

URBANA CORPORATION

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the year ended December 31, 2019

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, 2019 (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 11, 2020. 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*. For accounting purposes, Urbana is treated as an investment entity under IFRS.

NON-GAAP MEASURES

The Corporation prepares audited annual financial statements and unaudited condensed interim financial statements in accordance with IFRS. This MD&A complements IFRS results 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, 2019 and 2018 is presented in the following table:

	December 31, 2019	December 31, 2018
Assets (\$)	290,705,461	216,401,933
LESS Liabilities (\$)	37,179,968	8,973,068
EQUALS Net Assets (\$)	253,525,493	207,428,865
DIVIDED BY Number of Shares Outstanding	49,563,600	50,000,000
EQUALS Net assets per share (\$)	5.12	4.15

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 then subtracting one.

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 2019 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 2019 ("Q1") reflected extreme equity market volatility as Urbana's net assets per share grew from \$4.15 to \$4.32, after the payment of a dividend of seven cents (\$0.07) per share¹ in January 2019, resulting in a 5.8% total return of net assets per share in Q1. This performance was, in great measure, generated by our public holdings.

In the second quarter of 2019 ("Q2") Urbana's net assets grew by 4.4% as its net assets per share increased from \$4.32 to \$4.51. Urbana's investment in Real Matters accounted for a large portion of this increase.

The third quarter of 2019 ("Q3") continued to be positive for the Corporation. During this period, Urbana's net assets per share increased from \$4.51 to \$4.83, resulting in a 7.1% total return of net assets per share. Once again, Real Matters performed very well as did our U.S. financial holdings.

In the fourth quarter of 2019 ("Q4") we took some profits in Power Financial Corp. and in Real Matters, as its price moved up. We lightened our holdings of our Mauritius-based subsidiaries, as a portion of their shares of the Bombay Stock Exchange were sold. In Q4 Urbana's net assets per share increased from \$4.83 to \$5.12, representing a 6.0% total return of net assets per share. During the same period, the S&P/TSX Composite Total Return Index ("S&P/TSX Index") increased by 3.2% and the Dow Jones Industrial Average Total Return Index (converted to Canadian Dollars) ("DJIA Index") increased by 4.6%.

During 2019, Urbana's net assets per share increased from \$4.15 to \$5.12, after the payment of a dividend of seven cents (\$0.07) per share¹ in January 2019, resulting in a 25.4% total return of net assets per share. During the same period, the S&P/TSX Index increased by 22.9% and the DJIA Index increased by 19.4%.

Urbana's long-term performance, represented by its CAGR of net assets per share since inception to December 31, 2019, was 14.5%. This compares favourably with the CAGR of the S&P/TSX Index of 9.0% and the CAGR of the DJIA Index of 9.4%, for the same period.² Our long-term goal is to strive for and maintain long-term performance.

2019 was a good year for investors generally and for Urbana in particular. Publicly traded securities account for this year's good results, as the performance of our private equity investments remained relatively flat. Typically, the private equity component of Urbana's portfolio experiences periods of flat performance as businesses reach critical mass, and periods of positive

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

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

performance when businesses become attractive for either an initial public offering (“IPO”) or buyout.

For much of 2019, we let our holdings run and do the work for us. We did take some profits (Cboe Global Markets, Intercontinental Exchange, Detour Gold, Gluskin Sheff) and entered a few new positions (KKR & Co., AGF Management, Micron Technology) to diversify our holdings somewhat.

Real Matters was by far the star performer in Urbana’s investment portfolio, contributing \$27.1M in value during 2019. Low interest rates continue to fuel a resurgence in U.S. home purchases and refinancing, and this has underpinned the significant improvement in this investment.

We continue to focus on the financial services area and services surrounding that sector, as we believe there is value there.

Urbana re-commenced its share buyback program (Normal Course Issuer Bid (“NCIB”)) in Q3. At present, we are attempting to purchase the maximum allowable under daily trading rules. Management is open to larger purchases when and if larger amounts become available.

In 2019, dividend income was \$3.1M, up from \$2.5M in 2018. This increase stemmed primarily from our new holdings of Canadian dividend paying stocks, namely, CIBC, Inter Pipeline, Power Financial, AGF Management and Canadian Natural Resources. In 2019, interest income amounted to \$148,401, down from \$493,117 in 2018. Interest income in 2019 includes interest from two promissory notes issued in favour of Urbana by Highview Financial Holdings and Radar Capital Inc. In 2018, interest income reflects interest from NinePoint Financial Group promissory notes, which were repurchased by the issuer in late 2018 at a premium and the full repurchase amount was recorded as interest.

Urbana realized a net gain of \$3.9M from the sale of investments in 2019 (2018 - \$17.2M). The 2019 gain stemmed primarily from the disposition of Detour Gold (\$2.1M), Real Matters (\$985,391) and Intercontinental Exchange Group (\$764,067). The 2018 gain resulted from the disposition of a portion of our U.S. holdings and from the capital restructuring of Radar Capital Inc.

Urbana recorded \$55.9M in unrealized gains in 2019 (2018 - \$58.5M loss). The best performer by far during 2019 was Real Matters, which contributed an increase in unrealized gains of \$27.1M. Other strong performers that generated unrealized gains included Bank of America (\$5.4M), Citigroup (\$5.2M), Detour (\$5.2M), Morgan Stanley (\$3.3M), Cboe Global Markets (\$1.9M), Four Lakes Capital Fund LP (\$1.7M), Micron Technology (\$1.7M), Highview Financial Holdings (\$1.4M), Intercontinental Exchange (\$1.4M) and Suncor Energy (\$1.0M).

During 2019, Urbana recorded net income before income taxes of \$56.8M (2018 - \$44.4M net loss) primarily due to \$55.9M in unrealized gains on investments. Investment management fees in 2019 were \$4.1M, relatively unchanged from 2018. Interest expense in 2019 amounted to \$382,435, up from \$298,400 in 2018 due to higher average borrowings and increased borrowing rates in 2019. Transaction costs in 2019 were \$179,281, down from \$260,056 in 2018, due to

reduced trading activity in 2019. Professional fees, comprised of audit fees and legal costs, were \$329,601 in 2019, slightly up from \$300,590 in 2018, due to increased legal fees for special project work and a rate increase for audit work. Administrative expenses in 2019 were \$1.2M, virtually unchanged from 2018. Foreign withholding tax expense in 2019 was \$278,126, down slightly from \$303,895 in 2018, primarily due to reduced foreign dividend income in 2019. A deferred income tax expense of \$5.8M has been recorded in 2019 (2018 - \$5.8M recovery) primarily due to the unrealized gains recorded during 2019.

Urbana purchased and cancelled 436,400 non-voting Class A shares (“Class A shares”) in 2019 at an average price of \$2.63 per Class A share. Subsequent to December 31, 2019, Urbana purchased an additional 412,873 Class A shares at an average price of \$2.70 per Class A share. Since May 2010, Urbana has purchased and cancelled a total of 38,375,593 Class A shares under its normal course issuer bid programs. The number of Class A shares now outstanding is 39,150,727.

Selected Annual Information

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

	2019 (\$)	2018 (\$)	2017 (\$)
Total revenue (loss)	63,036,821	(38,264,809)	38,874,438
Profit (loss) from continuing operations attributable to owners of the parent:			
Total	50,744,969	(38,856,150)	28,806,337
Per share	1.02	(0.78)	0.57
Diluted per share	1.02	(0.78)	0.57
Profit (loss) attributable to owners of the parent:			
Total	50,744,969	(38,856,150)	28,806,337
Per share	1.02	(0.78)	0.57
Diluted per share	1.02	(0.78)	0.57
Total assets	290,705,461	216,401,933	266,820,930
Total non-current financial liabilities	13,660,000	7,883,000	13,728,000
Cash dividends declared per share:			
Common shares	0.07	0.10	0.10
Class A shares	0.07	0.10	0.10

Revenue and profit levels in 2019, 2018 and 2017 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 2017 to 2019 that had any impact on the financial performance of the Corporation during these years (see also below under the heading *Changes in Accounting Policies*). There have been no discontinued operations during the years 2017 to 2019. Total assets decreased during 2018 because of reduced market values of the investment portfolio and increased during 2019 due to increased market values of the investment portfolio. Non-current financial liabilities, namely

deferred income tax liability, decreased during 2018 because of unrealized losses and increased during 2019 due to unrealized gains. Dividends amounted to \$0.10 per share in January 2017 and included 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, again due to the positive 2017 results. A regular dividend of \$0.07 per share was paid in January 2019. The 2018 results did not warrant a special dividend in 2019. In all instances, common shares and the Class A shares participated equally in dividends. For each of the years 2017 to 2019, the financial data has been prepared in accordance with IFRS and the Canadian Dollar has been the presentation currency.

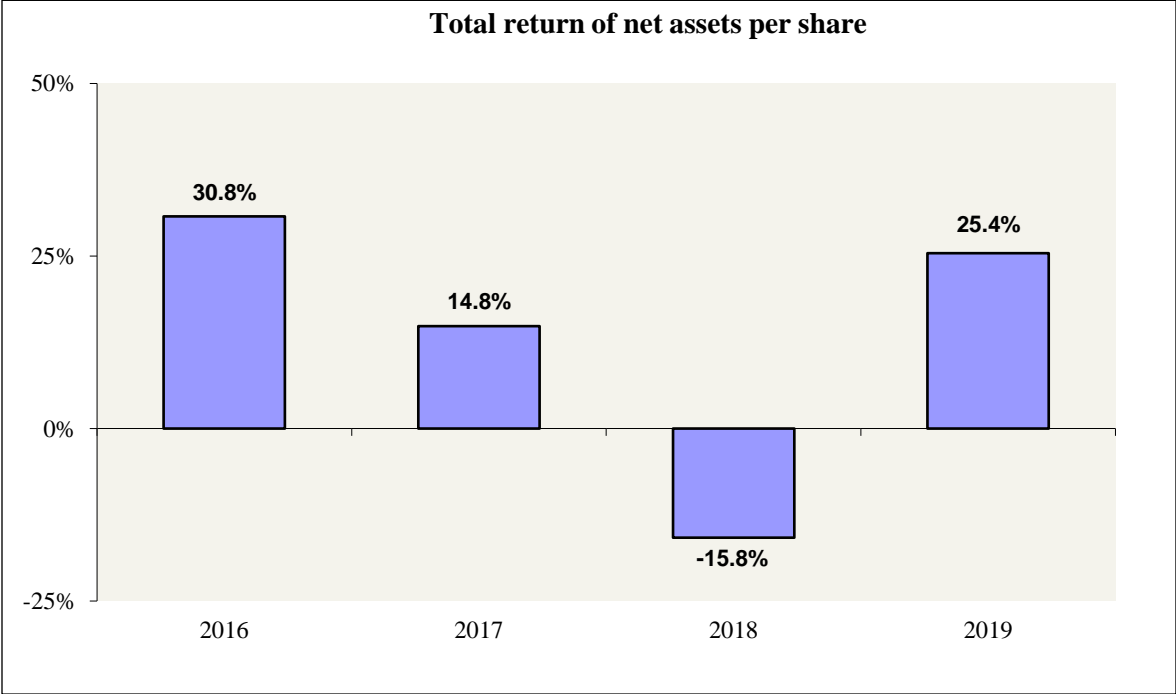
Past Performance

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, 2019

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	9.1%
35	Minneapolis Grain Exchange (seats)	8,151,851	9,531,113	3.3%
800,000	Caldwell Financial Ltd.	1,826,650	1,784,000	0.6%
2,350,000	Radar Capital Inc. Class A Common (i)	50	141,000	0.1%
16,755,081	Radar Capital Inc. Class B Common (i)	12,566,311	13,571,616	4.7%
3,000,000	Evolve Funds Group Inc. Class A Preferred	3,000,000	3,594,009	1.2%
1,544,236	Evolve Funds Group Inc. Class B Preferred	1,850,000	1,850,000	0.6%
9,909,025	Highview Financial Holdings Inc.	5,406,753	10,008,115	3.5%
4,538,460	Four Lakes Capital Fund Limited Partnership	4,999,998	4,728,168	1.6%
84,012	Caldwell Growth Opportunities Trust (ii)	703,437	836,594	0.3%
465,381	Vive Crop Protection Inc. Class A Preferred	314,132	314,132	0.1%
455,671	Vive Crop Protection Inc. Class B Preferred	45,567	45,567	-%
122,222	Kognitiv Corporation	2,404,596	2,773,599	1.0%
Public equity investments				
672,832	Caldwell India Holdings Inc. (iii)	14,655,481	7,512,705	2.6%
343,238	Urbana Mauritius Inc. (iv)	6,346,517	3,894,571	1.3%
110,000	Cboe Global Markets, Inc.	3,637,004	17,117,100	5.9%
115,000	Intercontinental Exchange Group Inc.	4,776,923	13,801,634	4.8%
160,000	Citigroup Inc.	7,487,889	16,575,577	5.7%
450,000	Bank of America Corp.	6,277,355	20,552,191	7.1%
300,000	Suncor Energy	12,025,030	12,768,000	4.4%
400,000	Teck Resources Ltd. Class B	4,552,271	9,008,000	3.1%
275,000	Morgan Stanley	7,626,878	18,229,712	6.3%
3,000,000	Real Matters Inc.	11,652,500	36,960,000	12.7%
500,000	Detour Gold Corp.	7,253,195	12,570,000	4.3%
50,000	Canadian Imperial Bank of Commerce	5,602,898	5,403,000	1.9%
150,000	Inter Pipeline Ltd.	3,276,722	3,381,000	1.2%
700,000	AGF Management Ltd. Class B	4,044,556	4,508,000	1.6%
20,000	Canadian Natural Resources Ltd.	841,429	840,000	0.3%
250,000	KKR & Co. Inc. Class A	8,541,467	9,456,549	3.3%
750,000	Whitecap Resources Inc.	3,307,790	4,162,500	1.4%
150,000	Micron Technology Inc.	8,752,361	10,460,882	3.6%
Private debt investments				
2,500,000	Highview Financial Holdings Inc. (v)	2,500,000	2,500,000	0.9%
4,188,770	Radar Capital Inc. (vi)	4,188,770	4,188,770	1.4%
Cash		875,089	875,089	0.3%
		176,739,820	290,464,949	100.0%

(i) Urbana owns 65.51% of Radar Capital Inc. ("RCI"), which owns 27.13% of the common shares of Highview Financial Holdings Inc.

(ii) Urbana owns 23.42% of Caldwell Growth Opportunities Trust, which owns 5.50% of the Class B common shares of RCI.

(iii) Caldwell India Holdings Inc. ("CIHI"), a wholly-owned subsidiary of Urbana, holds 672,832 equity shares of the Bombay Stock Exchange (the "BSE"). Urbana also owns 100 voting ordinary shares of CIHI representing 100% of the voting ordinary shares of CIHI. The fair value of these voting ordinary shares is nominal.

(iv) Urbana Mauritius Inc., a wholly-owned subsidiary of Urbana, holds 343,238 equity shares of the BSE.

(v) Unsecured convertible promissory note maturing on June 30, 2023 with interest at 8% per annum payable quarterly. This promissory note represents the first advance under a \$3 million revolving line of credit and is convertible (in whole or in part) into common shares on the maturity date at \$1.07 per common share.

(vi) Unsecured promissory note maturing on July 31, 2024 with interest compounding annually at the TD Canada Trust prime rate less 1% per annum payable on the maturity date.

In addition to the investments listed above, Urbana holds 44 mining claims in Urban Township, Quebec. No mining expenditures were incurred in 2019 (2018- \$94,714). These prior year expenditures were recorded in the financial statements of the Corporation as a loss in computing net realized gain on sale and disposal of investments in 2018.

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, 2019, the outstanding balance of the loan was \$21.9M. The minimum and maximum amounts borrowed during 2019 were \$Nil and \$21.9M respectively. As at the date of this MD&A, the Corporation has complied with all covenants, conditions or other requirements of the outstanding debt.

Normal Course Issuer Bid

On August 28, 2018 the Toronto Stock Exchange (the "TSX") accepted a 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 terminated on September 3, 2019. Urbana had purchased and cancelled 45,400 Class A shares pursuant to the 2018 NCIB at an average purchase price of \$2.39 per Class A share.

On August 29, 2019 the TSX accepted a notice of intention to conduct a normal course issuer bid from Urbana to purchase up to 3,963,322 of its own Class A shares (the "2019 NCIB"), representing 10% of the public float, pursuant to TSX rules. Purchases under the 2019 NCIB were permitted starting on September 4, 2019, and will terminate on the earlier of September 3, 2020, 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. As at December 31, 2019, Urbana had purchased and cancelled 391,000 Class A shares pursuant to the 2019 NCIB at an average purchase price of \$2.66 per Class A share.

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 (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, all of which relate to periods prior to 2019. These expenditures were recorded in the financial statements of the Corporation as a loss in computing "net realized gain on sale and disposal of investments", 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 at this time. 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, 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. On January 31, 2020, the Corporation paid a cash dividend of \$0.08 per share on the issued and outstanding common and Class A shares as at January 17, 2020. 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 11, 2020, the Corporation has 10,000,000 common shares and 39,150,727 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 of Caldwell Securities Ltd. ("CSL"). Urbana pays CIM investment management fees for investment management services that CIM provides to Urbana – refer to "Management Fees" below. As at December 31, 2019 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. The total amount of commission fees paid to CSL by Urbana during the years ended December 31, 2019 and 2018 were \$179,281 and \$260,056 respectively. All securities transactions conducted through CSL are reviewed by Urbana's independent directors on a quarterly basis.

On July 19, 2019, the Ontario Securities Commission approved and published a settlement agreement with CIM to resolve a publicly disclosed enforcement proceeding. Before the commencement of the proceeding, CIM upgraded some of its policies and also agreed as part of the settlement to testing and validation of its procedures by an outside consultant. Urbana has reflected the impact of this settlement in its valuation of CFL, the parent company of CIM.

Pursuant to an administrative services agreement between Urbana and CSL dated January 1, 2016, Urbana paid CSL a monthly fee of \$33,900 (HST inclusive) from January 2016 to February 2019, inclusive, for administrative services, including investor relations services, office and conference

room access for Urbana’s directors and officers, and accounting services, including chief financial officer services. On March 1, 2019, this agreement was amended and restated to provide that, effective March 1, 2019, Urbana would pay CSL a monthly fee of \$28,702 (HST inclusive) for administrative services, including investor relations, information technology, professional corporate office, and office and conference room access for Urbana’s staff, directors and officers. Effective March 1, 2019, Urbana’s chief financial officer is an employee of Urbana and CSL no longer provides chief financial officer services to Urbana.

As at December 31, 2019 Urbana owned 50% of the voting class A common shares and 68.49% of the voting class B common shares of Radar Capital Inc. (“RCI”), a private capital company. Effective August 1, 2019, pursuant to RCI’s Shareholders’ Agreement, the previously held non-voting preferred shares of RCI were redeemed for a \$4.2M unsecured promissory note and the non-voting class B common shares became voting class B common shares. As a result, Urbana owns a total of 65.51% of the voting common shares of RCI with each class A and class B common share entitled to one vote.

As at December 31, 2019 Urbana had a 23.42% 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, 2019 Urbana owned 49.29% of the common shares of CNSX Markets Inc., the operator of the Canadian Securities Exchange.

As at December 31, 2019 Urbana had a 47.44% direct ownership interest in Highview Financial Holdings Inc. (“HFHI”) and held a \$2.5M promissory note from HFHI. RCI had a 27.13% ownership interest in HFHI.

As at December 31, 2019, there were no fees payable to related parties, other than a management fee of \$1.2M payable to CIM.

In a series of transactions in May and June 2019, Urbana purchased the following portfolio holdings (the “Purchased Securities”) from Caldwell ICM Market Strategy Trust, a related party, at fair value, for an aggregate cost of approximately \$5.0M:

- Radar Capital Inc. (units)
- Vive Crop Protection Inc. (preferred A shares, preferred B shares and warrants)
- Kognitiv Corporation (common shares)
- Minneapolis Grain Exchange (“MGEX”) (seats)

The purchase prices of the Purchased Securities, excluding MGEX, were based on independent third party valuations and the purchase price of the MGEX seats was based on the price of a seat as quoted by the exchange on which the MGEX seats trade. The acquisitions by Urbana of the Purchased Securities were done with regulatory approval and the unanimous approval of the Board.

MANAGEMENT FEES

Investment management fees were charged by CIM for portfolio management services in accordance with a fund management and portfolio management agreement effective as of August 10, 2011 between Urbana and CIM. Pursuant to such agreement, in 2019 CIM was entitled to an investment management fee equal to 1.5% per annum of the market value of Urbana's investment portfolio. In 2019, CIM earned \$4.1M (2018 - \$4.1M) of investment management fees from Urbana. The investment management fees are accrued daily and paid quarterly in arrears. As at December 31, 2019 there was an investment management fee of \$1.2M payable to CIM (2018 - \$910,068).

On December 6, 2019 Urbana entered into an updated investment management and advisory agreement with CIM, effective as of January 1, 2020. Pursuant to this agreement, CIM is entitled to an investment management fee equal to 2.0% per annum of the market value of Urbana's investment portfolio, and, with the exception of NCIB purchases, CIM will pay a fee to CSL to cover all charges for brokerage, trade execution and other necessary investment-related services rendered directly or indirectly for the benefit of Urbana by CSL. The updated investment management and advisory agreement with CIM was unanimously approved by the Board, on the recommendation of the independent directors of the Corporation, which was based on, among other factors, advice from an independent financial advisory firm.

SUMMARY OF QUARTERLY RESULTS

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

	4th Quarter 2019 (\$)	3rd Quarter 2019 (\$)	2nd Quarter 2019 (\$)	1st Quarter 2019 (\$)
Realized gain	45,457	2,572,660	286,079	984,014
Change in unrealized gain (loss)	40,107,536	15,814,135	9,953,631	13,692,840
Dividend income	848,672	822,878	756,625	650,364
Interest income	91,205	49,612	2,064	5,520
Total expenses	2,004,909	1,664,371	1,325,177	1,242,269
Net income (loss) before income taxes	15,441,490	17,594,914	9,673,222	14,090,469
Net assets per share (beginning of period)	4.83	4.51	4.32	4.15
Net assets per share (end of period)	5.12	4.83	4.51	4.32
	4th Quarter 2018 (\$)	3rd Quarter 2018 (\$)	2nd Quarter 2018 (\$)	1st Quarter 2018 (\$)
Realized gain (loss)	2,204,679	1,009,623	7,266,506	6,739,053
Change in unrealized gain (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 income (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

The variations shown in the table above relate to the timing of investment decisions and do not reflect any general trends or seasonality.

FOURTH QUARTER

Realized gains in Q4 decreased significantly from 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 2019 and Q4 in 2018 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 69% of its assets, with a fair value of approximately \$187M, in cash and marketable securities. It has the liquidity to readily meet all of its operating expense requirements and its obligations under the loan facility.

In 2019, 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 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

There have been no changes in accounting policies during 2019 that affect the Corporation.

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, 2019 (A) the Corporation’s DC&P provide reasonable assurance that (i) material information relating to the Corporation has been made known to them, particularly during the financial year ended December 31, 2019 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, 2019 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, 2019, 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, 2019 and ending on December 31, 2019 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 Objectives and Strategies, 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.