URBANA CORPORATION

CANADIAN SECURITIES EXCHANGE ("CSE") UPDATE
A message from our President

After the close of trading on Monday, November 15th, 2021, CBOE Global Markets Inc. ("CBOE") announced that it was purchasing Aequitas Innovations, Inc., the parent company of the NEO exchange, a Canadian trading and listing venue that competes with the Canadian Securities Exchange ("CSE"), the largest private investment in Urbana Corporation's portfolio.

I have been asked whether this NEO takeover is a good thing or a bad thing for the CSE and by extension Urbana, which owns almost half of the CSE.

My short answer is that it is most likely a good thing for both.

The CSE's core business is attracting listings of emerging Canadian and international companies. The CSE has nearly 700 listings compared to NEO's 170. Over the past year, the CSE has attracted more listings than NEO and the TSX Venture Exchange combined.

The CBOE is primarily a trading venue rather than a listings venue. The NEO purchase will likely allow the CBOE to expand its trading operation, which is likely to impact the TSX much more than the CSE, but it is less likely to boost NEO's attractiveness as a listings venue. By contrast, if NASDAQ had purchased NEO, then this combination could have been attractive for issuers.

From a valuation perspective, while we do not yet know what CBOE is paying for NEO, we know what the CSE offered and are reasonably confident that CBOE's price is going to be higher than that.

The CSE is both more profitable and growing faster than NEO, which would imply a higher valuation for the CSE than for NEO -- and a much higher valuation than the price at which Urbana currently values the CSE on its books ($4.10/share).

On top of all of this, the CSE has been successful with one arm tied behind its back … and we expect that arm is about to be unbound.

In the CBOE's press release, NEO is described as a "Tier-1 securities exchange". As well as making its listed issuers potentially eligible for margin under IIROC rules, this Tier-1 status means that NEO can list any financial product that the TSX can, including stocks, but also structured products such as exchange traded funds (ETFs), special purpose acquisition corps (SPACs) and closed-end funds. Indeed, many of NEO's listings are structured products, including all the Evolve Funds -- of which Urbana owns more than 25% of the management company.

The CSE currently lists venture issuers only. However, the CSE has been working with its securities regulators to obtain approval to list non-venture issuers and structured products as well. We believe approval for this will be granted in the first half of 2022. The end result is that the CSE will be able to continue listing venture issuers (like the TSX-V) as well as listing non-venture issuers and structured products (like the TSX and NEO). The CSE non-venture issuers will be eligible for all the benefits of a "Tier-1" listings status, such as becoming margin eligible -- and enable the CSE to charge accordingly.

Hope that this explanation about the NEO/CBOE deal is helpful in understanding the implications for the CSE and Urbana.

Please feel free contact me with any questions.

Thomas S. Caldwell, C.M.
President
(416) 258-5082

Forward-Looking Information

Certain information contained in the above message constitutes forward-looking information, which is information relating to possible events, conditions or results of operations 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 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. Urbana 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 message are described in Urbana's most recently-filed MD&A and Annual Information Form. Any forward-looking information in this message is provided as at the date of this message, based upon the opinions and estimates of management and information available to management as at the date of this message. Urbana 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 message.