.

Dividend Policy and Dividend Declared

Currently the Corporation has a dividend policy that it intends to pay a cash dividend to the shareholders as soon as practical after the end of each year. The amount of the dividend to be paid is determined each year by the Board, taking into consideration all factors that the Board deems relevant, including the performance of the Corporation's investments, the economic and market conditions, and the financial situation of the Corporation.

On January 31, 2018, the Corporation paid a cash dividend of $0.07 per share, plus a special cash dividend of $0.03 per share, for a total of $0.10 per share, on the issued and outstanding common and Class A shares as at January 17, 2018. Pursuant to subsection 89(14) of the *Income Tax Act* of Canada (ITA) each dividend paid by Urbana qualifies as and is designated an eligible dividend for Canadian income tax purposes, as defined in subsection 89(1) of the ITA.

Outstanding Share Data

As at August 8, 2018, the Corporation has 10,000,000 common shares and 40,000,000 Class A shares outstanding.

RELATED PARTY DISCLOSURES

Caldwell Financial Ltd. ("CFL"), a company under common management with Urbana, is the parent company of Caldwell Investment Management Ltd. ("CIM"), the investment manager of Urbana. Urbana pays CIM investment management fees for investment management services that CIM provides to Urbana – refer to "Management Fees" below. As at June 30, 2018 Urbana had a 20% ownership interest in CFL.

As at June 30, 2018 Urbana owned 50% of the voting class A common shares, 65.2% of the non-voting class B common shares and 65.2% of the non-voting preferred shares of Radar Capital Inc. ("RCI"), a private capital company. These holdings resulted from a capital restructuring of RCI in January 2018 when Urbana's investments in units of Radar Capital Fund 1 Limited Partnership and units of Radar Capital Fund II Series F Limited Partnership, both of which were managed by RCI, and its debt holdings of RCI were converted into preferred shares and class B common shares of RCI. In addition, the common shares of RCI previously held by Urbana were re-designated as class A common shares and split at the ratio of 1 to 47,000.

As at June 30, 2018 Urbana had a 49.1% ownership interest in Caldwell Growth Opportunities Trust, which is a private equity pool managed by CIM – refer to "Summary of Investment Portfolio" above. As at June 30, 2018 Urbana owned 49.3% of the common shares of CNSX, the operator of the CSE.

As at June 30, 2018 Urbana had a 50% ownership interest in Highview Financial Holdings Inc. ("HFHI"). These holdings resulted from a capital restructuring of HFHI in 2017 when the Corporation exchanged its common shares and promissory notes of HFHI for additional units of Highview Investments Limited Partnership ("HILP") and subsequently converted all of its units of HILP into common shares of HFHI.

Caldwell Securities Ltd. ("CSL"), a sister company of CIM and a registered broker and investment dealer, handles Urbana's portfolio transactions. The total amount of commission fees paid to CSL by Urbana in the six-month periods ended June 30, 2018 and June 30, 2017, and during the year ended December 31, 2017, were $107,023, $155,354 and $254,051 respectively. The Ontario Securities Commission has commenced an administrative proceeding alleging that CIM did not fulfil its best execution obligations as an adviser in relation to certain securities trades executed through CSL. CIM has engaged in discussions with regulators to resolve this proceeding. The Urbana board is monitoring the progress of this matter.

In the six month period ended June 30, 2018, Urbana paid CSL $203,400 (HST inclusive) for administrative services, including investor relations services, office and conference room access for Urbana's directors and officers, and accounting services, including the services of an individual to perform the functions of Urbana's chief financial officer.

As at June 30, 2018, there were no fees payable to related parties, other than a management fee of $1.0M payable to CIM.

MANAGEMENT FEES

Investment management fees are charged for portfolio management services in accordance with a fund management and portfolio management agreement effective as of August 1, 2011 between Urbana and CIM. Pursuant to such agreement, CIM is entitled to an investment management fee equal to 1.5% per annum of the market value of Urbana's investment portfolio. In the six-month period ended June 30, 2018, CIM earned $2.1M of investment management fees from Urbana. The investment management fees are accrued daily and paid quarterly in arrears. As at June 30, 2018 there was an investment management fee payable of $1.0M to CIM.

SUMMARY OF QUARTERLY RESULTS

The tables below show the key operating results of the Corporation for each of the eight most recently completed quarters:

	2nd Quarter 2018 ($)	1st Quarter 2018 ($)	4th Quarter 2017 ($)	3rd Quarter 2017 ($)
Realized gain (loss)	7,266,506	6,739,053	4,377,175	(199,081)
Change in unrealized gain (loss)	(9,876,993)	(22,230,664)	10,311,201	5,472,569
Dividend income	608,053	571,832	745,350	567,262
Interest income	30,161	30,017	25,640	25,782
Total expenses	1,747,531	1,559,642	1,706,444	1,449,915
Net income (loss) before income taxes	(3,719,804)	(16,449,404)	13,752,922	4,416,617
Net assets per share (beginning of period)	4.64	5.03	4.78	4.70
Net assets per share (end of period)	4.57	4.64	5.03	4.78
	2nd Quarter 2017 ($)	**1st Quarter 2017 ($)**	**4th Quarter 2016 ($)**	**3nd Quarter 2016 ($)**
Realized gain (loss)	2,211,234	1,722,787	4,905,156	(2,615,790)
Change in unrealized gain	623,450	11,718,625	35,829,988	14,874,812
Dividend income	703,053	510,227	665,481	638,646
Interest income	35,095	24,069	35,411	17,534
Total expenses	1,696,799	1,650,692	1,917,374	1,404,185
Net income before income taxes	1,876,033	12,325,016	39,518,662	11,511,017
Net assets per share (beginning of period)	4.65	4.48	3.82	3.62
Net assets per share (end of period)	4.70	4.65	4.48	3.82

LIQUIDITY AND CAPITAL RESOURCES

The Corporation has no significant financial or contractual obligations other than a demand loan facility with a major Canadian bank – refer to “Demand Loan Facility” above. The Corporation currently holds approximately 74% of its assets, with a fair value of approximately $183M, in marketable securities. It has the liquidity to readily meet all of its operating expense requirements and its obligations under the loan facility.

In the first six months of 2018, the Corporation did not conduct any additional financing activities. As at the date of this MD&A, the Corporation does not have any capital expenditure commitment which the Corporation plans to fund from sources other than the existing loan facility or by liquidating some of its marketable securities.

Currently, holdings of readily marketable securities generate dividend or interest income and can be disposed of with relative ease. Should in future the composition of its portfolio be weighted significantly more toward private investments, which do not produce income and cannot be readily sold, the Corporation may need to rely on its loan facility or issue securities to help meet its liquidity needs. There is no immediate need to rely on these liquidity sources.

OFF-BALANCE SHEET ARRANGEMENTS

There are no off-balance sheet arrangements.

CRITICAL ACCOUNTING ESTIMATES

The preparation of the Corporation’s financial statements in accordance with IFRS requires management to make estimates and exercise judgments that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and revenues and expenses for the period. Actual results could differ from those estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized in the period in which the estimates are revised and in any future period affected. The following discusses the most significant accounting judgments that Urbana has made in preparing the financial statements:

Fair value measurement of private investments

Urbana holds private investments that are not quoted in active markets and for which there may or may not be recent comparable transactions. In determining the fair value of these investments, Urbana has made significant accounting judgments and estimates. See Notes 1 and 2 of the Annual Audited Financial Statements for more information on the fair value measurement techniques and types of unobservable inputs employed by the Corporation in its valuation of private investments.

Changes in Accounting Policies

Adoption of IFRS 9 "Financial Instruments" ("IFRS 9")

The Corporation's accounting policies for its financial instruments are disclosed in detail in Note 1 of the Interim Financial Statements. The date of initial application of IFRS 9 (i.e. the date on which the Corporation has assessed its existing financial assets and financial liabilities in terms of the requirements of IFRS 9) is January 1, 2018. The application of IFRS 9 has not had a significant impact on the financial position or financial performance of the Corporation.

IFRS 9 introduces new requirements for 1) the classification and measurement of financial assets and financial liabilities, 2) impairment of financial assets and 3) general hedge accounting. Details of these new requirements as well as their impact on the Interim Financial Statements are described below.

a. Classification and measurement of financial assets and financial liabilities

All recognized financial assets that are within the scope of IFRS 9 are required to be subsequently measured at amortized cost or fair value on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

Management has reviewed and assessed the Corporation's existing financial instruments as at January 1, 2018 based on the facts and circumstances that existed at that date and concluded that the initial application of IFRS 9 has had the following impact on the Corporation's financial instruments regarding their classification and measurement:

- Financial assets that were measured at fair value through profit and loss ("FVTPL") under International Accounting Standard 39 ("IAS 39") *"Financial Instruments: Recognition and Measurement"* continue to be measured at FVTPL under IFRS 9;
- Financial assets classified as loans and receivables under IAS 39 that were measured at amortized cost continue to be measured at amortized cost under IFRS 9 as they are held within a business model to collect contractual cash flows and these cash flows consist solely of payments of principal and interest on the principal amount outstanding; and

- Financial liabilities classified as other financial liabilities under IAS 39 that were measured at amortized cost continue to be measured at amortized cost under IFRS 9.

There were no financial assets or financial liabilities which the Corporation had previously designated as at FVTPL under IAS 39 that were subject to reclassification, or which the Corporation has elected to reclassify upon the application of IFRS 9. There were no financial assets or financial liabilities which the Corporation has elected to designate as at FVTPL at the date of initial application of IFRS 9.

b. Impairment of financial assets

IFRS 9 also introduces the expected credit loss ("ECL") model for impairment of financial assets measured at amortized cost and debt instruments measured at fair value through other comprehensive income. The ECL impairment model did not have a material impact on the Corporation's financial assets given that the majority of the Corporation's financial assets continue to be measured at FVTPL.

c. Hedge accounting

The Corporation does not apply hedge accounting, therefore, IFRS 9 hedge accounting related changes did not have an impact on the Corporation's financial statements.

DISCLOSURE CONTROLS AND PROCEDURES ("DC&P") AND INTERNAL CONTROL OVER FINANCIAL REPORTING ("ICFR")

Urbana's management ("Management"), under the supervision of its chief executive officer ("CEO") and chief financial officer ("CFO"), is responsible for establishing and maintaining the Corporation's DC&P and ICFR (as defined in National Instrument 52-109 – *Certification of Disclosure in Issuers' Annual and Interim Filings*).

Consistent with NI 52-109, the Corporation's CEO and CFO have reviewed the design of the Corporation's DC&P and ICFR and have concluded that as at June 30, 2018 (A) the Corporation's DC&P provides reasonable assurance that (i) material information relating to the Corporation has been made known to them, particularly during the financial quarter ended June 30, 2018 and (ii) information required to be disclosed by the Corporation in its annual filings, interim filings or other reports filed or submitted by it under securities legislation has been recorded, processed, summarized and reported within the time periods specified in securities legislation; and (B) the Corporation's ICFR provides reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.

There have been no changes in the Corporation's ICFR that occurred during the period beginning April 1, 2018 and ending on June 30, 2018 that have materially affected, or are reasonably likely to materially affect, the Corporation's ICFR. All control systems contain inherent limitations, no matter how well designed. As a result, Management acknowledges that the Corporation's ICFR will not prevent or detect all misstatements due to error or fraud. In addition, Management's evaluation of controls can provide only reasonable, not absolute, assurance that all control issues that may result in material misstatements, if any, have been detected.

FORWARD-LOOKING STATEMENTS

Certain information contained in this MD&A constitutes forward-looking information, which is information relating to possible events, conditions or results of operations of the Corporation, which are based on assumptions about future economic conditions and courses of action and which are inherently uncertain. All information other than statements of historical fact may be forward-looking information. Forward-looking information is often, but not always, identified by the use of words such as "seek", "anticipate", "budget", "plan", "continue", "estimate", "expect", "forecast", "may", "will", "project", "predict", "potential", "target", "intend", "could", "might", "should", "believe", and similar words or phrases (including negative variations) suggesting future outcomes or statements regarding an outlook. Forward-looking information in this MD&A includes, but is not limited to, statements with respect to: the Corporation's investment approach, objectives and strategy, including its focus on specific sectors; the structuring of its investments and its plans to manage its investments; the Corporation's financial performance; and its expectations regarding the performance of certain sectors.

Forward-looking information involves known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking information. The Corporation believes that the expectations reflected in the forward-looking information are reasonable but no assurance can be given that these expectations will prove to be correct. Some of the risks and other factors which could cause results to differ materially from those expressed in forward-looking information contained in this MD&A include, but are not limited to: the nature of the Corporation's investments; the available opportunities and competition for its investments; the concentration of its investments in certain industries and sectors; the Corporation's dependence on its management team; risks affecting the Corporation's investments; global political and economic conditions; investments by the Corporation in private issuers which have illiquid securities; management of the growth of the Corporation; exchange rate fluctuations; and other risks and factors referenced in this MD&A including under "Business Strategy and Risk Factors".

Although the Corporation has attempted to identify important factors that could cause actual events or results to differ materially from those described in forward-looking information, there may be other factors that cause events or results to differ from those intended, anticipated or estimated. Readers are cautioned that the foregoing list of risks and factors is not exhaustive. The forward-looking information contained in this MD&A is provided as at the date of this MD&A, based upon the opinions and estimates of management and information available to management as at the date of this MD&A, and the Corporation undertakes no obligation to update publicly or revise any forward-looking information, whether as a result of new information, future events or otherwise, except as required by law. Readers are cautioned not to place undue reliance on forward-looking information contained in this MD&A.