

URBANA
CORPORATION

2020

2020 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

REPORT TO SHAREHOLDERS

2020 was a year that provided us with everything – to excess. We lived with pandemic risk, shutdown damage at both personal and economic levels, political upheaval, extreme rhetoric (on all sides), fundamental sociological shifts (massive social media influence as well as curtailment of thought and speech) and some optimism.

No doubt there will be many books by “experts” as they look back at these events. It is, however, worthwhile to note there are no experts during a battle. COVID-19 is an example.

So, given these dramatic shocks, investment management became, in great measure, a matter of controlling emotions. Market moods transcended analysis for much of 2020.

For example, one of the great dangers to investors was getting shaken out of the market during the March/April 2020 collapse when it seemed as though another “black plague” was upon us.

Urbana Corporation (“Urbana”) did a bit of selling at that time for prudence sake, but maintained its core positions. The next few months saw some recovery with vaccine optimism surfacing. The final quarter saw even greater optimism so that markets generally ended the year on a positive note.

As stated earlier, the real underpinning for stock prices has been the historic low level of interest rates. Given paltry interest returns, investors moved to ownership of assets – particularly homes, land, art, equities and more.

We have thus experienced significant “asset value inflation” vs “cost of living inflation”. Monetary policy and interest rates will be the “determining factor” for stock prices for the foreseeable future.

Given the massive debt now being accumulated by governments, it will also remain in their interests to keep rates as low as possible for as long as possible.

URBANA

CORPORATION

Our strategy throughout the turmoil was to “look to the horizon”, beyond the challenges of COVID-19, the economic damage from lockdowns and past the U.S. Presidential election with all its accompanying rhetoric and unrest. Not all will be solved neatly, but investing is always about the future. The world will survive this period.

In trying to see the possibilities within depressed groups and the dangers inherent within euphoric sectors (social media, crypto currencies, etc.), Urbana maintained its focus on financial services, energy and innovative companies in our private equity sector.

The net results for 2020 were as follows:

- 1) Net asset growth of 11.9%. This compares with the S&P/TSX Composite Index Total Return of 5.6% and the Dow Jones Industrial Average Index Total Return (converted to Canadian dollars) of 7.5%.

Urbana’s annualized after tax investment return, since inception on October 1, 2002 is 14.4%.

- 2) Urbana increased its annual dividend to shareholders immediately after the 2020 year end by 12.5% from \$0.08 to \$0.09 per share. This is the third increase since 2017 when the regular dividend was \$0.05 per share.
- 3) Urbana purchased and cancelled 5,351,873 Class A shares at an average price of \$2.52 during the 2020 calendar year under the Normal Course Issuer Bid (“NCIB”) provisions of the Toronto Stock Exchange.

During the current NCIB approval period (September 4, 2020 to September 3, 2021) Urbana has purchased 3,648,600 Class A shares. This leaves 106,240 Class A shares available to purchase between now and September 3, 2021. Urbana now has 34,189,627 Class A shares outstanding, down from 77,526,320 Class A shares outstanding when our buyback program began in May 2010.

In regards to Urbana’s Urban Township gold prospect, management has had general talks with our neighbours in the area. With gold prices strong and exploration and development programs

URBANA CORPORATION

expanding, it is logical that exploration and development companies seek to expand their land holdings.

From Urbana's perspective, we have several choices:

- a) Do a deal now with one of our neighbours
- b) Wait until one of our neighbours has a mine in development or operation
- c) Vend our land into a new company and hold a position in a new exploration company controlled by Urbana
- d) Wait until a major gold mine operator comes into the area and takes over all the ground, including ours

Each alternative has merit and disadvantages. Our current view is to monitor developments in the area.

We are generally optimistic going into 2021 with the caveat being the potential fallout from a decline in sectors (social media, technology) that are currently valued at euphoric levels. The question is whether such a decline will be isolated within those groups and funds redeployed into currently depressed sectors or whether it will take the whole market down with it. Possibly a bit of both which in itself would represent a buying opportunity for value oriented investors.

As always, management is always open for questions or suggestions.

Best wishes to all in 2021.

On behalf of the Board of Directors,



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

March 10, 2021

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".

[This Page Intentionally Left Blank]

URBANA CORPORATION

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the year ended December 31, 2020

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, 2020 (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 10, 2021. 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, 2020 and 2019 is presented in the following table:

	December 31, 2020	December 31, 2019
Assets (\$)	288,334,640	290,705,461
LESS Liabilities (\$)	39,165,354	37,179,968
EQUALS Net Assets (\$)	249,169,286	253,525,493
DIVIDED BY Number of Shares Outstanding	44,211,727	49,563,600
EQUALS Net assets per share (\$)	5.64	5.12

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. 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 2020 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 combination of the COVID-19 pandemic, the isolation defense and a worldwide energy collapse brought significant downward pressure and extreme volatility to markets in the first quarter of 2020 ("Q1"). Urbana's net assets per share decreased from \$5.12 to \$4.13, after the payment of a dividend of eight cents (\$0.08) per share¹ in January 2020, resulting in an 18.1% negative total return of net assets per share in Q1.

In the second quarter of 2020 ("Q2") Urbana's net assets grew by 16.2% as its net assets per share increased from \$4.13 to \$4.80. A greater calm emerged as COVID-19 cases appeared to decline and hospitals were not overwhelmed. We added to some of our energy positions and to our financial services sector.

The third quarter of 2020 ("Q3") continued to be positive for the Corporation as pharmaceutical companies progressed towards developing a COVID-19 vaccine. During this period, Urbana's net assets per share increased from \$4.80 to \$4.93, resulting in a 2.7% total return of net assets per share.

In the fourth quarter of 2020 ("Q4") Urbana experienced a substantial recovery in stock valuations as COVID-19 vaccines were approved and distribution commenced. In Q4 Urbana's net assets per share increased from \$4.93 to \$5.64, representing a 14.4% 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 9.0% and the Dow Jones Industrial Average Total Return Index (converted to Canadian Dollars) ("DJIA Index") increased by 5.8%.

During 2020, Urbana's net assets per share increased from \$5.12 to \$5.64, after the payment of a dividend of eight cents (\$0.08) per share¹ in January 2020, resulting in an 11.9% total return of net assets per share. During the same period, the S&P/TSX Index increased by 5.6% and the DJIA Index increased by 7.5%.

Urbana's long-term performance, represented by its CAGR of net assets per share since inception to December 31, 2020, was 14.4%. This compares favourably with the CAGR of the S&P/TSX Index of 8.8% and the CAGR of the DJIA Index of 9.3%, for the same period.² Our long-term goal is to strive for and maintain long-term performance.

2020 was a year that provided us with everything – to excess. We lived with pandemic risk, shutdown damage at both personal and economic levels, political upheaval, extreme rhetoric (on all sides), fundamental sociological shifts (massive social media influence as well as curtailment of thought and speech) and some optimism.

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.

Our private securities had a greater positive impact on Urbana's performance in 2020 than did our publicly traded securities. CNSX Markets was by far the star performer in Urbana's private equity stable, contributing \$14.1M in value during 2020. CNSX operates the Canadian Securities Exchange (the "CSE"), which had outstanding performance in 2020, highlighted by record financing activity among its issuers and the second highest level of trading activity in the CSE's history. In 2020, the CSE continued its trend of strong listings growth and maintained its leading Canadian position in initial public offerings.

In the first half of 2020 we did some selling, primarily to take some profits (Real Matters, Kirkland Lake Gold, Bank of America, Intercontinental Exchange). We realized a significant gain of \$17.0M on the sale of Real Matters. For the balance of the year we maintained our core positions and experienced some recovery as vaccine optimism surfaced.

We continue to maintain our focus on financial services, energy and innovative companies in our private equity sector.

Management has aggressively purchased its Class A shares under its share buyback program (Normal Course Issuer Bid ("NCIB")) in Q4. As a result, we have very little room left to make additional purchases during the course of the current NCIB program which expires on September 3, 2021.

In 2020, dividend income was \$3.1M, virtually unchanged from 2019. The dividend composition however changed in 2020, with less from Canadian entities and more from American companies, primarily U.S. financials. In 2020, interest income amounted to \$370,377, up from \$148,401 in 2019. Interest income in 2020 reflects interest on promissory notes held by Urbana in Highview Financial Holdings ("HV") and Radar Capital ("RCI"), as well as on convertible notes held by Urbana in Kognitiv and Vive Crop Protection. In 2019, interest income related only to HV and RCI for a partial year.

Urbana realized a net gain of \$21.8M from the sale of investments in 2020 (2019 - \$3.9M). The 2020 gain stemmed primarily from the disposition of Real Matters (\$17.0M), Minneapolis Grain Exchange (\$4.1M), Kirkland Lake (\$3.0M) and Bank of America (\$2.3M). These gains were partially offset by a \$4.6M loss on the sale of Suncor Energy. The 2019 gain resulted from the disposition of Detour Gold, Real Matters and Intercontinental Exchange.

Urbana recorded \$3.0M in unrealized losses in 2020 (2019 - \$55.9M gains). The best performer by far during 2020 was CNSX Markets, which contributed an increase in unrealized gains of \$14.1M. Other strong performers that generated unrealized gains included Morgan Stanley (\$4.3M) and Whitecap Resources (\$3.2M). Some notable underperformers, which contributed increased unrealized losses, included Bank of America (\$5.6M), Detour (\$5.3M), Teck Resources (\$4.5M), Cboe Global Markets (\$4.1M) and Citigroup (\$3.6M).

During 2020, Urbana recorded net income before income taxes of \$14.3M (2019 - \$56.8M) primarily due to \$21.8M in realized gains on the disposition of investments. Investment management fees in 2020 were \$5.7M, up from \$4.1M in 2019, due to increased average assets under management and an increase in the management fee from 1.5% to 2.0% per annum. Interest

expense in 2020 amounted to \$557,470, up from \$382,435 in 2019 due to substantially higher average borrowings in 2020, notwithstanding reduced borrowing rates in 2020. Transaction costs in 2020 were \$143,922, down from \$179,281 in 2019, since 2020 transaction costs in respect of all trades, excluding normal course issuer bid trades, are absorbed by Caldwell Investment Management Ltd. (“CIM” or the “Manager”). Professional fees, comprised of audit fees and legal costs, were \$265,014 in 2020, down from \$329,601 in 2019, primarily due to higher legal fees for special project work in 2019. Administrative expenses in 2020 were \$1.25M, up slightly from \$1.24M in 2019. Increased costs in 2020 for key management personnel (including directors) and marketing were offset by reduced costs for special projects that were incurred in 2019. Foreign withholding tax expense in 2020 was \$272,955, down slightly from \$278,126 in 2019, primarily due to reduced payments of foreign taxes, despite an increase in foreign dividend income in 2020. A deferred income tax expense of \$1.0M has been recorded in 2020 (2019 - \$5.8M) primarily due to reduced loss carryforwards available to shelter future income, notwithstanding the unrealized losses recorded during 2020.

Urbana purchased and cancelled 5,351,873 non-voting Class A shares (“Class A shares”) in 2020 at an average price of \$2.52 per Class A share. Subsequent to December 31, 2020, Urbana purchased an additional 22,100 Class A shares at an average price of \$2.83 per Class A share. Since May 2010, Urbana has purchased and cancelled a total of 44,336,693 Class A shares under its normal course issuer bid programs. The number of Class A shares now outstanding is 34,189,627.

Selected Annual Information

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

	2020 (\$)	2019 (\$)	2018 (\$)
Total revenue (loss)	22,239,587	63,036,821	(38,264,809)
Profit (loss) from continuing operations attributable to owners of the parent:			
Total	13,083,682	50,744,969	(38,856,150)
Per share	0.27	1.02	(0.78)
Diluted per share	0.27	1.02	(0.78)
Profit (loss) attributable to owners of the parent:			
Total	13,083,682	50,744,969	(38,856,150)
Per share	0.27	1.02	(0.78)
Diluted per share	0.27	1.02	(0.78)
Total assets	288,334,640	290,705,461	216,401,933
Total non-current financial liabilities	14,641,000	13,660,000	7,883,000
Cash dividends declared per share:			
Common shares	0.08	0.07	0.10
Class A shares	0.08	0.07	0.10

Revenue and profit levels in 2020, 2019 and 2018 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 2018 to 2020 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 2018 to 2020. Total assets increased during 2019 because of increased market values of the investment portfolio and decreased slightly during 2020 due to reduced market values of the investment portfolio. Non-current financial liabilities, namely deferred income tax liability, increased during 2019 because of unrealized gains and increased during 2020 because loss carryforwards, that shelter future gains, decreased. Dividends amounted to \$0.10 per share in January 2018 and included a one-time special dividend of \$0.03 per share 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. A regular dividend of \$0.08 per share was paid in January 2020 due to the improved 2019 results. In all instances, common shares and the Class A shares participated equally in dividends. For each of the years 2018 to 2020, the financial data has been prepared in accordance with IFRS and the Canadian Dollar has been the presentation currency.

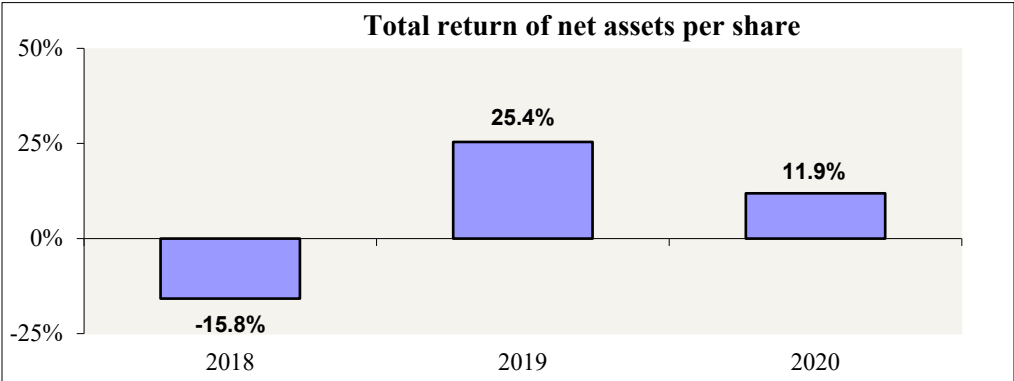
Past Performance

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, 2020

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	40,578,287	14.1%
1,327,620	Miami International Holdings Inc.	12,257,268	12,262,562	4.3%
800,000	Caldwell Financial Ltd.	1,826,650	2,160,000	0.8%
796,939	Caldwell Canadian Value Momentum Fund	15,000,000	16,047,553	5.6%
2,350,000	Radar Capital Inc. Class A Common (i)	50	-	-%
16,755,081	Radar Capital Inc. Class B Common (i)	12,566,311	10,240,706	3.6%
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%
10,109,025	Highview Financial Holdings Inc.	5,622,753	11,322,108	3.9%
4,538,460	Four Lakes Capital Fund Limited Partnership	4,999,998	5,445,104	1.9%
84,012	Caldwell Growth Opportunities Trust (ii)	703,437	694,840	0.2%
465,381	Vive Crop Protection Inc. Class A2 Preferred	314,132	314,132	0.1%
455,671	Vive Crop Protection Inc. Class B1 Preferred	45,567	45,567	-%
6,500,000	Vive Crop Protection Inc. Class B3 Preferred	3,250,000	3,250,000	1.1%
3,250,000	Vive Crop Protection Inc. Warrants	-	-	-%
27,428	Kognitiv Corporation Preferred	353,000	353,000	0.1%
122,222	Kognitiv Corporation	2,404,596	1,418,526	0.5%
6,047,895	FundThrough Inc. Preferred	6,250,000	6,250,000	2.2%
Public equity investments				
672,832	Caldwell India Holdings Inc.(iii)	14,655,481	8,474,503	2.9%
343,238	Urbana Mauritius Inc. (iv)	6,346,517	4,429,699	1.5%
110,000	Cboe Global Markets, Inc.	3,637,004	13,049,837	4.5%
100,000	Intercontinental Exchange Group Inc.	4,153,846	14,687,946	5.1%
200,000	Citigroup Inc.	10,176,194	15,710,968	5.5%
350,000	Bank of America Corp.	4,882,387	13,515,229	4.7%
100,000	Suncor Energy	3,385,461	2,135,000	0.7%
250,000	Morgan Stanley	6,933,526	21,826,805	7.6%
1,600,000	Real Matters Inc.	6,214,667	30,736,000	10.7%
700,000	AGF Management Ltd. Class B	4,044,556	4,256,000	1.5%
200,000	KKR & Co. Inc. Class A	7,516,623	10,316,852	3.6%
3,000,000	Whitecap Resources Inc.	10,531,333	14,580,000	5.1%
500,000	Husky Energy Inc.	3,301,600	3,150,000	1.1%
3,323,925	Metamaterial Inc.	2,054,790	2,193,791	0.8%
100,000	Toronto Dominion Bank	5,826,472	7,192,000	2.5%
Private debt investments				
3,000,000	Highview Financial Holdings Inc. (v)	3,000,000	3,000,000	1.0%
2,133,980	Radar Capital Inc. (vi)	2,133,980	2,133,980	0.7%
Cash		732,456	732,456	0.3%
		177,219,004	287,947,460	100.0%

(i) Urbana owns 65.51% of Radar Capital Inc. ("RCI"), which owns 24.78% of the common shares of Highview Financial Holdings Inc.

(ii) Urbana owns 13.71% 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 400,000 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 was issued in connection with 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 2020 or 2019.

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, 2020, the outstanding balance of the loan was \$22.8M. The minimum and maximum amounts borrowed during 2020 were \$Nil and \$24.3M respectively. As at the date of this MD&A, the Corporation has complied with all covenants, conditions and other requirements of the loan facility.

Normal Course Issuer Bid

On August 29, 2019 the Toronto Stock Exchange (the “TSX”) accepted a notice of intention to conduct a normal course issuer bid from Urbana to purchase up to 3,963,322 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 terminated on September 3, 2020. Urbana purchased and cancelled 2,116,373 Class A shares pursuant to the 2019 NCIB at an average purchase price of \$2.44 per Class A share.

On August 31, 2020 the TSX accepted a notice of intention to conduct a normal course issuer bid from Urbana to purchase up to 3,754,840 of its own Class A shares (the “2020 NCIB”), representing 10% of the public float, pursuant to TSX rules. Purchases under the 2020 NCIB were permitted starting on September 4, 2020, and will terminate on the earlier of September 3, 2021, 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 2020 NCIB must be cancelled. As at December 31, 2020, Urbana had purchased and cancelled 3,626,500 Class A shares pursuant to the 2020 NCIB at an average purchase price of \$2.58 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 has received several enquiries from companies operating in the area but has not yet decided on a partner for further development. 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, 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 10, 2021, the Corporation has 10,000,000 common shares and 34,189,627 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”), which is 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, 2020 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, 2020 and 2019 were \$143,922 and \$179,281 respectively. Commissions paid in 2020 related solely to NCIB trades. All securities transactions conducted through CSL are reviewed by Urbana’s independent directors on a quarterly basis.

Pursuant to an administrative services agreement between Urbana and CSL dated and effective March 1, 2019, Urbana pays 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.

As at December 31, 2020 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. In March 2020, RCI distributed to its shareholders, shares of one of its investments, namely Metamaterial Inc., that went public. This distribution served to reduce the principal balance of the unsecured promissory note to \$2.1M. In February 2021 RCI paid off the remaining balance of \$2.1M.

As at December 31, 2020 Urbana had a 13.71% ownership interest in Caldwell Growth Opportunities Trust, which is a private equity pool managed by CIM.

Urbana purchased \$10.0M of series I units of Caldwell Canadian Value Momentum Fund (“CCVMF”) in July 2020 and another \$5.0M in September 2020, at the net asset values per unit of the fund on the respective dates. As a result, as at December 31, 2020 Urbana had a 15.02% ownership interest in CCVMF, which is a mutual fund managed by CIM, on which Urbana pays a 0.5% per annum management fee, instead of the regular 2% per annum pursuant to the investment management and advisory agreement between Urbana and CIM (see “*Management Fees*” below).

As at December 31, 2020 Urbana owned 49.26% of the common shares of CNSX Markets Inc., the operator of the CSE.

In September 2020 Urbana purchased \$216,000 of common shares of Highview Financial Holdings Inc. (“HFHI”) from RCI at a price per share based on the prescribed formula in the HFHI shareholders’ agreement (the “Formula”). As a result, as at December 31, 2020 Urbana had a 48.63% direct ownership interest in HFHI and RCI had a 24.78% ownership interest in HFHI, the combination of which allowed Urbana to exercise control over the majority of HFHI’s common shares. Pursuant to the HFHI amended and restated shareholders’ agreement dated and effective as of December 30, 2020, Urbana has agreed that it shall not be entitled to elect a majority of the board of directors of HFHI so that HFHI is not considered a subsidiary of Urbana. Urbana has not yet nominated its directors to the HFHI board of directors, which currently consists of HFHI management only. In February 2020 Urbana loaned an additional \$500,000 to HFHI and as a result, as at December 31, 2020 Urbana held a \$3.0M promissory note from HFHI. In February 2021 Urbana purchased \$5.9M of common shares of HFHI from RCI at a price per share based on the Formula and as a result now has a 73.42% direct ownership interest in HFHI.

As at December 31, 2020, there were no fees payable to related parties, other than a management fee of \$1.5M payable to CIM.

During the year ended December 31, 2020, Urbana, as lender, issued loans to three directors of the Corporation, Charles A. V. Pennock, George D. Elliott and Michael B. C. Gundy. Each loan agreement provides for a revolving credit facility of up to \$100,000 for each such director, which they may use for the sole purpose of purchasing Urbana shares. Interest is charged at the interest

rate used by the Canada Revenue Agency to calculate taxable benefits for employees and shareholders from interest-free and low-interest loans. The securities of Urbana purchased by each director with funds advanced under each revolving credit facility are held in a broker's account as security for the loan. As at December 31, 2020, the total outstanding principal amount of such loans is \$149,463, being \$50,090, \$26,921 and \$72,452 in respect of Messrs. Elliott, Gundy and Pennock respectively. As at December 31, 2020, Messrs. Elliott, Gundy and Pennock have purchased, respectively, 19,000 Common Shares, 9,900 Common Shares, and 6,000 Common Shares and 20,000 Class A Shares, of the Corporation with funds borrowed under each respective credit facility.

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. 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. In 2020, CIM earned \$5.7M (2019 - \$4.1M) of investment management fees from Urbana. The investment management fees are accrued daily and paid quarterly in arrears. As at December 31, 2020 there was an investment management fee of \$1.5M payable to CIM (2019 - \$1.2M).

SUMMARY OF QUARTERLY RESULTS

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

	4 th Quarter 2020 (\$)	3 rd Quarter 2020 (\$)	2 nd Quarter 2020 (\$)	1 st Quarter 2020 (\$)
Realized gain (loss)	(358,322)	299,738	13,991,997	7,861,268
Change in unrealized gain (loss)	29,357,732	3,864,600	23,142,602	(59,361,039)
Dividend income	738,495	804,739	648,107	879,293
Interest income	80,554	68,787	184,050	36,986
Total expenses	2,202,164	1,858,471	1,696,689	2,144,626
Net income (loss) before income taxes	27,616,295	3,179,393	36,270,067	(52,728,118)
Net assets per share (beginning of period)	4.93	4.80	4.13	5.12
Net assets per share (end of period)	5.64	4.93	4.80	4.13

	4 th Quarter 2019 (\$)	3 rd Quarter 2019 (\$)	2 nd Quarter 2019 (\$)	1 st Quarter 2019 (\$)
Realized gain	45,457	2,572,660	286,079	984,014
Change in unrealized gain	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 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

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 losses of \$358,322 were generated in Q4 compared to realized gains of \$299,738 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 2020 and Q4 in 2019 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 58% of its assets, with a fair value of approximately \$177.5M, 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 2020, 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 2020 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, 2020 (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, 2020 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, 2020 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, 2020, 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, 2020 and ending on December 31, 2020 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.

Audited Financial Statements of

Urbana Corporation

December 31, 2020 and December 31, 2019

Urbana Corporation

Audited Financial Statements
December 31, 2020 and December 31, 2019

Table of contents

Independent Auditor's Report	1
Statements of financial position	5
Statements of comprehensive income	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, 2020 and 2019, and the statements of comprehensive income, 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, 2020 and 2019, 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.

Key Audit Matter

A key audit matter is a matter that, in our professional judgment, was of most significance in our audit of the financial statements for the year ended December 31, 2020. This matter was addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

Valuation of Level 3 Investments – Refer to Notes 1 and 2 to the Financial Statements

Key Audit Matter Description

The Company's investment portfolio includes private investments, including securities of private issuers, ("private investments") for which reliable quotations are not readily available, or for which there is no closing bid price. Management uses various valuation methodologies with unobservable market inputs in its determination of the fair value of private investments which are outlined in Notes 1 and 2 to the financial statements. The valuation methodologies used in estimating the fair value of these private investments vary based on the specific characteristics of the private investments.

The valuation of the private investments is inherently subjective, and involves the use of significant management judgment and unobservable market inputs. As a result, the procedures related to the valuation methodologies and unobservable market inputs required a high degree of auditor judgment and increased audit effort, including the use of fair value specialists.

How the Key Audit Matter Was Addressed in the Audit

Our audit procedures related to the valuation methodologies and unobservable market inputs used by management to estimate the fair value of the private investments included the following, among others:

- For a sample of private investments, with the assistance of fair value specialists,
 - Evaluated the appropriateness of the methodology used in the valuation of the private investments.
 - Evaluated the reasonableness of any significant changes in valuation methodologies or significant unobservable market inputs.
 - Reviewed relevant internal and external information, including industry information, to assess the reasonability of unobservable market inputs in instances where these inputs were more subjective.
 - Developed independent fair value estimates by using private investment financial information, which was compared to agreements or underlying source documents provided to the Company by the private investments, and available market information from third party sources such as market spreads, market multiples, and leverages.
- Evaluated management's fair value estimates by comparing to subsequent transactions, taking into account changes in market or investment specific conditions, where applicable.

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.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Michael Darroch.



Chartered Professional Accountants
Licensed Public Accountants
March 10, 2021

[This Page Intentionally Left Blank]

Urbana Corporation

Statements of financial position as at December 31, 2020 and December 31, 2019

(In Canadian dollars)

	December 31, 2020	December 31, 2019
	\$	\$
Assets		
Cash	732,456	875,089
Investments, at fair value (Notes 2 and 3)	287,215,004	289,589,860
Accounts and other receivables (Notes 4 and 9)	387,180	240,512
	288,334,640	290,705,461
Liabilities		
Loan payable (Note 6)	22,800,000	21,900,000
Accounts payable and accrued liabilities (Note 5)	1,724,354	1,619,968
Deferred income tax liability (Note 10)	14,641,000	13,660,000
	39,165,354	37,179,968
Shareholders' equity		
Share capital (Note 8)	106,902,807	122,374,730
Contributed surplus	68,706,177	66,715,564
Retained earnings	73,560,302	64,435,199
Shareholders' equity representing net assets	249,169,286	253,525,493
Total liabilities and shareholders' equity	288,334,640	290,705,461
Number of shares outstanding (Note 8)	44,211,727	49,563,600

See accompanying notes

Approved by the Board



Director



Director

Urbana Corporation

Statements of comprehensive income

for the years ended December 31, 2020 and December 31, 2019

(In Canadian dollars)

	2020	2019
	\$	\$
Revenue		
Net realized gain on sale and disposal of investments	21,794,681	3,888,210
Net change in unrealized gain (loss) on investments	(2,996,105)	55,921,671
Dividends	3,070,634	3,078,539
Interest	370,377	148,401
	22,239,587	63,036,821
Expenses		
Investment management fees (Note 9)	5,681,771	4,105,790
Interest	557,470	382,435
Administrative (Note 9)	1,253,773	1,239,619
Transaction costs (Note 9)	143,922	179,281
Professional fees	265,014	329,601
	7,901,950	6,236,726
Net income before income taxes	14,337,637	56,800,095
Foreign withholding tax expense (Note 10)	272,955	278,126
Provision for deferred income taxes (Note 10)	981,000	5,777,000
Income tax expense	1,253,955	6,055,126
Total profit and comprehensive income for the year	13,083,682	50,744,969
Basic and diluted earnings per share	0.27	1.02
Weighted average number of shares outstanding	47,906,617	49,900,315

See accompanying notes

Urbana Corporation

Statements of changes in equity for the years ended December 31, 2020 and December 31, 2019

(In Canadian dollars)

	Share capital	Contributed surplus	Retained earnings	Total
	\$	\$	\$	\$
Balance at January 1, 2019	123,636,334	66,602,286	17,190,245	207,428,865
Total profit and comprehensive income for the year	-	-	50,744,969	50,744,969
Dividends paid	-	-	(3,500,015)	(3,500,015)
Normal course issuer bid purchases	(1,261,604)	113,278	-	(1,148,326)
Balance at December 31, 2019	122,374,730	66,715,564	64,435,199	253,525,493
Balance at January 1, 2020	122,374,730	66,715,564	64,435,199	253,525,493
Total profit and comprehensive income for the year	-	-	13,083,682	13,083,682
Dividends paid	-	-	(3,958,579)	(3,958,579)
Normal course issuer bid repurchases	(15,471,923)	1,990,613	-	(13,481,310)
Balance at December 31, 2020	106,902,807	68,706,177	73,560,302	249,169,286

See accompanying notes

Urbana Corporation

Statements of cash flows

for the years ended December 31, 2020 and December 31, 2019

(In Canadian dollars)

	2020	2019
	\$	\$
Operating activities		
Total profit and comprehensive income for the year	13,083,682	50,744,969
Items not affecting cash		
Net realized gain on sale and disposal of investments	(21,794,681)	(3,888,210)
Net change in unrealized (gain) loss on investments	2,996,105	(55,921,671)
Provision for deferred income taxes	981,000	5,777,000
Purchases of investments	(89,820,404)	(57,408,166)
Proceeds on sale of investments	110,993,836	26,756,296
	16,439,538	(33,939,782)
Net change in non-cash working capital items		
Accounts and other receivables	(146,668)	(131,037)
Accounts payable and accrued liabilities	104,386	529,900
	(42,282)	398,863
Cash provided by (used in) operating activities	16,397,256	(33,540,919)
Financing activities		
Issuance of loan payable	35,900,000	27,500,000
Repayment of loan payable	(35,000,000)	(5,600,000)
Dividends paid	(3,958,579)	(3,500,015)
Normal course issuer bid repurchases	(13,481,310)	(1,148,326)
Cash provided by (used in) financing activities	(16,539,889)	17,251,659
Net change in cash during the year	(142,633)	(16,289,260)
Cash, beginning of year	875,089	17,164,349
Cash, end of year	732,456	875,089
Supplemental disclosure		
Dividends received	2,888,945	2,784,505
Interest received	299,886	57,365
Interest paid	577,746	289,918

See accompanying notes

Urbana Corporation

Schedule of investment portfolio

as at December 31, 2020

(In Canadian dollars)

Number of securities	Description	Cost	Fair value
	Private equity investments	\$	\$
13,260,878	CNSX Markets Inc. (Note 9)	7,248,349	40,578,287
1,327,620	Miami International Holdings Inc.	12,257,268	12,262,562
800,000	Caldwell Financial Ltd. (Note 9)	1,826,650	2,160,000
796,939	Caldwell Canadian Value Momentum Fund (Note 9)	15,000,000	16,047,553
2,350,000	Radar Capital Inc. Class A Common (i) (Note 9)	50	-
16,755,081	Radar Capital Inc. Class B Common (i) (Note 9)	12,566,311	10,240,706
3,000,000	Evolve Funds Group Inc. Class A Preferred	3,000,000	3,594,009
1,544,236	Evolve Funds Group Inc. Class B Preferred	1,850,000	1,850,000
10,109,025	Highview Financial Holdings Inc. (Note 9)	5,622,753	11,322,108
4,538,460	Four Lakes Capital Fund Limited Partnership	4,999,998	5,445,104
84,012	Caldwell Growth Opportunities Trust (ii) (Note 9)	703,437	694,840
465,381	Vive Crop Protection Inc. Class A2 Preferred	314,132	314,132
455,671	Vive Crop Protection Inc. Class B1 Preferred	45,567	45,567
6,500,000	Vive Crop Protection Inc. Class B3 Preferred	3,250,000	3,250,000
3,250,000	Vive Crop Protection Inc. Warrants	-	-
27,428	Kognitiv Corporation Preferred	353,000	353,000
122,222	Kognitiv Corporation	2,404,596	1,418,526
6,047,895	FundThrough Inc. Preferred	6,250,000	6,250,000
		77,692,111	115,826,394
	Public equity investments		
672,832	Caldwell India Holdings Inc. (iii)	14,655,481	8,474,503
343,238	Urbana Mauritius Inc. (iv)	6,346,517	4,429,699
110,000	Cboe Global Markets, Inc.	3,637,004	13,049,837
100,000	Intercontinental Exchange Group Inc.	4,153,846	14,687,946
200,000	Citigroup Inc.	10,176,194	15,710,968
350,000	Bank of America Corp.	4,882,387	13,515,229
100,000	Suncor Energy	3,385,461	2,135,000
250,000	Morgan Stanley	6,933,526	21,826,805
1,600,000	Real Matters Inc.	6,214,667	30,736,000
700,000	AGF Management Ltd. Class B	4,044,556	4,256,000
200,000	KKR & Co. Inc. Class A	7,516,623	10,316,852
3,000,000	Whitecap Resources Inc.	10,531,333	14,580,000
500,000	Husky Energy Inc.	3,301,600	3,150,000
3,323,925	Metamaterial Inc.	2,054,790	2,193,791
100,000	Toronto Dominion Bank	5,826,472	7,192,000
		93,660,457	166,254,630
	Private debt investments		
3,000,000	Highview Financial Holdings Inc. (v)	3,000,000	3,000,000
2,133,980	Radar Capital Inc. (vi)	2,133,980	2,133,980
		5,133,980	5,133,980
		176,486,548	287,215,004

(i) Urbana owns 65.51% of Radar Capital Inc. ("RCI"), which owns 24.78% of the common shares of Highview Financial Holdings Inc.

(ii) Urbana owns 13.71% 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 400,000 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 was issued in connection with 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 2020 or 2019.

Urbana Corporation

Notes to the financial statements

for the years ended December 31, 2020 and December 31, 2019

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 located at 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.

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.

Urbana Corporation

Notes to the financial statements

for the years ended December 31, 2020 and December 31, 2019

1. Summary of significant accounting policies (continued)

Judgments and estimates (continued)

Valuation of investments (continued)

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 may be 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, available market prices and formulas prescribed by applicable shareholder agreements. 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.

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

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, 2020 and December 31, 2019

1. Summary of significant accounting policies (continued)

Comprehensive Income. 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. 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 deferred 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, 2020 and December 31, 2019

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, 2020:

Subsidiary's Name	Place of Business	% of Equity Interest held by Urbana	% of Voting Rights held by Urbana
Caldwell India Holdings Inc. – holds Bombay Stock Exchange shares	Mauritius	100%	100%
Urbana Mauritius Inc. – holds Bombay Stock Exchange shares	Mauritius	100%	100%
Urbana Special Investment Holdings Ltd. ⁽¹⁾	Toronto	100%	100%
Radar Capital Inc.	Toronto	65.51%	65.51%

The table below presents the unconsolidated subsidiaries of the Company as at December 31, 2019:

Subsidiary's Name	Place of Business	% of Equity Interest held by Urbana	% of Voting Rights held by Urbana
Caldwell India Holdings Inc. – holds Bombay Stock Exchange shares	Mauritius	100%	100%
Urbana Mauritius Inc. – holds Bombay Stock Exchange shares	Mauritius	100%	100%
Urbana Special Investment Holdings Ltd. ⁽¹⁾	Toronto	100%	100%
Radar Capital Inc.	Toronto	65.51%	65.51%
Highview Financial Holdings Inc.	Oakville	65.21%	65.21%

⁽¹⁾ Urbana Special Investment Holdings Ltd., a wholly-owned subsidiary of Urbana, has no assets or liabilities other than an investment in 51.44262 equity shares of OneChicago, LLC, which 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.

Urbana Corporation

Notes to the financial statements

for the years ended December 31, 2020 and December 31, 2019

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, 2020:

	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Public equity investments	153,350,428	12,904,202	-	166,254,630
Private equity investments	-	-	115,826,394	115,826,394
Private debt investments	-	-	5,133,980	5,133,980
	153,350,428	12,904,202	120,960,374	287,215,004

Level 2 and 3 valuation methods – December 31, 2020

Description	Fair value (\$) ⁽¹⁾	Primary Valuation technique used	Significant unobservable inputs	Input/Range ⁽²⁾
Public equity investments				
Caldwell India Holdings Inc. – holds Bombay Stock Exchange shares	8,474,503	Market transaction	Recent transaction price	N/A
Urbana Mauritius Inc. – holds Bombay Stock Exchange shares	4,429,699	Market transaction	Recent transaction price	N/A
Private equity investments				
Caldwell Financial Ltd.	2,160,000	Prescribed formula which approximates fair value	1 x net fees plus net assets	N/A
Miami International Holdings Inc.	12,262,562	Market transaction	Recent transaction price	N/A
CNSX Markets Inc.	40,578,287	Market transaction	Recent transaction price	N/A
Caldwell Growth Opportunities Trust	694,840	Net asset value per unit	Net asset value per unit	N/A
Caldwell Canadian Value Momentum Fund	16,047,553	Net asset value per unit	Net asset value per unit	N/A
Highview Financial Holdings Inc.	11,322,108	EV as a % of AUM ⁽³⁾	EV as a % of AUM	1.0%-4.0%
Four Lakes Capital Fund Limited Partnership	5,445,104	Net asset value per unit	Net asset value per unit	N/A
Radar Capital Inc. Class A	-	Net asset value per share	Net asset value per share	N/A
Radar Capital Inc. Class B	10,240,706	Net asset value per share	Net asset value per share	N/A
Evolve Funds Group Inc. Class A	3,594,009	EV as a % of AUM	EV as a % of AUM	3.5%
Evolve Funds Group Inc. Class B	1,850,000	EV as a % of AUM	EV as a % of AUM	3.5%

Urbana Corporation

Notes to the financial statements

for the years ended December 31, 2020 and December 31, 2019

2. Fair value measurement (continued)

Vive Crop Protection Inc. Class A2	314,132	EV/LTM revenue multiple	EV/LTM revenue multiple	2.7-7.5 ⁽⁴⁾
Vive Crop Protection Inc. Class B1	45,567	EV/LTM revenue multiple	EV/LTM revenue multiple	2.7-7.5 ⁽⁴⁾
Vive Crop Protection Inc. Class B3	3,250,000	EV/LTM revenue multiple	EV/LTM revenue multiple	2.7-7.5 ⁽⁴⁾
Vive Crop Protection Inc. Warrants	-	EV/LTM revenue multiple	EV/LTM revenue multiple	2.7-7.5 ⁽⁴⁾
Kognitiv Corporation Preferred	353,000	Market transaction	Recent transaction price	N/A
Kognitiv Corporation	1,418,526	Market transaction	Recent transaction price	N/A
FundThrough Inc. Preferred	6,250,000	Market transaction	Recent transaction price	N/A
Private debt investments				
Highview Financial Holdings Inc.	3,000,000	Face value	N/A	N/A
Radar Capital Inc.	2,133,980	Face value	N/A	N/A
Ending balance	133,864,576			

⁽¹⁾See Note 1 – Valuation of investments

⁽²⁾Where it is applicable, an input or range has been provided

⁽³⁾Enterprise value as a percentage of assets under management

⁽⁴⁾Last twelve months enterprise value/revenue: 5.0x

The following is a summary of the Company's investments categorized in the fair value hierarchy as at December 31, 2019:

	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Public equity investments	195,794,145	11,407,276	-	207,201,421
Private equity investments	-	9,531,113	66,168,556	75,699,669
Private debt investments	-	-	6,688,770	6,688,770
	195,794,145	20,938,389	72,857,326	289,589,860

Level 2 and 3 valuation methods – December 31, 2019

Description	Fair value (\$) ⁽¹⁾	Primary Valuation technique used	Significant unobservable inputs	Input/Range ⁽²⁾
Public equity investments				
Caldwell India Holdings Inc. – holds Bombay Stock Exchange shares	7,512,705	Market transaction	Recent transaction price	N/A
Urbana Mauritius Inc. – holds Bombay Stock Exchange shares	3,894,571	Market transaction	Recent transaction price	N/A

Urbana Corporation

Notes to the financial statements

for the years ended December 31, 2020 and December 31, 2019

2. Fair value measurement (continued)

Private equity investments				
Caldwell Financial Ltd.	1,784,000	Prescribed formula which approximates fair value	1 x net fees plus net assets	N/A
Minneapolis Grain Exchange (seats)	9,531,113	Market transaction	Recent transaction price	N/A
CNSX Markets Inc.	26,521,756	Market transaction	Recent transaction price	N/A
Caldwell Growth Opportunities Trust	836,594	Net asset value per unit	Net asset value per unit	N/A
Highview Financial Holdings Inc.	10,008,115	EV as a % of AUM ⁽³⁾	EV as a % of AUM	1.0%-4.0%
Four Lakes Capital Fund Limited Partnership	4,728,168	Net asset value per unit	Net asset value per unit	N/A
Radar Capital Inc. Class A	141,000	Net asset value per share	Net asset value per share	N/A
Radar Capital Inc. Class B	13,571,616	Net asset value per share	Net asset value per share	N/A
Evolve Funds Group Inc. Class A	3,594,009	Market transaction	Recent transaction price	N/A
Evolve Funds Group Inc. Class B	1,850,000	Market transaction	Recent transaction price	N/A
Vive Crop Protection Inc. Class A	314,132	Market transaction	Recent transaction price	N/A
Vive Crop Protection Inc. Class B	45,567	Market transaction	Recent transaction price	N/A
Kognitiv Corporation	2,773,599	Market transaction	Recent transaction price	N/A
Private debt investments				
Highview Financial Holdings Inc.	2,500,000	Face value	N/A	N/A
Radar Capital Inc.	4,188,770	Face value	N/A	N/A
Ending balance	93,795,715			

⁽¹⁾ See Note 1 – Valuation of investments

⁽²⁾ Where it is applicable, an input or range has been provided

⁽³⁾ Enterprise value as a percentage of assets under management

Change in valuation methodology

During the fourth quarter of 2020, the Company changed the primary valuation technique for Evolve Funds Group Inc. (“Evolve”) from a methodology based on a recent market transaction to a methodology based on EV as a multiple of AUM because the last market transaction did not take place recently, which renders the price of that transaction no longer appropriate in determining the fair value of the Evolve shares. In the absence of a recent transaction, the EV as a multiple of AUM methodology was more suitable in determining fair value. Also during the fourth quarter of 2020, the Company changed the primary valuation technique for Vive Crop Protection Inc. (“Vive”) from a methodology based on a recent market transaction to a methodology based on an EV/revenue

Urbana Corporation

Notes to the financial statements

for the years ended December 31, 2020 and December 31, 2019

2. Fair value measurement (continued)

multiple because the last market transaction did not take place recently, which renders the price of that transaction no longer appropriate in determining the fair value of the Vive shares. In the absence of a recent transaction, the EV/revenue multiple methodology was more suitable in determining fair value.

During 2019, the Company changed the primary valuation technique for the Class B common shares of Radar Capital Inc. ("RCI") from a methodology based on a recent market transaction to a methodology based on net asset value. In addition, the Class A common shares are valued based on net asset value as well, whereas previously, they had a nominal value. These changes were made to better reflect the fair value of these holdings since RCI did not complete a going-public transaction by July 31, 2019 as contemplated in RCI's shareholders' agreement.

During the years ended December 31, 2020 and 2019 the reconciliations of investments measured at fair value using unobservable inputs (Level 3) are presented as follows:

	December 31, 2020		
	Private equity investments	Private debt investments	Total
	\$	\$	\$
Beginning balance	66,168,556	6,688,770	72,857,326
Change in unrealized gain	12,331,570	-	12,331,570
Purchases	37,326,268	2,853,000	40,179,268
Sales	-	(4,407,790)	(4,407,790)
Ending balance	115,826,394	5,133,980	120,960,374

	December 31, 2019		
	Private equity investments	Private debt investments	Total
	\$	\$	\$
Beginning balance	62,413,962	-	62,413,962
Change in unrealized gain	4,680,632	-	4,680,632
Purchases	5,959,295	6,688,770	12,648,065
Sales	(6,885,333)	-	(6,885,333)
Ending balance	66,168,556	6,688,770	72,857,326

Sensitivity analysis to significant changes in unobservable inputs within the Level 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, 2020 and 2019 are shown below:

Urbana Corporation

Notes to the financial statements

for the years ended December 31, 2020 and December 31, 2019

2. Fair value measurement (continued)

Level 3 valuation methods – December 31, 2020

Description	Input	Sensitivity used ⁽¹⁾	Effect on fair value (\$)
Private equity investments	1 x net fees plus net assets	10%	216,000
	Recent transaction price	10%	6,086,238
	Net asset value	10%	3,242,820
	EV as a % of assets under mgt – Highview	1%	4,650,151
	EV as a % of assets under mgt. – Evolve ⁽²⁾	0.25%	2,677,131
	EV/LTM revenue multiple ⁽²⁾	0.10%	652,828
Private debt investments	Face value	10%	513,398
Total			18,038,566

Level 3 valuation methods - December 31, 2019

Description	Input	Sensitivity used ⁽¹⁾	Effect on fair value (\$)
Private equity investments	1 x net fees plus net assets	10%	178,400
	Recent transaction price	10%	3,509,906
	Net asset value	10%	1,927,738
	EV as a % of assets under management	1%	4,062,700
Private debt investments	Face value	10%	668,877
Total			10,347,621

⁽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.

⁽²⁾ The sensitivity has been performed on the total equity price given the valuation approach takes into account that the preferred shares have liquidation preference to the common shares. Based on the sensitivity performed, there is sufficient equity value to support Urbana's holdings in the respective preferred share classes.

During 2020 and 2019, there were no transfers into/out of Level 1, Level 2 or Level 3 investments.

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

Urbana Corporation

Notes to the financial statements

for the years ended December 31, 2020 and December 31, 2019

3. Financial instruments and risk management (continued)

fail if either party fails to meet its obligation. As at December 31, 2020, the Company held approximately \$5.1 million (December 31, 2019 - \$6.7 million) in debt instruments. 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 amounts of debt instruments and other assets, as disclosed in the statements of financial position, represent the maximum credit exposure. 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.

December 31, 2020 Financial Liabilities	Due on demand	< 3 months	3 months to 1 year	Total
	\$	\$	\$	\$
Loan payable	22,800,000	-	-	22,800,000
Accounts payable and accrued liabilities	-	1,724,354	-	1,724,354
	22,800,000	1,724,354	-	24,524,354

December 31, 2019 Financial Liabilities	Due on demand	< 3 months	3 months to 1 year	Total
	\$	\$	\$	\$
Loan payable	21,900,000	-	-	21,900,000
Accounts payable and accrued liabilities	-	1,619,968	-	1,619,968
	21,900,000	1,619,968	-	23,519,968

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, 2020 and 2019:

Currency	December 31, 2020 As a % of net assets %	December 31, 2019 As a % of net assets %
United States Dollar	41.28	46.77
Indian Rupee	5.18	4.50
	46.46	51.27

As at December 31, 2020, the Company's net assets would have decreased or increased by approximately \$5,716,706 (2019 - \$6,498,730) 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, 2020 and December 31, 2019

3. Financial instruments and risk management (continued)

Interest rate risk

Interest rate risk arises on interest-bearing financial assets such as cash and promissory notes held and on financial liabilities such as loan payable. 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. The Company's interest income and expense are positively correlated to interest rates in that rising interest rates increase both the interest income and expense while the reverse is true in a declining interest rate environment.

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

As at December 31, 2020	Less than 1 year	1 to 3 years	3 to 5 years	Over 5 years	Total
Cash	\$ 732,456	\$ -	\$ -	\$ -	\$ 732,456
Financial asset – promissory notes	-	3,000,000	2,133,980	-	5,133,980
Loan payable	(22,800,000)	-	-	-	(22,800,000)
	(22,067,544)	3,000,000	2,133,980	-	(16,933,564)

As at December 31, 2019	Less than 1 year	1 to 3 years	3 to 5 years	Over 5 years	Total
Cash	\$ 875,089	\$ -	\$ -	\$ -	\$ 875,089
Financial asset – promissory notes	-	-	6,688,770	-	6,688,770
Loan payable	(21,900,000)	-	-	-	(21,900,000)
	(21,024,911)	-	6,688,770	-	(14,336,141)

As at December 31, 2020, 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 \$43,373 (2019 - \$10,139). 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, 2020, 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 \$16,625,463 (2019 - \$ 20,720,142) or approximately 6.67% (2019 – 8.17%) 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, 2020 and December 31, 2019

4. Accounts and other receivables

Accounts and other receivables consist of the following:

	December 31, 2020	December 31, 2019
	\$	\$
Dividends	76,220	149,476
Interest	161,497	91,036
Loans	149,463	-
	<u>387,180</u>	<u>240,512</u>

5. Accounts payable and accrued liabilities

Accounts payable and accrued liabilities consist of the following:

	December 31, 2020	December 31, 2019
	\$	\$
Investment management fees (Note 9)	1,453,500	1,184,572
Professional fees	149,253	277,679
Loan interest	72,241	92,517
Administrative fees	40,260	49,700
Other	9,100	15,500
	<u>1,724,354</u>	<u>1,619,968</u>

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, 2020, the outstanding balance of the loan was \$22,800,000 (2019 - \$21,900,000) which is the fair value of the loan. During the year ended December 31, 2020, the minimum amount borrowed was \$Nil (2019 - \$Nil) and the maximum amount borrowed was \$24,300,000 (2019 - \$21,900,000). As at December 31, 2020 and 2019, the Company has complied with all covenants, conditions and other requirements of the loan facility.

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 (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, all of which was incurred prior to 2019. 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, 2020 and December 31, 2019

8. Share Capital

As at December 31, 2020 and 2019 share capital consists of the following:

	Year ended December 31, 2020		Year ended December 31, 2019	
	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	39,563,600	114,375,837	40,000,000	115,637,441
Normal Course Issuer Bid				
Repurchases during the year	(5,351,873)	(15,471,923)	(436,400)	(1,261,604)
Balance, end of year	34,211,727	98,903,914	39,563,600	114,375,837
Total	44,211,727	106,902,807	49,563,600	122,374,730

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 31, 2020, the TSX accepted Urbana's notice of intention to conduct a normal course issuer bid to purchase up to 3,754,840 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, 2020, and will terminate on the earlier of September 3, 2021, 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 must be cancelled. Urbana is not to purchase on any given day, in the aggregate, more than 6,081 Class A Shares ("Daily Restriction"), 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 24,325 Class A Shares, calculated in accordance with the TSX rules. Notwithstanding the Daily Restriction, Urbana may make one purchase of more than the Daily Restriction in any given week in accordance with the TSX's block purchase rules. As at December 31, 2020, Urbana has purchased and cancelled 3,626,500 Class A Shares at an average price of \$2.58 per share pursuant to the NCIB and purchased and cancelled 2,116,373 Class A Shares at an average price of \$2.44 per share pursuant to the previous normal course issuer bid that terminated on September 3, 2020.

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 of Caldwell Securities Ltd. ("CSL"). Urbana pays CIM investment management fees for investment management services that CIM provides to Urbana. As at December 31, 2020 and 2019, Urbana had a 20% ownership interest in CFL.

Urbana Corporation

Notes to the financial statements

for the years ended December 31, 2020 and December 31, 2019

9. Related party disclosures (continued)

CSL, a sister company of CIM and a registered broker and investment dealer, handles Urbana's portfolio transactions. In 2020, the total commission fees paid to CSL by Urbana amounted to \$143,922 (2019 - \$179,281) which was included in transaction costs and which was incurred in connection with the NCIB.

On July 19, 2019, the Ontario Securities Commission approved and published a settlement agreement with CIM to resolve a publicly disclosed enforcement proceeding. The testing and validation of CIM's procedures have been completed and submitted as per the settlement agreement. The enforcement file has been closed and the terms and conditions removed from CIM's registration.

In 2020, Urbana paid CSL \$344,424 (2019 - \$354,820) for administrative services, including investor relations, information technology, professional corporate office, and office and conference room access for Urbana's staff, directors and officers. This expense was included in administrative expenses. Prior to March 1, 2019, the fee did not cover information technology and professional corporate office services and did cover accounting services, including chief financial officer services. Effective March 1, 2019, Urbana's chief financial officer became an employee of Urbana and CSL no longer provides chief financial officer services to Urbana.

As at December 31, 2020 and 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 \$4,188,770 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. In March 2020, RCI distributed to its shareholders, shares of one of its investments, namely Metamaterial Inc., that went public. This distribution served to reduce the principal balance of the unsecured promissory note to \$2,133,980. In February 2021 RCI paid off the remaining balance of \$2,133,980.

As at December 31, 2020 Urbana had an 13.71% ownership interest (2019 – 23.42%) in Caldwell Growth Opportunities Trust, which is a private equity pool managed by CIM.

As at December 31, 2020 Urbana had a 15.02% ownership interest (2019 – Nil) in Caldwell Canadian Value Momentum Fund, which is a mutual fund managed by CIM, on which Urbana pays a 0.5% per annum management fee, instead of the regular 2% per annum pursuant to the investment management and advisory agreement between Urbana and CIM (see paragraph below).

Prior to 2020, pursuant to a fund management and portfolio management agreement effective as of August 10, 2011, CIM was entitled to and received an investment management fee equal to 1.5% per annum of the market value of Urbana's investment portfolio. 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 of Directors, on the recommendation of the independent directors of the Company, which was based on, among other factors, advice from an independent financial advisory firm. In 2020, CIM earned \$5,681,771 of investment management fees from Urbana (2019 - \$4,105,790). The investment management fees are accrued daily and paid quarterly in arrears. As at December 31, 2020 there was an investment management fee payable included in accounts payable and accrued liabilities of \$1,453,500 to CIM (2019 – \$1,184,572).

As at December 31, 2020 Urbana owned 49.26% (2019 – 49.29%) of the common shares of CNSX Markets Inc., the operator of the CSE.

Urbana Corporation

Notes to the financial statements

for the years ended December 31, 2020 and December 31, 2019

9. Related party disclosures (continued)

In September 2020 Urbana purchased \$216,000 of common shares of Highview Financial Holdings Inc. ("HFHI") from RCI at a price per share based on the prescribed formula in the HFHI shareholders' agreement (the "Formula"). As a result, as at December 31, 2020 Urbana had a 48.63% direct ownership interest (2019 – 47.44%) in HFHI and RCI had a 24.78% (2019 – 27.13%) ownership interest in HFHI, the combination of which allowed Urbana to exercise control over the majority of HFHI's common shares. Pursuant to the HFHI amended and restated shareholders' agreement dated and effective as of December 30, 2020, Urbana has agreed that it shall not be entitled to elect a majority of the board of directors of HFHI so that HFHI is not considered a subsidiary of Urbana. Urbana has not yet nominated its directors to the HFHI board of directors, which currently consists of HFHI management only. In February 2020 Urbana loaned an additional \$500,000 to HFHI and as a result, as at December 31, 2020 Urbana held a \$3,000,000 promissory note from HFHI. In February 2021 Urbana purchased \$5,923,400 of common shares of HFHI from RCI at a price per share based on the Formula and as a result now has a 73.42% direct ownership interest in HFHI.

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 \$4,975,258:

- 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 of Directors.

In 2020, the remuneration of key management personnel (including directors), which included salaries and short-term benefits, was \$473,916 (2019 - \$402,215).

During 2020, Urbana issued loans to certain of its directors in connection with their purchase of securities of the Company. The loan agreements provide for a revolving credit facility of up to \$100,000 for each such director. Interest is charged at the interest rate specified by the Canada Revenue Agency for loans of this nature. The securities of the Company purchased by each director with funds advanced under the revolving credit facility are held in a broker's account as security for the loan. As at December 31, 2020, the total principal amount of the loans outstanding, which is included in accounts and other receivables, is \$149,463 (2019 - \$Nil).

All related party transactions are recorded at their exchange amounts.

Urbana Corporation

Notes to the financial statements

for the years ended December 31, 2020 and December 31, 2019

10. Income taxes

The Company's provision for income taxes for the years ended December 31, 2020 and 2019 is summarized as follows:

	2020	2019
	\$	\$
Net income before income taxes	14,337,637	56,800,095
Expected taxes payable (recoverable) at future rates - 26.5%	3,799,474	15,052,025
Income tax effect of the following:		
Non-taxable portion of realized capital gains	(2,918,395)	(654,420)
Non-taxable portion of unrealized capital (gains) losses	396,984	(7,409,621)
Non-taxable dividends	(331,695)	(361,514)
Foreign withholding tax expense, net of Canadian tax	200,622	204,423
Adjustment to prior year's tax balance	252,109	(773,267)
Other	(145,144)	(2,500)
Income tax expense	1,253,955	6,055,126

The income tax expense is represented as follows:

	2020	2019
	\$	\$
Provision for deferred income taxes	981,000	5,777,000
Foreign withholding tax expense	272,955	278,126
Income tax expense	1,253,955	6,055,126

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

	December 31, 2020	December 31, 2019
	\$	\$
Resource deductions available in perpetuity	(61,969)	(76,106)
Unrealized capital gains on investments	14,879,103	14,996,568
Non-capital loss carryforwards	(175,750)	(1,260,959)
Other	(384)	497
Total deferred income tax liability	14,641,000	13,660,000

As at December 31, 2020, the Company had non-capital losses of \$663,209 (December 31, 2019 - \$4,758,337) available for carryforward for tax purposes until December 31, 2039.

11. Dividends

On January 31, 2020 the Company paid a regular cash dividend of \$0.08 per share on the issued and outstanding Common and Class A Shares as at January 17, 2020 amounting to \$3,958,579. 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. Subsequent to the 2020 year end, on January 31, 2021 the Company paid a regular cash dividend of \$0.09 per share on the issued and outstanding Common and Class A Shares as at January 15, 2021 amounting to \$3,979,075.

Urbana Corporation

Notes to the financial statements

for the years ended December 31, 2020 and December 31, 2019

12. COVID-19

In March 2020, there was a global outbreak of COVID-19, which has had a significant impact on businesses. At this time, the extent of the impact that the COVID-19 outbreak may have on the Company is unknown as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the virus, and the duration of the outbreak, including the duration of travel restrictions, business closures, and quarantine/isolation measures that are currently, or may be put, in place by Canada, the U.S. and other countries to fight the virus. The year ended December 31, 2020 was characterized by increased uncertainty due to COVID-19. The Company is closely monitoring the current environment and assessing the impacts, if any, on its significant assumptions related to critical estimates.

13. Approval of financial statements

The financial statements were approved by the Board of Directors and authorized for issue on March 10, 2021.

Notes

URBANA
CORPORATION

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