

URBANA CORPORATION

2018

2018 ANNUAL REPORT

Corporate Information

EXECUTIVE OFFICE:

150 King Street West
Suite 1702
Toronto, Ontario
M5H 1J9
Telephone: (416) 595-9106
Facsimile: (416) 862-2498

TRANSFER AGENT & REGISTRAR:

AST Trust Company (Canada)
P.O. Box 700
Station B
Montreal, Quebec
H3B 3K3

AUDITOR:

Deloitte LLP
Bay Adelaide East
8 Adelaide Street West
Suite 200
Toronto, Ontario
M5H 0A9

DIRECTORS AND OFFICERS OF THE COMPANY:

Thomas S. Caldwell, C.M.
Director, President and CEO
Toronto, Ontario

Beth Colle
Director
Toronto, Ontario

George D. Elliott
Director
Toronto, Ontario

Michael B.C. Gundy
Director
Toronto, Ontario

Charles A.V. Pennock
Director
Toronto, Ontario

Sylvia V. Stinson
Chief Financial Officer

Harry K. Liu
General Counsel and Corporate Secretary

Urbana Corporation's Common
Shares and Non-Voting Class A
Shares are listed for trading on
the Toronto Stock Exchange and
the Canadian Securities Exchange.
Ticker Symbols:
URB (Common Shares)
URB.A (Non-Voting Class A Shares)

Website: www.urbanacorp.com

URBANA CORPORATION

MESSAGE TO SHAREHOLDERS

2018 is a year most investors would like to have avoided.

For Urbana Corporation (“Urbana”), it was our first asset decline in six years. The first quarter saw pullbacks in two of our key positions, Real Matters and the Bombay Stock Exchange, in their post public issuance trading. Their decline continued during the rest of 2018 resulting in a combined value write down of approximately \$27 million. Clearly, an initial public offering (“IPO”) is not a guaranteed moneymaker in today’s markets.

Fortunately, as the year progressed, our investment in CNSX Markets Inc., the operator of the Canadian Securities Exchange (“CSE”), started to reap benefits from its dominant position in listing and trading new cannabis companies. A positive current development, resulting from that fact, is new listings now appear to be broadening out into the technology and resource areas, as the lawyers, accountants and dealers who facilitate these financings are seeing the benefits of the CSE’s efficient staff and cost effective procedures.

The CSE has fought an uphill battle for acceptance in Canada and it is gratifying to see their top notch team reaping significant positive results from their hard work and professionalism. Further, many U.S. companies are now seeing the merits of a CSE listing compared to listing and maintenance costs in America. The CSE’s performance helped to counter some of the value declines in the two companies noted above.

In regard to our other private equity investments we have added short profiles on these holdings to our website. We hope our shareholders find this helpful.

Mid-year, all investors started to feel clever again, but with all markets, humility is just around the corner.

The fourth quarter (“Q4”) introduced numerous concerns such as a China trade war, mercurial policy changes in Washington, worries about higher interest rates and the Federal Reserve Board’s taking liquidity out of the U.S. financial system.

What startled markets was the extreme volatility that emerged. New and significant changes in major market participants are factors influencing these wild market gyrations. To assist investors, we have attached to this report an article entitled “Making sense of the current market volatility”. Emotions in Q4 ran the gamut from greed to fear (but mostly fear) and were in part responsible for the decline in financial services companies such as the major U.S. banks – a significant component of our public holdings.

URBANA CORPORATION

We had raised some cash and paid off our bank loan prior to the Q4 debacle, but one always wishes to have done more.

Also, in Q4 we took losses, even in starter positions, in order to minimize taxes from the sale of some of Urbana's profitable positions in U.S. financials.

As we entered 2019, a degree of calm emerged with China being downplayed (despite the arrest of Meng Wanzhou, Chief Financial Officer of Huawei, who is tightly connected to China's leadership), and a slight decrease in inflammatory rhetoric and policy shifts coming from Washington, D.C. Many issues such as Brexit and "the wall" are really non-substantive factors within the North American economic context. Canada, on the other hand, seems to be suffering from a lack of strong leadership regarding energy and pipelines and a preoccupation with popular but non-substantive issues.

Urbana's share price decline reflected both our asset price decline and similar price pullbacks in the shares of comparable entities. We are confident that a return to positive investment results will also be reflected in our share value. Urbana's regular dividend (\$0.07 per share) was declared and paid on January 31st, 2019. The Board will consider special dividends when it deems appropriate.

Our long-term performance as of December 31, 2018 (compound annual growth rate of net assets per share since inception on October 1, 2002) remains in the double-digit range and it is management's job to work hard and smart, to try to keep it there. We have excellent support from our related companies and their teams and would like to thank all for their inputs.



Thomas S. Caldwell, C.M.
Chairman, Chief Executive Officer and President

March 6, 2019

Forward-Looking Statements

Certain information contained in this Report constitutes forward-looking information, which is information relating to possible events, conditions or results of operations of Urbana, 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. For important information regarding forward-looking statements, please refer to Urbana's most recently filed MD&A under the heading "Forward-Looking Statements".



OPINION

Making sense of the current market volatility

THOMAS S. CALDWELL

CONTRIBUTED TO THE GLOBE AND MAIL

DECEMBER 25, 2018

Thomas S. Caldwell is the chairman of Caldwell Financial Ltd.

In any challenging business or market environment, there are two main tasks. The first is to understand the major factors behind events, and the second (and more important) is to quell one's emotions.

It is an axiom in investing that the emotional component is a major factor in market losses; if investors act upon popular sentiment and their feelings of either greed or fear, they invariably end up buying high and selling low.

To insulate themselves from emotional extremes, stock investors have historically researched investment ideas or hired a professional adviser to do that research for them. The more you know about a company, the less likely you are to react to a decline in its stock price. With information about companies more readily available than ever before, today's markets should be the most rational in history.

This would hold true – but for “the 10-per-cent factor”: As little as 10 per cent of market volume is driven by real investors buying or selling individual securities on the basis of corporate fundamentals (Source: JPMorgan, June, 2017).

If only a small fraction of investors actually care about corporate fundamentals, then who are the other 90 per cent of stock market participants and what drives their decisions?

The 90-per-cent group largely comprises active hedge funds, algorithmic traders, high-frequency traders and ETFs. Their influence on short-term share pricing and volatility is often unrecognized and generally misunderstood. (To be totally inclusive, mutual funds are also a factor, but their focus tends to be longer term. They can also maintain cash reserves for liquidity and redemptions.)

The first three in the 90-per-cent group are generally pro-active and, in many instances, seek to affect or gain from share price volatility. Any point of change, weakness, scandal, disappointment or even a positive surprise is immediately jumped on and exacerbated for trading profits. Impacting or “gaming” share prices becomes a lot easier in a

“thinned out” trading environment without significant fundamental investor participation. Holiday periods are particularly susceptible.

The fourth participant, ETFs, are more passive and adhere to more or less fixed weightings in their securities positions. In normal or gradually changing markets, ETFs tend to be net buyers. If, however, everyone starts to run for the door and ETFs experience significant redemptions, they can add significantly to short-term volatility, particularly given their size relative to the marketplace. We are in the midst of the first significant correction of the ETF era. The “gamesters” play on this.

The bottom line is that investment time frames are now very short and high-velocity trading by non-fundamental investors creates both a volatile and highly emotional market pricing environment. The long-term correlation between corporate earnings growth and share prices is high, and the opportunities for fundamental investors in volatile markets can be considerable. Short-term markets, however, can be quite irrational, as emotions such as fear or greed can be triggered by every manner of event. Even slight surprises (up or down) can result in a “pile on” effect from the active trading entities noted above. We are seeing that now.

One can also add the Internet to volatility-inducing factors, as extreme views, fake news and simple or unfounded opinions can disproportionately affect share pricing. Market participants are trading stocks, not companies, at those points in time, and the influences on the former can be extreme, as they can decouple from the basics of long-term investing.

Remember, your goal is simple: Buy low and sell high – not the other way around. Quelling one’s emotions is now a basic requirement for today’s investor. Also, don’t be afraid to capitalize on extreme market moves, because fundamental or value investing does prevail over time.

URBANA CORPORATION

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the year ended December 31, 2018

This Management's Discussion and Analysis ("MD&A") supplements, but does not form part of, the audited financial statements of Urbana Corporation ("Urbana" or the "Corporation") and notes thereto for the year ended December 31, 2018 (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 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 March 6, 2019. 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

Urbana is subject to National Instrument 51-102 ("NI 51-102") *Continuous Disclosure Obligations* and is required to file annual and interim Management's Discussion and Analysis. For accounting purposes, Urbana is 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 December 31, 2018 and 2017 is presented in the following table:

	December 31, 2018	December 31, 2017
Assets (\$)	216,401,933	266,820,930
LESS Liabilities (\$)	8,973,068	15,535,894
EQUALS Net Assets (\$)	207,428,865	251,285,036
DIVIDED BY Number of Shares Outstanding	50,000,000	50,000,000
EQUALS Net assets per share (\$)	4.15	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 OBJECTIVES AND STRATEGIES, AND RISK FACTORS

The business objectives and strategies of Urbana are 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 in 2018 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 first quarter of 2018 ("Q1") presented numerous challenges, primarily emanating from the United States administration. Urbana's net assets per share decreased from \$5.03 to \$4.64, after the payment of a dividend of ten cents (\$0.10) per share¹ in January 2018, resulting in a 5.9% negative total return of net assets per share in Q1. Urbana's holdings in Real Matters and the Bombay Stock Exchange accounted for a major part of this decline.

In the second quarter of 2018 ("Q2"), net assets per share continued to decrease from \$4.64 to \$4.57, representing a 1.5% negative total return of net assets per share. Real Matters continued its decline and our holdings in large U.S. financial institutions also experienced pullbacks, especially Cboe Global Markets.

In the third quarter of 2018 ("Q3"), net assets per share decreased again from \$4.57 to \$4.46, representing a 2.4% negative total return of net assets per share. The overall economic and geopolitical backgrounds were impacted by both interest rate and trade war fears. This weighed on equity prices and the overall market tone.

In the fourth quarter of 2018 ("Q4"), Urbana continued to crystalize losses in several positions in order to provide tax shelter for gains realized when we reduced some of our profitable U.S. positions (primarily U.S. financials). Urbana reduced to zero the outstanding balance on its demand loan facility and increased cash reserves in order to be well positioned to take advantage of market rebounds. In Q4 Urbana's net assets per share decreased from \$4.46 to \$4.15, representing a 7.0% negative total return of net assets per share. During that same period, the S&P/TSX Total Return Composite Index ("S&P/TSX Index") decreased by 10.1% and the Dow Jones Industrial Average Index (converted to Canadian Dollars) ("DJIA Index") decreased by 6.3%.

During 2018, Urbana's net assets per share decreased from \$5.03 to \$4.15, after the payment of a dividend of ten cents (\$0.10) per share¹ in January 2018, resulting in a 15.8% negative total return of net assets per share. During the same period, the S&P/TSX Index decreased by 8.9% and the DJIA Index increased by 4.7%.

From October 1, 2002, the date when Caldwell Investment Management Ltd., the investment manager of Urbana, started managing Urbana's investment portfolio, to December 31, 2018, the CAGR of Urbana's net assets per share was 13.9%. This compares favourably with the CAGR

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

of the S&P/TSX Index of 8.2% and the CAGR of the DJIA Index of 8.9%, for the same period.² Urbana strives to achieve and maintain long-term performance.

Overall, 2018 was not a good year for equity markets, filled with volatility and much uncertainty, especially in Q4. Although sales and dispositions of the Corporation's investments resulted in realized gains of \$17.2M, primarily in respect of sales of U.S. financials, unrealized losses amounted to \$58.5M virtually across all holdings. Real Matters and the Bombay Stock Exchange, which is owned through two holding companies based in Mauritius, experienced significant declines in value during 2018. The main bright spot was our private equity holding of CNSX Markets Inc., the operator of the Canadian Securities Exchange ("CSE"), which was revalued upward because of its dramatically improved listing business and trading volumes, due in large part to its dominant listings position in the cannabis sector. New CSE listings are now broadening out into the technology and resource sectors.

Urbana's cash reserves increased during Q4. Since then, cash reserves have been reduced somewhat by the January 2019 dividend payment described below under the heading *Selected Annual Information* and by some subsequent opportunistic purchases, but we continue to hold cash that can be deployed for attractive investment opportunities. Our demand loan facility is fully available and affords us further liquidity if needed.

Urbana's management team combines private equity investment with an actively managed portfolio of publicly traded securities. One sector's performance can augment or offset the other's over varying time frames and market cycles. Although Urbana's performance in 2018 was poor, our long-term performance validates this operating style.

During the year ended December 31, 2018, dividend income was relatively unchanged from the prior year at \$2.5M, whereas interest income amounted to \$493,117, up from \$110,586 in 2017. The increase in interest income stemmed primarily from our holdings of NinePoint Financial Group promissory notes. These notes were repurchased by the issuer in Q4 and as a result, the premium received has been recorded as interest income.

Urbana realized a net gain of \$17.2M from the sale and disposition of investments in 2018 (2017 - \$8.1M). This gain stemmed from the disposition of a portion of our U.S. holdings, namely Bank of America (\$8.1M), Morgan Stanley (\$4.1M), Cboe Global Markets (\$3.3M) and Citibank (\$3.1M), as well as the capital restructuring of Radar Capital Inc. (\$6.7M). These gains were partially offset by losses on the sale of Deutsche Bank (\$3.0M), Barrick Gold (\$1.4M), Whitecap Resources (\$1.4M) and a number of short-term holdings (\$2.3M).

Urbana recorded \$58.5M in unrealized losses in 2018 (2017 - \$28.1M gain). Nevertheless, a few of our holdings experienced unrealized gains, namely the CSE (\$14.6M), Minneapolis Grain Exchange (\$2.4M) and Intercontinental Exchange Group (\$1.8M).

During the year ended 2018, Urbana recorded a net loss before income taxes of \$44.4M (2017 - \$32.4M net income). Investment management fees amounted to \$4.1M in 2018, down from

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

\$4.3M in 2017 due to lower net assets under management in 2018. Interest expenses were \$298,400 in 2018, down from \$325,808 in 2017, because of lower average borrowings, notwithstanding higher borrowing rates in 2018 compared to 2017. Transaction costs in 2018 amounted to \$260,056, virtually unchanged from \$254,051 in 2017. Professional fees, comprised of legal costs and audit fees, were \$300,590 in 2018, down from \$425,224 in 2017, since 2017 included fees for special project work. Administrative expenses in 2018 were \$1.2M, unchanged from 2017. Foreign withholding tax expense in 2018 was \$303,895, up from \$170,251 in 2017, because 2017 included the recovery of U.S. withholding taxes remitted in prior years. A deferred income tax recovery of \$5.8M has been recorded in 2018 compared to a \$3.4M expense in 2017, primarily due to the unrealized losses recorded during 2018.

Urbana has not purchased any of its non-voting Class A shares (“Class A shares”) in 2018. Since May 2010, Urbana has purchased and cancelled a total of 37,526,320 Class A shares under its normal course issuer bid 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⁽¹⁾ and is intended to help you understand Urbana’s financial performance in the fiscal year ended December 31, 2018 and for the prior three financial years:

	2018	2017	2016	2015
Total net assets (\$)	207,428,865	251,285,036	236,676,802	186,043,679
Shares outstanding	50,000,000	50,000,000	52,863,200	53,388,500
Net assets per share (\$)	4.15	5.03	4.48	3.48
Closing market price (common)(\$)	2.50	3.83	2.95	2.05
Closing market price (Class A)(\$)	2.21	3.42	2.99	2.05

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

Selected Annual Information

The following table shows selected annual information about Urbana for the three most recently completed fiscal years of the Corporation:

	2018 (\$)	2017 (\$)	2016 (\$)
Total revenue (loss)	(38,264,809)	38,874,438	67,578,531
Profit (loss) from continuing operations attributable to owners of the parent:			
Total	(38,856,150)	28,806,337	54,375,308
Per share	(0.78)	0.57	1.02
Diluted per share	(0.78)	0.57	1.02

Profit (loss) attributable to owners of the parent:				
	Total	(38,856,150)	28,806,337	54,375,308
	Per share	(0.78)	0.57	1.02
	Diluted per share	(0.78)	0.57	1.02
Total assets		216,401,933	266,820,930	260,141,738
Total non-current financial liabilities		7,883,000	13,728,000	10,334,000
Cash dividends declared per share:				
	Common shares	0.10	0.10	0.05
	Class A shares	0.10	0.10	0.05

Revenue and profit levels in 2018, 2017 and 2016 were determined primarily by the unrealized and realized gains on the Corporation's investment portfolio. Variations among the years relate to the investment decisions made, market price fluctuations of the investment portfolio and changes in foreign exchange rates. There have been no changes in accounting policies during the years 2016 to 2018 that had any impact on the financial performance of the Corporation during these years. See also below under the heading *Changes in Accounting Policies – Adoption of IFRS 9 “Financial Instruments”*. There have been no discontinued operations during the years 2016 to 2018. Total assets increased during 2017 because of increased market values of the investment portfolio and decreased during 2018 due to reduced market values of the investment portfolio. Non-current financial liabilities, namely deferred income tax liability, increased during 2017 because of increased unrealized gains and decreased during 2018 due to unrealized losses. Dividends increased to \$0.10 per share in January 2017 as a result of a one-time special dividend of \$0.05 per share due to the excellent 2016 results. A regular dividend of \$0.07 per share and a special dividend of \$0.03 per share (totaling \$0.10 per share) were paid in January 2018. A regular dividend of \$0.07 per share was paid in January 2019. In all instances, common shares and the Class A shares participated equally in dividends. For each of the years 2016 to 2018, the financial data has been prepared in accordance with IFRS and the Canadian Dollar has been the presentation currency.

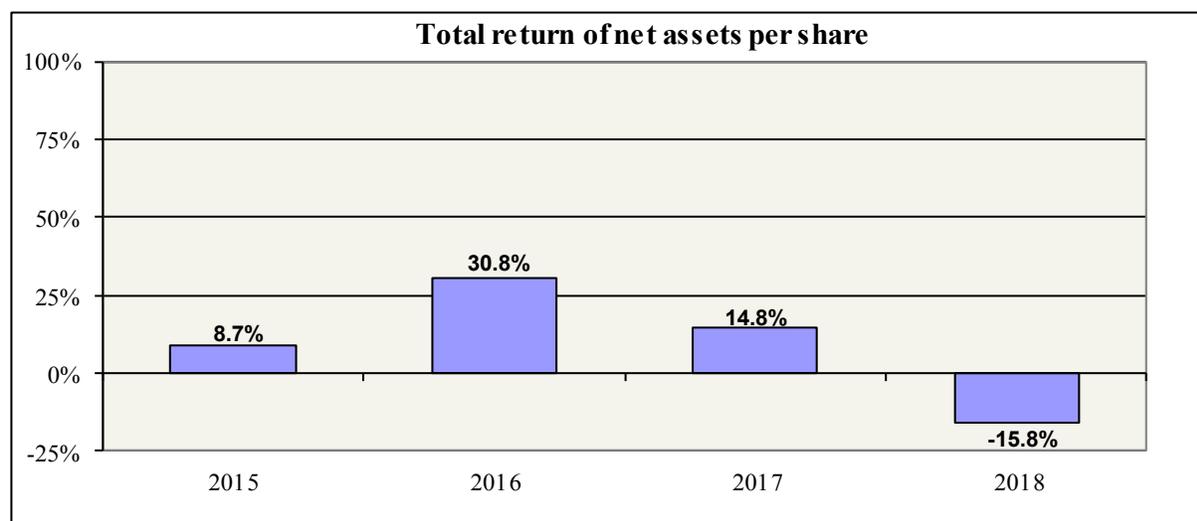
Past Performance

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 December 31, 2018

The following data is extracted from Urbana's 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	26,521,756	12.26%
32	Minneapolis Grain Exchange (seats)	7,279,359	9,178,176	4.24%
800,000	Caldwell Financial Ltd.	1,826,650	2,376,000	1.10%
2,350,000	Radar Capital Inc. Class A Common (i)	50	50	-%
15,410,081	Radar Capital Inc. Class B Common (i)	11,557,561	11,557,561	5.34%
15,410,081	Radar Capital Inc. Preferred (i)	3,852,520	3,852,520	1.78%
3,000,000	Evolve Funds Group Inc. Class A Preferred	3,000,000	3,000,000	1.39%
9,909,025	Highview Financial Holdings Inc.	5,406,753	8,620,852	3.99%
4,538,460	Four Lakes Capital Fund Limited Partnership	4,999,998	3,009,907	1.39%
406,066	Caldwell Growth Opportunities Trust (ii)	3,400,000	3,475,316	1.61%
Public equity investments				
757,569	Caldwell India Holdings Inc. (iii)	16,501,204	10,095,345	4.67%
395,500	Urbana Mauritius Inc. (iv)	7,312,848	5,288,302	2.44%
115,000	Cboe Global Markets, Inc.	3,802,322	15,365,864	7.10%
125,000	Intercontinental Exchange Group Inc.	5,192,307	12,860,714	5.94%
160,000	Citigroup Inc.	7,487,889	11,376,568	5.26%
450,000	Bank of America Corp.	6,277,355	15,143,990	7.00%
200,000	Suncor Energy	7,896,764	7,626,000	3.53%
400,000	Teck Resources Ltd. Class B	4,552,271	11,756,000	5.44%
275,000	Morgan Stanley	7,626,878	14,892,342	6.89%
3,135,711	Real Matters Inc.	12,179,624	10,347,846	4.78%
500,000	Detour Gold Corp.	5,610,299	5,765,000	2.67%

50,000	Canadian Imperial Bank of Commerce	5,602,898	5,084,000	2.35%
100,000	Inter Pipeline Ltd.	2,178,408	1,934,000	0.89%
	Cash	17,164,349	17,164,349	7.94%
		<u>157,956,656</u>	<u>216,292,458</u>	<u>100.00%</u>

(i) Radar Capital Inc. (“RCI”) owns 28.1% of the common shares of Highview Financial Holdings Inc.

(ii) Urbana owns 49.7% of Caldwell Growth Opportunities Trust, which owns 30.15% of the investor shares of Caldwell India Holdings Inc. (“CIHI”) and 5.50% of the Class B common shares of RCI.

(iii) 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.

(iv) 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.

In addition to the investments listed above, Urbana holds 44 mining claims in Urban Township, Quebec. Mining expenditures of \$94,714 (2017 - \$396,055) have been recorded as a loss in computing “net realized gain on sale and disposal of investments” in the Annual Audited Financial Statements.

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.

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 December 31, 2018, the outstanding balance of the loan was \$Nil. The minimum and maximum amounts borrowed during 2018 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 25, 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 “2017 NCIB”), representing 10% of the public float, pursuant to TSX rules. Purchases under the 2017 NCIB were permitted starting on August 31, 2017 and terminated on August 30, 2018. Urbana had not purchased any Class A shares pursuant to the 2017 NCIB.

On August 28, 2018 the TSX accepted a new notice of intention to conduct a normal course issuer bid from Urbana to purchase up to 3,965,572 of its own Class A shares (the “2018 NCIB”), representing 10% of the public float, pursuant to TSX rules. Purchases under the 2018 NCIB were permitted starting on September 4, 2018, and will terminate on the earlier of September 3, 2019, 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 2018 NCIB must be cancelled. As at December 31, 2018, Urbana had not purchased any Class A shares pursuant to the 2018 NCIB.

Acquisitions and Dispositions of Portfolio Investments

From January 1, 2018 to December 31, 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 LP	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.	500,000	5,610,299
Micron Technology Inc.	30,000	2,284,947
Manulife Financial Corp.	250,000	6,065,254
Whitecap Resources Inc.	300,000	2,645,064
Canadian Imperial Bank of Commerce	50,000	5,602,898
Inter Pipeline Ltd.	100,000	2,178,408
General Electric Co.	50,000	677,236
International Business Machines Corp.	10,000	1,597,254

Dispositions

Investments	No. of Securities	Cost Base (\$)¹	Proceeds (\$)¹
Radar Capital Fund I LP	5,000,040	4,358,561	10,150,081
Radar Capital Fund II Series F LP	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.	500,000	8,643,132	7,181,662
Bank of America Corp.	350,000	4,882,388	12,995,620
Citigroup Inc.	90,000	4,211,937	7,324,035
Morgan Stanley	125,000	3,466,763	7,565,683
Deutsche Bank AG	600,000	12,275,552	9,204,940
Cboe Global Markets, Inc.	35,000	1,157,229	4,473,005
Suncor Energy	100,000	3,948,382	4,702,455
Alibaba Group Holding Ltd.	10,000	2,556,499	1,948,118
Micron Technology Inc.	30,000	2,284,947	1,343,703
Manulife Financial Corp.	250,000	6,065,254	5,433,250
Whitecap Resources Inc.	300,000	2,645,063	1,235,492
General Electric Co.	50,000	677,236	453,434
International Business Machines Corp.	10,000	1,597,254	1,549,815
NinePoint Financial Group Inc. Promissory notes	1,000,000	1,000,000	1,000,000

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. A report which summarizes both the exploration work and results to date has been completed and will assist in determining next steps.

Urbana has incurred mining expenditures totaling \$1.1M of which \$94,714 relates to 2018 and has been recorded as a loss in computing “net realized gain on sale and disposal of investments” in the

Annual Audited 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. On January 31, 2019, the Corporation paid a cash dividend of \$0.07 per share on the issued and outstanding common and Class A shares as at January 17, 2019. 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 March 6, 2019, 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, and Caldwell Securities Ltd. Urbana pays CIM investment management fees for investment management services that CIM provides to Urbana – refer to “Management Fees” below. As at December 31, 2018 Urbana had a 20% ownership interest in CFL.

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 during each of the years ended December 31, 2018 and 2017 were \$260,056 and \$254,051 respectively. All securities transactions are reviewed by Urbana’s independent directors on a quarterly basis. 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 for some accounts. CIM has engaged in discussions with regulators to resolve this proceeding. The Urbana board is monitoring the progress of this matter.

During each of the years ended December 31, 2018 and 2017, Urbana paid CSL \$406,800 (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 December 31, 2018 Urbana owned 50% of the voting class A common shares, 63% of the non-voting class B common shares and 63% 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 December 31, 2018 Urbana had a 49.7% 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 December 31, 2018 Urbana owned 49.4% of the common shares of the CSE.

As at December 31, 2018 Urbana had a 46.9% direct 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. As at December 31, 2018, RCI had a 28.1% ownership interest in HFHI.

As at December 31, 2018, there were no fees payable to related parties, other than a management fee of \$910,068 payable to CIM (2017 - \$1.1M).

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 2018, CIM earned \$4.1M of investment management fees from Urbana (2017 - \$4.3M). The investment management fees are accrued daily and paid quarterly in arrears. As at December 31, 2018 there was an investment management fee of \$910,068 payable to CIM (2017 - \$1.1M).

SUMMARY OF QUARTERLY RESULTS

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

	4 th Quarter 2018 (\$)	3 rd Quarter 2018 (\$)	2 nd Quarter 2018 (\$)	1 st Quarter 2018 (\$)
Realized gain	2,204,679	1,009,623	7,266,506	6,739,053
Change in unrealized loss	(19,919,651)	(6,441,558)	(9,876,993)	(22,230,664)
Dividend income	689,543	621,651	608,053	571,832
Interest income	402,653	30,286	30,161	30,017
Total expenses	1,329,651	1,495,622	1,747,531	1,559,642
Net loss before income taxes	(17,952,427)	(6,275,620)	(3,719,804)	(16,449,404)
Net assets per share (beginning of period)	4.46	4.57	4.64	5.03
Net assets per share (end of period)	4.15	4.46	4.57	4.64
	4 th Quarter 2017 (\$)	3 rd Quarter 2017 (\$)	2 nd Quarter 2017 (\$)	1 st Quarter 2017 (\$)
Realized gain (loss)	4,377,175	(199,081)	2,211,234	1,722,787
Change in unrealized gain	10,311,201	5,472,569	623,450	11,718,625
Dividend income	745,350	567,262	703,053	510,227
Interest income	25,640	25,782	35,095	24,069
Total expenses	1,706,444	1,449,915	1,696,799	1,650,692
Net income before income taxes	13,752,922	4,416,617	1,876,033	12,325,016
Net assets per share (beginning of period)	4.78	4.70	4.65	4.48
Net assets per share (end of period)	5.03	4.78	4.70	4.65

The variations shown in the table above relate to the timing of investment decisions and do not reflect any general trends or seasonality. See also *Fourth Quarter* below.

FOURTH QUARTER

Realized gains in Q4 more than doubled over the realized gains in Q3. This quarter over quarter variation does not reflect any type of pattern or seasonality. Rather, variations relate to the timing of investment decisions. Similarly, variations between Q4 in 2018 and Q4 in 2017 also relate to the timing of investment decisions, which are influenced by market movements, cash flow requirements and expectations regarding the economy, the political landscape and considerations related to the specific investments held. See also heading *Overall Performance and Discussion of Operations* above for additional Q4 information.

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 64% of its assets, with a fair value of approximately \$142M, in marketable securities. It has the liquidity to readily meet all of its operating expense requirements and its obligations under the loan facility.

In 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 commitments, 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 Annual Audited 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) was 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 introduced 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 Annual Audited 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 December 31, 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 year ended December 31, 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.

The Corporation's CEO and CFO have evaluated the effectiveness of the Corporation's DC&P as at December 31, 2018 and have concluded that the Corporation's DC&P were effective as of that date.

The Corporation's CEO and CFO have also evaluated the effectiveness of the Corporation's ICFR as at December 31, 2018, using the Internal Control-Integrated Framework 2013 issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), and have concluded that the Corporation's ICFR was effective as at that date.

There have been no changes in the Corporation's ICFR that occurred during the year beginning January 1, 2018 and ending on December 31, 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.

[This Page Intentionally Left Blank]

Audited Financial Statements of

Urbana Corporation

December 31, 2018 and December 31, 2017

Urbana Corporation

December 31, 2018 and December 31, 2017

Table of contents

Independent Auditor's Report.....	1
Statements of financial position	5
Statements of comprehensive income (loss).....	6
Statements of changes in equity	7
Statements of cash flows	8
Schedule of investment portfolio	9
Notes to the financial statements	10-26

Independent Auditor's Report

To the Shareholders and the Board of Directors of Urbana Corporation

Opinion

We have audited the financial statements of Urbana Corporation (the "Company"), which comprise the statements of financial position as at December 31, 2018 and 2017, and the statements of comprehensive income (loss), changes in equity and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2018 and 2017, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information comprises:

- Management's Discussion and Analysis
- The information, other than the financial statements and our auditor's report thereon, in the Annual Report.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon. In connection with our audit of the 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 financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

The Annual Report is expected to be made available to us after the date of the auditor's report. If, based on the work we will perform on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the 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 Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 GAAS 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 financial statements.

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

- Identify and assess the risks of material misstatement of the 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 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 financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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 Michael Darroch.

Deloitte LLP

Chartered Professional Accountants
Licensed Public Accountants
March 6, 2019

[This Page Intentionally Left Blank]

Urbana Corporation

Statements of financial position as at December 31, 2018 and December 31, 2017

(In Canadian dollars)

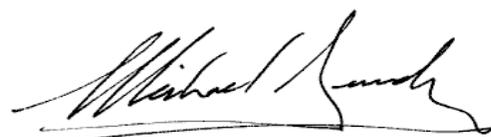
	December 31, 2018	December 31, 2017
	\$	\$
Assets		
Cash	17,164,349	460,860
Investments, at fair value (Notes 2 and 3)	199,128,109	266,297,552
Accounts and other receivables (Note 4)	109,475	62,518
	216,401,933	266,820,930
Liabilities		
Loan payable (Note 6)	-	500,000
Accounts payable and accrued liabilities (Note 5)	1,090,068	1,307,894
Deferred income tax liability (Note 10)	7,883,000	13,728,000
	8,973,068	15,535,894
Shareholders' equity		
Share capital (Note 8)	123,636,334	123,636,334
Contributed surplus	66,602,286	66,602,286
Retained earnings	17,190,245	61,046,416
Shareholders' equity representing net assets	207,428,865	251,285,036
Total liabilities and shareholders' equity	216,401,933	266,820,930
Number of shares outstanding (Note 8)	50,000,000	50,000,000

See accompanying notes

Approved by the Board



Director



Director

Urbana Corporation

Statements of comprehensive income (loss)

for the years ended December 31, 2018 and December 31, 2017

(In Canadian dollars)

	2018	2017
	\$	\$
Revenue		
Net realized gain on sale and disposal of investments	17,219,861	8,112,115
Net change in unrealized gain (loss) on investments	(58,468,866)	28,125,845
Dividends	2,491,079	2,525,892
Interest revenue	493,117	110,586
	(38,264,809)	38,874,438
Expenses		
Investment management fees (Note 9)	4,073,763	4,269,204
Interest	298,400	325,808
Administrative (Note 9)	1,199,637	1,229,563
Transaction costs (Note 9)	260,056	254,051
Professional fees	300,590	425,224
	6,132,446	6,503,850
Net income (loss) before income taxes	(44,397,255)	32,370,588
Foreign withholding tax expense (Note 10)	303,895	170,251
Provision for (recovery of) deferred income taxes (Note 10)	(5,845,000)	3,394,000
Income tax expense (recovery)	(5,541,105)	3,564,251
Total profit (loss) and comprehensive income (loss) for the year	(38,856,150)	28,806,337
Basic and diluted earnings (loss) per share	(0.78)	0.57
Weighted average number of shares outstanding	50,000,000	50,489,846

See accompanying notes

Urbana Corporation

Statements of changes in equity for the years ended December 31, 2018 and December 31, 2017

(In Canadian dollars)

	Share capital	Contributed surplus	Retained earnings	Total
	\$	\$	\$	\$
Balance at January 1, 2017	131,913,662	67,335,274	37,427,866	236,676,802
Total profit and comprehensive income for the year	-	-	28,806,337	28,806,337
Dividends paid	-	-	(5,187,787)	(5,187,787)
Normal course issuer bid repurchases	(8,277,328)	(732,988)	-	(9,010,316)
Balance at December 31, 2017	123,636,334	66,602,286	61,046,416	251,285,036
Balance at January 1, 2018	123,636,334	66,602,286	61,046,416	251,285,036
Total loss and comprehensive loss for the year	-	-	(38,856,150)	(38,856,150)
Dividends paid	-	-	(5,000,021)	(5,000,021)
Normal course issuer bid repurchases	-	-	-	-
Balance at December 31, 2018	123,636,334	66,602,286	17,190,245	207,428,865

See accompanying notes

Urbana Corporation

Statements of cash flows

for the years ended December 31, 2018 and December 31, 2017

(In Canadian dollars)

	2018	2017
	\$	\$
Operating activities		
Total profit (loss) and comprehensive income (loss) for the year	(38,856,150)	28,806,337
Items not affecting cash		
Net realized gain on sale and disposal of investments	(17,314,575)	(8,508,170)
Net change in unrealized (gain) loss on investments	58,468,866	(28,125,845)
Provision for (recovery of) deferred income taxes	(5,845,000)	3,394,000
Purchases of investments	(56,210,487)	(34,420,707)
Proceeds on sale of investments	82,225,639	64,368,999
	22,468,293	25,514,614
Net change in non-cash working capital items		
Accounts and other receivables	(46,957)	80,692
Accounts payable and accrued liabilities	(217,826)	(23,042)
	(264,783)	57,650
Cash provided by operating activities	22,203,510	25,572,264
Financing activities		
Issuance of loan payable	32,400,000	36,100,000
Repayment of loan payable	(32,900,000)	(47,400,000)
Dividends paid	(5,000,021)	(5,187,787)
Normal course issuer bid repurchases	-	(9,010,316)
Cash used in financing activities	(5,500,021)	(25,498,103)
Net change in cash during the year	16,703,489	74,161
Cash, beginning of year	460,860	386,699
Cash, end of year	17,164,349	460,860
Supplemental disclosure		
Interest paid	298,400	325,808

See accompanying notes

Urbana Corporation

Schedule of investment portfolio

as at December 31, 2018

(In Canadian dollars)

Number of securities	Description	Cost	Fair value
	Private equity investments	\$	\$
13,260,878	CNSX Markets Inc. (Note 9)	7,248,349	26,521,756
32	Minneapolis Grain Exchange (seats)	7,279,359	9,178,176
800,000	Caldwell Financial Ltd. (Note 9)	1,826,650	2,376,000
2,350,000	Radar Capital Inc. Class A Common (i) (Note 9)	50	50
15,410,081	Radar Capital Inc. Class B Common (i) (Note 9)	11,557,561	11,557,561
15,410,081	Radar Capital Inc. Preferred (i) (Note 9)	3,852,520	3,852,520
3,000,000	Evolve Funds Group Inc. Class A Preferred	3,000,000	3,000,000
9,909,025	Highview Financial Holdings Inc. (Note 9)	5,406,753	8,620,852
4,538,460	Four Lakes Capital Fund Limited Partnership	4,999,998	3,009,907
406,066	Caldwell Growth Opportunities Trust (ii) (Note 9)	3,400,000	3,475,316
		48,571,240	71,592,138
	Public equity investments		
757,569	Caldwell India Holdings Inc. (iii)	16,501,204	10,095,345
395,500	Urbana Mauritius Inc. (iv)	7,312,848	5,288,302
115,000	Cboe Global Markets, Inc.	3,802,322	15,365,864
125,000	Intercontinental Exchange Group Inc.	5,192,307	12,860,714
160,000	Citigroup Inc.	7,487,889	11,376,568
450,000	Bank of America Corp.	6,277,355	15,143,990
200,000	Suncor Energy	7,896,764	7,626,000
400,000	Teck Resources Ltd. Class B	4,552,271	11,756,000
275,000	Morgan Stanley	7,626,878	14,892,342
3,135,711	Real Matters Inc.	12,179,624	10,347,846
500,000	Detour Gold Corp.	5,610,299	5,765,000
50,000	Canadian Imperial Bank of Commerce	5,602,898	5,084,000
100,000	Inter Pipeline Ltd.	2,178,408	1,934,000
		92,221,067	127,535,971
		140,792,307	199,128,109

(i) Radar Capital Inc. ("RCI") owns 28.1% of the common shares of Highview Financial Holdings Inc.

(ii) Urbana owns 49.7% of Caldwell Growth Opportunities Trust, which owns 30.15% of the investor shares of Caldwell India Holdings Inc. ("CIHI") and 5.50% of the Class B common shares of RCI.

(iii) 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.

(iv) 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.

In addition to the investments listed above, Urbana holds 44 mining claims in Urban Township, Quebec. Mining expenditures of \$94,714 (2017 - \$396,055) have been recorded as a loss in computing net realized gain on sale and disposal of investments.

Urbana Corporation

Notes to the financial statements

for the years ended December 31, 2018 and December 31, 2017

Urbana Corporation (“Urbana” or the “Company”) is an investment company that is not considered an investment fund for securities law purposes but is treated as an investment entity for accounting purposes.

The Company’s common shares (“Common Shares”) and non-voting class A shares (“Class A Shares”) are listed for trading on the Toronto Stock Exchange (“TSX”) and the Canadian Securities Exchange (“CSE”). Its registered head office is Box 47, 150 King Street West, Suite 1702, Toronto, Ontario, M5H 1J9.

The business objectives and strategies of Urbana are 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.

1. Summary of significant accounting policies

Basis of presentation

These annual financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as published by the International Accounting Standards Board (“IASB”) and as required by Canadian securities legislation and the Canadian Accounting Standards Board.

The Company qualifies as an investment entity under IFRS 10 “*Consolidated Financial Statements*”.

Statement of compliance

The financial statements have been prepared on the historical cost basis, except for the revaluation of certain financial instruments. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

Judgments and estimates

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions, which 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. Significant judgments and estimates included in the financial statements relate to the valuation of level 3 investments and realization of the deferred income tax liability.

Classification and measurement of investments

In classifying and measuring financial instruments held by the Company, Urbana is required to make significant judgments about the Company’s business model for managing its financial instruments, and whether or not the business of the Company is to manage the financial assets with the objective of realizing cash flows through the sale of the assets for the purpose of classifying certain financial instruments at fair value through profit or loss (“FVTPL”).

Valuation of investments

Investments are measured at fair value in accordance with IFRS 13 “*Fair Value Measurement*”. Publicly traded securities are valued at the close price on the recognized stock exchange on which the securities are listed or principally traded, provided the close price is within the bid-ask spread.

The Minneapolis Grain Exchange is valued based on the current price of a seat, as quoted by the exchange.

Urbana Corporation

Notes to the financial statements

for the years ended December 31, 2018 and December 31, 2017

1. Summary of significant accounting policies (continued)

Judgments and estimates (continued)

Valuation of investments (continued)

Securities which are listed on a stock exchange or traded over-the-counter and which are subject to a hold period or other trading restrictions are valued as described above, with an appropriate discount as determined by management.

Investments for which reliable quotations are not readily available, or for which there is no closing bid price, including securities of private issuers, are valued at fair value using management's best estimates. A number of valuation methodologies are considered in arriving at fair value, including comparable company transactions, earnings multiples, the price of a recent investment, net assets, discounted cash flows, industry valuation benchmarks and available market prices. During the initial period after an investment has been made, cost translated using the period end foreign currency exchange rate may represent the most reasonable estimate of fair value. Unrealized gains and losses on investments are recognized in the Statements of Comprehensive Income (Loss).

The Company takes its own credit risk and the risk of its counterparties into account in determining the fair value of financial assets and financial liabilities, including derivative instruments. Management has reviewed its policies concerning valuation of assets and liabilities and believes that the fair values ascribed to the financial assets and financial liabilities in the Company's financial statements incorporate appropriate levels of credit risk.

There are inherent uncertainties in the process of valuing investments for which there are no published markets. Management uses various valuation techniques with unobservable market inputs in its determination of fair value of private investments, those most significant of which are disclosed in Note 2. Management exercises judgment in the determination of certain assumptions about market conditions existing at the date of the financial statements in the application of the chosen valuation techniques. As such, the resulting values may differ from values that would have been used had a ready market existed for the investments and may differ from the prices at which the investments may be sold.

Refer to Note 2 for the classification of the fair value measurements.

Mining Claims

In accordance with IFRS 6 "*Exploration for and Evaluation of Mineral Resources*", Urbana has elected to expense exploration and evaluation costs given that its mineral claims hold no known proven reserves or resources.

Segmented information

The Company is organized as one main operating segment, namely the management of the Company's investments, in order to achieve the Company's investment objectives.

Functional and presentation currency

The Company considers its functional and presentation currency to be the Canadian dollar, which is the currency of the primary economic environment in which it operates. The Company's performance is evaluated and its liquidity is managed in Canadian dollars.

Foreign currency translation

The monetary assets and liabilities of the Company are translated into Canadian dollars, the Company's functional currency, at exchange rates in effect at the date of the statement of financial position. Non-monetary items are translated at rates of exchange in effect when the assets were acquired or obligations incurred. Foreign exchange gains and losses are included in the Statements of

Urbana Corporation

Notes to the financial statements

for the years ended December 31, 2018 and December 31, 2017

1. Summary of significant accounting policies (continued)

Comprehensive Income (Loss). Purchases and sales of investments, investment income and expenses are calculated at the exchange rates prevailing on the dates of the transactions.

Financial instruments

The Company's financial instruments are comprised of cash, investments, accounts and other receivables, loan payable, and accounts payable and accrued liabilities. The Company recognizes financial instruments at fair value upon initial recognition. The Company measures the expected credit loss ("ECL") allowance on accounts and other receivables at an amount equal to the 12 month expected credit losses. Given the short-term nature of accounts and other receivables and the high credit quality, the Company has determined that the ECL allowance is not material.

Investments have been classified at FVTPL with gains and losses recorded in net income. Cash, accounts and other receivables are measured at amortized cost. Loan payable and accounts payable and accrued liabilities are measured at amortized cost. The carrying values approximate their fair values due to their short-term maturities.

Transaction costs

Transaction costs are expensed as incurred and are included in "Transaction costs" in the Statements of Comprehensive Income (Loss). Transaction costs are incremental costs that are directly attributable to the acquisition or disposal of an investment, which include fees and commission paid to agents, advisors, brokers and dealers, levies by regulatory agencies and securities exchanges, and transfer taxes and duties.

Deferred income taxes

The Company accounts for income taxes using the liability method, whereby deferred tax assets and liabilities are determined based on differences between the financial reporting and tax bases of assets and liabilities and measured using substantively enacted income tax rates and laws that are expected to be in effect when the differences are expected to reverse. Income tax expense for the period is the tax payable for the period and any change during the period in the deferred tax assets and liabilities. A valuation allowance is provided to the extent that it is not probable that deferred tax assets will be realized.

Investment transactions and income recognition

Investment transactions are recorded on the trade date. Dividend income is recorded on the ex-dividend date. Interest income is recorded on an accrual basis.

Realized gains and losses from investment transactions and unrealized net gain or loss on foreign exchange and investments are calculated on an average cost basis.

Earnings (loss) per share

Basic earnings (loss) per share is computed by dividing the total profit (loss) for the year by the weighted average number of Common Shares outstanding during the year, including contingently issuable shares, which are included when the conditions necessary for issuance have been met. Diluted earnings (loss) per share reflects the assumed conversion of all dilutive securities using the "treasury stock" method for purchase warrants and stock options.

Urbana Corporation

Notes to the financial statements

for the years ended December 31, 2018 and December 31, 2017

1. Summary of significant accounting policies (continued)

Interests in Other Entities

The table below presents the unconsolidated subsidiaries of the Company as at December 31, 2018 and December 31, 2017:

Subsidiary's Name	Place of Business	% of Equity Interest held by Urbana	% of Voting Rights held by Urbana
Caldwell India Holdings Inc. – owns Bombay Stock Exchange shares	Mauritius	64.57%	100%
Urbana Mauritius Inc. – owns Bombay Stock Exchange shares	Mauritius	100%	100%
Urbana Special Investment Holdings Ltd. ⁽¹⁾	Toronto	100%	100%

⁽¹⁾ Urbana Special Investment Holdings Ltd., a wholly-owned subsidiary of Urbana, holds 51.44262 equity shares of OneChicago LLC. OneChicago LLC was written-off as at December 31, 2018.

2. Fair value measurement

Fair value measurements of the investments are classified based on a three-level hierarchy that reflects the significance of the inputs used in making the measurements. The three levels of the fair value hierarchy are described below:

Level 1 – Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities;

Level 2 – Quoted prices in markets that are not active or financial instruments for which all significant inputs are observable, either directly or indirectly; and

Level 3 – Prices or valuations that require inputs that are both significant to the fair value measurement and unobservable.

The following is a summary of the Company's investments categorized in the fair value hierarchy as at December 31, 2018:

	December 31, 2018			
	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Public equity investments	112,152,324	15,383,647	-	127,535,971
Private equity investments	-	9,178,176	62,413,962	71,592,138
	112,152,324	24,561,823	62,413,962	199,128,109

Urbana Corporation

Notes to the financial statements

for the years ended December 31, 2018 and December 31, 2017

2. Fair value measurement (continued)

Level 2 and 3 valuation methods – December 31, 2018

Description	Fair value ⁽¹⁾	Primary Valuation technique used	Significant unobservable inputs	Input/Range ⁽²⁾
Public equity investments	\$			
Caldwell India Holdings Inc. – owns Bombay Stock Exchange shares	10,095,345	Market transaction	Recent transaction price	N/A
Urbana Mauritius Inc. – owns Bombay Stock Exchange shares	5,288,302	Market transaction	Recent transaction price	N/A
Private equity investments				
Caldwell Financial Ltd.	2,376,000	Prescribed formula in shareholder's agreement	1 x net fees plus net assets	N/A
Minneapolis Grain Exchange (seats)	9,178,176	Market transaction	Recent transaction price	N/A
CNSX Markets Inc.	26,521,756	Market transaction	Recent transaction price	N/A
Caldwell Growth Opportunities Trust	3,475,316	Net asset value per unit	Net asset value per unit	N/A
Highview Financial Holdings Inc.	8,620,852	EV as a % of AUM ⁽³⁾	EV as a % of AUM	1.0%-4.0%
Four Lakes Capital Fund Limited Partnership	3,009,907	Net asset value per unit	Net asset value per unit	N/A
Radar Capital Inc. Class A	50	N/A	N/A	N/A
Radar Capital Inc. Class B	11,557,561	Market transaction	Recent transaction price	N/A
Radar Capital Inc. Preferred	3,852,520	Market transaction	Recent transaction price	N/A
Evolve Funds Group Inc. Class A	3,000,000	Market transaction	Recent transaction price	N/A
Ending balance	86,975,785			

⁽¹⁾See Note 1 – Valuation of investments

⁽²⁾Where it is not applicable, an input or range has not been provided

⁽³⁾Enterprise value of assets under management

Urbana Corporation

Notes to the financial statements

for the years ended December 31, 2018 and December 31, 2017

2. Fair value measurement (continued)

The following is a summary of the Company's investments categorized in the fair value hierarchy as at December 31, 2017:

	December 31, 2017			
	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Public equity investments	188,803,020	-	-	188,803,020
Private equity investments	-	29,311,269	47,120,263	76,431,532
Private debt investments	-	-	1,063,000	1,063,000
	188,803,020	29,311,269	48,183,263	266,297,552

Level 2 and 3 valuation methods – December 31, 2017

Description	Fair value ⁽¹⁾	Primary Valuation technique used	Significant unobservable inputs	Input/Range ⁽²⁾
Private equity investments	\$			
Caldwell India Holdings Inc. – owns Bombay Stock Exchange shares	14,140,174	Market transaction	Discount for lack of marketability	1.0% discount
Urbana Mauritius Inc. – owns Bombay Stock Exchange shares	7,338,973	Market transaction	Discount for lack of marketability	1.0% discount
HIVE Blockchain Technologies Ltd.	1,016,074	Market transaction	Discount for lack of marketability	1.3% discount
Urbana Special Investment Holdings Ltd.	1,403,321	Average P/E multiple	Average P/E multiple	LTM P/E: 8.6-115.9 ⁽³⁾ NTM P/E: 8.5-34.0 ⁽⁴⁾
Caldwell Financial Ltd.	2,728,000	Prescribed formula in shareholder's agreement	1 x net fees plus net assets	N/A
Minneapolis Grain Exchange (seats)	6,816,048	Market transaction	Recent transaction price	N/A
CNSX Markets Inc.	11,934,790	Market transaction	Recent transaction price	N/A
Caldwell Growth Opportunities Trust	4,913,156	Net asset value per unit	Net asset value per unit	N/A
Highview Financial Holdings Inc.	8,346,966	EV as a % of AUM ⁽⁵⁾ EV as a % of AUA ⁽⁶⁾	EV as a % of AUM EV as a % of AUA	1.0%-4.0% 0.5%

Urbana Corporation

Notes to the financial statements

for the years ended December 31, 2018 and December 31, 2017

2. Fair value measurement (continued)

Radar Capital Fund 1 Limited Partnership	10,050,080	Net asset value per unit	Net asset value per unit	N/A
Radar Capital Fund II Series F Limited Partnership	3,945,000	Net asset value per unit	Net asset value per unit	N/A
Four Lakes Capital Fund Limited Partnership	3,798,900	Net asset value per unit	Net asset value per unit	N/A
Radar Capital Inc.	50	N/A	N/A	N/A
Private debt investments				
Radar Capital Inc.	63,000	Cash value	N/A	N/A
NinePoint Financial Group Inc.	500,000	Face value	N/A	N/A
NinePoint Financial Group Inc.	500,000	Face value	N/A	N/A
Ending balance	77,494,532			

⁽¹⁾ See Note 1 – Valuation of investments

⁽²⁾ Where it is not applicable, an input or range has not been provided

⁽³⁾ Last twelve months price/earnings: 30.78x

⁽⁴⁾ Next twelve months price/earnings: 17.75x

⁽⁵⁾ Enterprise value of assets under management

⁽⁶⁾ Enterprise value of assets under administration

Change in valuation methodology

During 2018, the Company changed the primary valuation technique for Caldwell India Holdings Inc. (“CIHI”) and Urbana Mauritius Inc. (“UMI”) from a methodology based on a recent market transaction, discounted due to a hold period, to a methodology based on a recent market transaction. This change was made since the shares of Bombay Stock Exchange (“BSE”), which are the primary investment of CIHI and UMI, became freely tradeable.

During the second and third quarters of 2018, the Company changed the primary valuation technique for CNSX Markets Inc. (“CNSX”) from a methodology based on a recent market transaction to a methodology based on average EV/EBITDA multiples because recent earnings of CNSX, the operator of the CSE, had increased substantially as a result of a significant increase in trading volume on the CSE. However, at the 2018 year end, the Company has based its valuation on a recent market transaction that occurred during the fourth quarter of 2018, which is a better indicator of fair value.

In addition in 2018, the Company changed the primary valuation technique for Highview Financial Holdings Inc. (“HV”) from a methodology based on multiples of both AUM and AUA to a methodology based on multiples of AUM alone. This change was made to better align with HV’s strategic shift to focus on the AUM side of its business.

During 2017, the primary valuation technique for CIHI and UMI was changed from a methodology based on a P/E multiple to a methodology based on a recent market transaction, discounted due to a hold period. This change was made since the shares of BSE commenced trading on a stock exchange.

Also during 2017, the Company changed the primary valuation technique for Urbana Special Investment Holdings Ltd. from a methodology based on a weighted average of discounted cash flows and average P/E multiples to a methodology based only on average P/E multiples. This change was made because management determined that the level of uncertainty associated with discounted cash flows was unacceptable.

Urbana Corporation

Notes to the financial statements

for the years ended December 31, 2018 and December 31, 2017

2. Fair value measurement (continued)

The shares of Real Matters Inc. commenced trading on a stock exchange in 2017 and as a result, the valuation methodology was changed from a recent market transaction price in an inactive market to a recent market transaction price in an active market during 2017.

During the years ended December 31, 2018 and 2017 the reconciliations of investments measured at fair value using unobservable inputs (Level 3) are presented as follows:

December 31, 2018			
	Private equity investments	Private debt investments	Total
	\$	\$	\$
Beginning balance	47,120,263	1,063,000	48,183,263
Change in unrealized gain	5,136,680	1,237,000	6,373,680
Purchases	20,410,079	-	20,410,079
Sales	(10,253,060)	(2,300,000)	(12,553,060)
Ending balance	62,413,962	-	62,413,962

December 31, 2017			
	Private equity investments	Private debt investments	Total
	\$	\$	\$
Beginning balance	93,475,297	1,791,219	95,266,516
Change in unrealized gain (loss)	12,537,709	(128,219)	12,409,490
Purchases	8,981,860	1,000,000	9,981,860
Sales	(14,787,489)	(1,600,000)	(16,387,489)
Transfers out of level 3	(53,087,114)	-	(53,087,114)
Ending balance	47,120,263	1,063,000	48,183,263

Sensitivity analysis to significant changes in unobservable inputs within the Level 2 and 3 hierarchy

The significant unobservable inputs used in the fair value measurement categorized within Level 3 of the fair value hierarchy together with a quantitative sensitivity analysis as at December 31, 2018 is shown below. A similar analysis in respect of Level 2 and 3 as at December 31, 2017 is shown below:

Level 3 valuation methods – December 31, 2018

Description	Input	Sensitivity used ⁽¹⁾	Effect on fair value (\$)
Private equity investments	1 x net fees plus net assets	10%	237,600
	Recent transaction price	10%	4,493,184
	Net asset value per unit	10%	648,527
	EV as a % of assets under management	1%	3,531,039
Total			8,910,350

Urbana Corporation

Notes to the financial statements

for the years ended December 31, 2018 and December 31, 2017

2. Fair value measurement (continued)

Level 2 and 3 valuation methods - December 31, 2017

Description	Input	Sensitivity used ⁽¹⁾	Effect on fair value (\$)
Private equity investments	1 x net fees plus net assets	10%	272,800
	Average P/E multiple	1X	59,600
	Discount for lack of marketability	5%	1,124,761
	Recent transaction price	10%	1,875,084
	Net asset value per unit	10%	2,270,719
	EV as a % of assets under management	1%	3,401,291
	EV as a % of assets under administration	1%	4,085,611
	Private debt investments	Cash value	10%
Face value		10%	100,000
Total			13,196,166

⁽¹⁾ The sensitivity analysis refers to a percentage or multiple added or deducted from the input and the effect this has on the fair value while all other variables were held constant.

During 2018, there were no transfers into/out of Level 1, Level 2 or Level 3 investments. During 2017, the investments in CIHI, UMI and Real Matters Inc. were transferred out of Level 3 to Level 2 because shares of the BSE, which are the primary investment of CIHI and UMI, and shares of Real Matters Inc. ("RM") commenced trading on a stock exchange. In addition, during 2017 the investment in RM was transferred out of Level 2 to Level 1 because the RM shares became freely tradeable.

3. Financial instruments and risk management

The Company's activities expose it to a variety of financial risks. Management seeks to minimize potential adverse effects of these risks on the Company's performance by employing professional, experienced portfolio advisors, and through daily monitoring of the Company's position and market events.

Credit risk

Credit risk represents the potential loss that the Company would incur if the counterparties failed to perform in accordance with the terms of their obligations to the Company. The Company maintains all of its cash at its custodian or in overnight deposits with a Canadian chartered bank. All transactions in listed securities are settled/paid for upon delivery using approved brokers. The risk of default is considered minimal, as delivery of securities sold is only made once the broker has received payment. Payment is made on a purchase once the securities have been received by the broker. The trade will fail if either party fails to meet its obligation. As at December 31, 2018, the Company did not hold any debt instruments (2017 - \$1.1 million). The fair value of the debt instruments includes a consideration of the credit worthiness of the debt issuer and the security provided against the outstanding amount. The carrying amount of investments and other assets represent the maximum credit exposure as disclosed in the statements of financial position. The Company measures credit risk and lifetime ECLs related to accounts and other receivables using historical analysis and forward looking information in determining the ECLs.

Liquidity risk

Liquidity risk is the risk that the Company may not be able to settle or meet its obligation when due. The following tables detail the Company's remaining contractual maturity for its financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of the financial liabilities based on the earliest date on which the Company can be required to pay.

Urbana Corporation

Notes to the financial statements

for the years ended December 31, 2018 and December 31, 2017

3. Financial instruments and risk management (continued)

Liquidity risk (continued)

	December 31, 2018		
	financial liabilities due on demand	< 3 months	Total
	\$	\$	\$
Loan payable	-	-	-
Accounts payable and accrued liabilities	-	1,090,068	1,090,068
	-	1,090,068	1,090,068

	December 31, 2017		
	financial liabilities due on demand	< 3 months	Total
	\$	\$	\$
Loan payable	500,000	-	500,000
Accounts payable and accrued liabilities	-	1,307,894	1,307,894
	500,000	1,307,894	1,807,894

Liquidity risk is managed by investing in assets that are traded in an active market and can be readily sold or by borrowing under its credit facility (Note 6). The Common Shares and Class A Shares cannot be redeemed by shareholders. The Company endeavors to maintain sufficient liquidity to meet its expenses.

Currency risk

Currency risk arises from financial instruments that are denominated in a currency other than the Canadian dollar. The Company is exposed to the risk that the value of securities denominated in other currencies will fluctuate due to changes in exchange rates. When the value of the Canadian dollar falls in relation to foreign currencies, then the value of foreign investments rise. When the value of the Canadian dollar rises, the value of foreign investments fall.

The table below indicates the currencies to which the Company had significant exposure as at December 31, 2018 and 2017:

Currency	December 31, 2018	December 31, 2017
	As a % of net assets	As a % of net assets
	%	%
United States Dollar	38.07	54.69
Indian Rupee	7.42	8.55
	45.49	63.24

As at December 31, 2018, the Company's net assets would have decreased or increased by approximately \$4,717,521 (December 31, 2017 - \$7,945,558) in response to a 5% appreciation or depreciation of the Canadian dollar, with all other variables held constant. In practice, the actual results may differ materially.

Urbana Corporation

Notes to the financial statements

for the years ended December 31, 2018 and December 31, 2017

3. Financial instruments and risk management (continued)

Interest rate risk

Interest rate risk arises on interest-bearing financial instruments such as promissory notes held. The Company is exposed to the risk that the value of interest-bearing financial instruments will fluctuate due to changes in the prevailing levels of market interest rates. There is a reduced risk to interest rate changes for cash and cash equivalents due to their short-term nature.

The table below summarizes the Company's exposure to interest rate risks by remaining term to maturity.

	Less than 1 year	1 – 3 years	3 – 5 years	Over 5 years	Total
	\$	\$	\$	\$	\$
Financial asset – promissory notes					
December 31, 2018	-	-	-	-	-
December 31, 2017	63,000	-	-	1,000,000	1,063,000
Loan payable					
December 31, 2018	-	-	-	-	-
December 31, 2017	500,000	-	-	-	500,000

As at December 31, 2018, had prevailing interest rates increased or decreased by 1%, with all other variables held constant, the net assets would have decreased or increased by approximately \$62,507 (2017 - \$77,978). In practice, the actual results may differ materially.

Other market risk

Other market risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All securities present a risk of loss of capital. Any equity and derivative instrument that the Company may hold is susceptible to market price risk arising from uncertainties about future prices of the instruments. Management moderates this risk through a careful selection of securities and other financial instruments within the parameters of the investment strategy. The maximum risk resulting from financial instruments is equivalent to their fair value.

The most significant exposure for the Company to other price risk arises from its investment in publicly and privately traded securities. As at December 31, 2018, for publicly traded securities, had the prices on the respective stock exchanges for these securities increased or decreased by 10%, with all other variables held constant, net assets would have increased or decreased, respectively, by approximately \$12,753,597 (2017 - \$ 18,880,302) or approximately 6.15% (2017 – 7.51%) of total net assets. In practice, the actual results may differ materially. Management is unable to meaningfully quantify any correlation of the price of its privately owned equities to changes in a benchmark index.

Capital management

Management manages the capital of the Company which consists of the net assets, in accordance with the Company's investment objectives. The Company is not subject to any capital requirements imposed by a regulator. The Company must comply with the covenants on the loan payable (Note 6).

Urbana Corporation

Notes to the financial statements

for the years ended December 31, 2018 and December 31, 2017

4. Accounts and other receivables

Accounts and other receivables consist of the following:

	December 31, 2018	December 31, 2017
	\$	\$
Dividends	109,475	22,038
Interest	-	40,480
	109,475	62,518

5. Accounts payable and accrued liabilities

Accounts payable and accrued liabilities consist of the following:

	December 31, 2018	December 31, 2017
	\$	\$
Investment management fees (Note 9)	910,068	1,119,796
Professional fees	141,350	138,727
Loan interest	-	12,338
Administrative fees	33,650	33,475
Other	5,000	3,558
	1,090,068	1,307,894

6. Loan payable

On February 15, 2008, the Company entered into a demand loan facility with a major Canadian bank (the "Bank"). On March 2, 2015 the loan facility agreement was amended to allow the Company to borrow up to \$25,000,000 from the Bank at any given time. 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 the Company's assets. Loan proceeds may be used to make additional investments and/or for general corporate purposes. As at December 31, 2018, the outstanding balance of the loan was \$Nil (December 31, 2017 - \$500,000) which is the fair value of the loan. During the year ended December 31, 2018, the minimum amount borrowed was \$Nil (2017 - \$Nil) and the maximum amount borrowed was \$16,000,000 (2017 - \$14,400,000). As at December 31, 2018 and 2017, the Company has complied with all covenants, conditions or other requirements of the outstanding debt.

7. 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. A report which summarizes both the exploration work and results to date has been completed and will assist in determining next steps. In accordance with IFRS 6 "Exploration for and Evaluation of Mineral Resources", Urbana has elected to expense exploration and evaluation costs given that its mineral claims hold no known proven reserves or resources. Urbana has incurred costs totaling \$1,146,119 of which \$94,714 relates to 2018 (2017 - \$396,055). These costs have been expensed as incurred and are recorded as a loss in net realized gain on sale and disposal of investments.

Urbana Corporation

Notes to the financial statements

for the years ended December 31, 2018 and December 31, 2017

8. Share Capital

As at December 31, 2018 and 2017 share capital consists of the following:

	Year ended December 31, 2018		Year ended December 31, 2017	
	Number	Amount \$	Number	Amount \$
<i>Authorized</i>				
Preferred shares	Unlimited	N/A	Unlimited	N/A
Common Shares	Unlimited	N/A	Unlimited	N/A
Class A Shares	Unlimited	N/A	Unlimited	N/A
<i>Issued - Common Shares</i>				
Balance, beginning of year	10,000,000	7,998,893	10,000,000	7,998,893
Issued during the year	-	-	-	-
Balance, end of year	10,000,000	7,998,893	10,000,000	7,998,893
<i>Issued - Class A Shares</i>				
Balance, beginning of year	40,000,000	115,637,441	42,863,200	123,914,769
Normal Course Issuer Bid Repurchases	-	-	(2,863,200)	(8,277,328)
Balance, end of year	40,000,000	115,637,441	40,000,000	115,637,441
Total	50,000,000	123,636,334	50,000,000	123,636,334

The Common Shares and Class A Shares have been classified as equity in these financial statements as the holders of these shares have no contractual rights that would require the Company to redeem the shares.

On August 30, 2018, the TSX accepted Urbana's notice of intention to conduct a normal course issuer bid to purchase up to 3,965,572 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 September 4, 2018, and will terminate on the earlier of September 3, 2019, 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. Purchases are to be made on the open market by Urbana through the facilities of the TSX or the CSE in accordance with the rules and policies of the TSX. The price that Urbana may pay for any such shares is to be the market price of such shares on the TSX or the CSE at the time of acquisition. The Class A Shares purchased under the NCIB are to be cancelled. Urbana is not to purchase on any given day, in the aggregate, more than 4,929 Class A Shares, being 25% of the average daily volume for the most recently completed six months prior to the filing of the NCIB with the TSX, which is 19,718 Class A Shares, calculated in accordance with the TSX rules. Notwithstanding this restriction, Urbana may make one purchase of more than 4,929 Class A Shares in any given week in accordance with the TSX's block purchase rules. As at December 31, 2018, Urbana has not purchased any Class A Shares pursuant to the NCIB. Previously, the TSX had accepted Urbana's notices of intention to conduct normal course issuer bids. Details of the previous normal course issuer bid purchases are as follows:

Urbana Corporation

Notes to the financial statements

for the years ended December 31, 2018 and December 31, 2017

8. Share capital (continued)

Normal Course Issuer Bid Period	Total Number of Class A Shares Purchased during the Period	Average Price per share
August 28, 2008 - August 27, 2009	1,336,582	1.28
August 28, 2009 - August 27, 2010	3,083,920	1.32
August 28, 2010 - August 27, 2011	7,431,300	1.27
August 29, 2011 - August 28, 2012	6,636,033	1.01
August 29, 2012 - August 28, 2013	5,989,067	1.18
August 29, 2013 - August 28, 2014	5,386,000	1.78
August 29, 2014 - August 28, 2015	4,700,000	2.02
August 31, 2015 - August 30, 2016	1,332,400	1.98
August 31, 2016 - August 30, 2017	2,967,600	3.12
August 31, 2017 - August 30, 2018	-	-

9. 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, and Caldwell Securities Ltd. ("CSL"). Urbana pays CIM investment management fees for investment management services that CIM provides to Urbana. As at December 31, 2018 and 2017 Urbana had a 20% ownership interest in CFL.

CSL, a sister company of CIM and a registered broker and investment dealer, handles Urbana's portfolio transactions. In 2018, the total commission fees paid to CSL by Urbana amounted to \$260,056 (2017 - \$254,051) which was included in transaction costs. 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 for some accounts. CIM has engaged in discussions with regulators to resolve this proceeding. The Urbana board is monitoring the progress of this matter.

In 2018 and 2017, Urbana paid CSL \$406,800 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. This expense was included in administrative expenses.

As at December 31, 2018 Urbana owned 50% of the voting class A common shares, 63% of the non-voting class B common shares and 63% 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 December 31, 2018 Urbana had a 49.7% ownership interest (2017 - 45.9%) in Caldwell Growth Opportunities Trust, which is a private equity pool managed by CIM.

As at December 31, 2018 Urbana owned 49.4% (2017 - 49.3%) of the common shares of CNSX Markets Inc., the operator of the Canadian Securities Exchange.

As at December 31, 2018 Urbana had a 46.9% direct ownership interest (2017 - 50%) in Highview Financial Holdings Inc. ("HFHI"). These holdings resulted from a capital restructuring of HFHI in 2017 when the Company exchanged its common shares and promissory notes of HFHI for additional units of Highview

Urbana Corporation

Notes to the financial statements

for the years ended December 31, 2018 and December 31, 2017

9. Related party disclosures (continued)

Investments Limited Partnership (“HILP”) and subsequently converted all of its units of HILP into common shares of HFHI. As at December 31, 2018, RCI had a 28.1% ownership interest in HFHI.

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 this 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 2018, CIM earned \$4,073,763 of investment management fees from Urbana (2017 - \$4,269,204). The investment management fees are accrued daily and paid quarterly in arrears. As at December 31, 2018 there was an investment management fee payable included in accounts payable and accrued liabilities of \$910,068 to CIM (2017 – \$1,119,796).

All related party transactions are recorded at their exchange amounts.

10. Income taxes

The Company’s provision for (recovery of) income taxes for the years ended December 31, 2018 and 2017 is summarized as follows:

	2018	2017
	\$	\$
Net income (loss) before income taxes	(44,397,255)	32,370,588
Expected taxes payable (recoverable) at future rates - 26.5%	(11,765,273)	8,578,206
Income tax effect of the following:		
Non-taxable portion of realized capital gains	(2,283,765)	(1,107,610)
Non-taxable portion of unrealized capital (gains) losses	7,747,125	(3,726,674)
Non-taxable dividends	(179,644)	(169,792)
Foreign withholding tax expense, net of Canadian tax	223,363	125,134
Other	717,089	(135,013)
Income tax expense (recovery)	(5,541,105)	3,564,251

The income tax expense (recovery) is represented as follows:

Provision for (recovery of) deferred income taxes	(5,845,000)	3,394,000
Foreign withholding tax expense	303,895	170,251
Income tax expense (recovery)	(5,541,105)	3,564,251

The components of the Company’s deferred income tax liability are as follows:

	2018	2017
	\$	\$
Resource deductions available in perpetuity	(77,260)	(10,960)
Unrealized capital gains on investments	8,005,862	14,872,050
Non-capital loss carryforwards	(45,488)	(934,177)
Other	(14)	(198,913)
Total deferred income tax liability	7,883,000	13,728,000

Urbana Corporation

Notes to the financial statements

for the years ended December 31, 2018 and December 31, 2017

10. Income taxes (continued)

At December 31, 2018, the Company had non-capital losses of \$171,652 (December 31, 2017 - \$1,524,878) available for carryforward for tax purposes. The expiry dates of these losses are as follows:

<u>Expiry Date</u>	<u>Amount</u>
	\$
December 31, 2032	40,161
December 31, 2037	131,491
	<u>171,652</u>

11. Dividends

On January 31, 2018 the Company paid a regular 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 amounting to \$5,000,021. On January 31, 2017 the Company paid a regular cash dividend of \$0.05 per share, plus a special cash dividend of \$0.05 per share, for a total of \$0.10 per share on the issued and outstanding Common and Class A Shares as at January 17, 2017 amounting to \$5,187,787. Subsequent to year end on January 31, 2019 the Company paid a regular cash dividend of \$0.07 per share on the issued and outstanding Common and Class A Shares as at January 17, 2019 amounting to \$3,500,015.

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

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

IFRS 9 introduced 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 Company's 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 Company'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 Company's financial instruments regarding their classification and measurement:

- Financial assets that were measured at 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.

Urbana Corporation

Notes to the financial statements

for the years ended December 31, 2018 and December 31, 2017

12. Adoption of IFRS 9 “Financial Instruments” (“IFRS 9”) (continued)

There were no financial assets or financial liabilities which the Company had previously designated as at FVTPL under IAS 39 that were subject to reclassification, or which the Company has elected to reclassify upon the application of IFRS 9. There were no financial assets or financial liabilities which the Company 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 Company’s financial assets given that the majority of the Company’s financial assets continue to be measured at FVTPL.

c. Hedge accounting

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

13. Approval of financial statements

The financial statements were approved by the Board of Directors and authorized for issue on March 6, 2018.

URBANA
CORPORATION

150 King Street W., Suite 1702, Toronto, Ontario M5H 1J9 Tel: 416-595-9106 Fax: 416-862-2498
www.urbanacorp.com