

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.

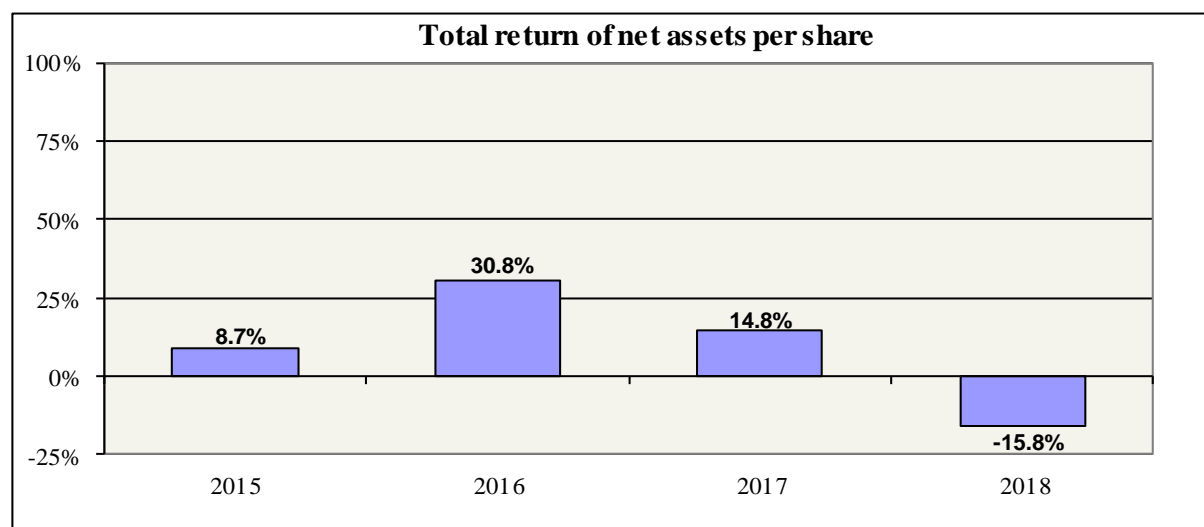
Past Performance

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%
		157,956,656	216,292,458	100.00%

- (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.