

URBANA CORPORATION

INTERIM MANAGEMENT REPORT OF FUND PERFORMANCE For the six month period ended June 30, 2011

This interim management report of fund performance follows the disclosure requirements of the Canadian Securities Administrators' National Instrument 81-106. It contains financial highlights but does not contain the complete interim or annual financial statements of Urbana Corporation ("Urbana"). You can get a copy of Urbana's interim or annual financial statements at your request, and 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.

Securityholders may also contact us using one of these methods to request a copy of Urbana's proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure.

Forward-looking Statements

Certain statements included in this report may constitute forward-looking statements to the extent they relate to Urbana or its investment manager, Caldwell Investment Management Ltd. Such forward-looking statements are not historical facts but reflect Urbana's or the Investment Manager's current expectations regarding future results or events. Such forward-looking statements are subject to a number of risks and uncertainties that could cause actual results or events to differ materially from current expectations. Readers are cautioned to consider these and other factors carefully when making decisions with respect to Urbana and not place undue reliance on forward-looking statements. Unless required by applicable law, Urbana does not undertake any obligation to update publicly or to revise any of such forward-looking statements, whether as a result of new information, future events or otherwise.

MANAGEMENT DISCUSSION OF FUND PERFORMANCE

Results of Operations

Urbana's net shareholders' equity decreased from \$148,097,106 at the end of 2010 to \$144,364,160 at the end of June, 2011. Net assets (as described in note 10 to the interim financial statements) per common share was \$1.87 per share as at June 30, 2011 compared to \$1.83 as at December 31, 2010, representing an increase of 2.19%. The net assets per share for the Non-Voting Class A Shares, which have the same rights as the common shares upon liquidation, is the same as the net assets per common share.

Dividend income in the first six months of this year was \$1,727,973 as compared to \$4,695,667 for the same period in 2010. The significantly higher dividend income received during the first

six months of 2010 was a result of a one-time dividend paid by CBOE Holdings Inc. during the demutualization process. No such extraordinary dividend was received in the first six months of this year. As a result of the conversion of the CBOE seats to equity shares on June 15, 2010, seat rental income decreased from \$729,692 in the first six months of 2010 to 0 in the first six months of this year. In the first six months of 2011, Urbana's operations resulted in a net gain of \$1,575,351 (a net gain of \$3,862,098 before net unrealized loss on foreign exchange and investments, non-controlling interests and income taxes) as compared to a net loss of \$ 2,014,063 (a net loss of \$1,592,101 before the specified items) in the same period of 2010.

As a result of the demutualization of the CBOE on June 15, 2010, the 25 CBOE seats owned by Urbana were converted to 2,000,000 shares of CBOE Holdings, Inc., which became the parent company of the CBOE and the common shares of which are listed for trading on NASDAQ. Of these 2,000,000 shares, Urbana sold 240,000 shares immediately after the conversion for a net proceeds of \$6,677,442. The remaining 1,760,000 shares were restricted in that half of them were not freely tradable until December 15, 2010 and the other half has similar trading restriction until June 15, 2011. Both of these restrictions were removed as scheduled and all of the CBOE shares owned by Urbana are now freely tradable.

Normal Course Issuer Bid

On August 26, 2010 the Toronto Stock Exchange accepted Urbana's notice of intention to conduct a normal course issuer bid to purchase up to 7,431,323 of its Non-Voting Class A Shares (the "NCIB"), representing 10% of the public float, pursuant to TSX rules. Purchases under the NCIB were permitted starting on August 28, 2010, and will terminate on the earlier of August 27, 2011, the date Urbana completes its purchases pursuant to the notice of intention to make 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 in accordance with the rules and policies of the TSX. The price that Urbana may pay for any such shares shall be the market price of such shares on the TSX at the time of acquisition. The shares purchased under the NCIB shall be cancelled. Urbana will not purchase in any given 30 day period, in the aggregate, more than 1,500,000 Non-Voting Class A Shares, being 2% of the 75,000,000 issued and outstanding Non-Voting Class A Shares as at August 24, 2010 (the date on which the notice was filed). As at June 30, 2011, Urbana has purchased 7,431,300 Non-Voting Class A Shares pursuant to the NCIB. These shares were purchased on the open market at an average purchase price of \$1.27 per share. Previously, the Toronto Stock Exchange had accepted Urbana's notices of intention to conduct normal course issuer bids for the periods of August 28, 2008 to August 27, 2009 and August 28, 2009 to August 27, 2010 ("Previous NCIBs"). Pursuant to these Previous NCIBs, Urbana purchased 1,336,582 Non-Voting Class A Shares at an average price of \$1.28 per share and 3,083,920 Non-Voting Class A Shares at \$1.32 per share respectively during these periods.

Demand Loan Facility

On February 19, 2008, Urbana entered into a demand loan facility with Bank of Montreal (the 'Bank'). In July 2009 the loan facility agreement was amended to allow Urbana to borrow up to \$15,000,000 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 2.75%, calculated on a daily basis and paid

monthly. The loan facility is secured by a general charge on Urbana's assets and allows Urbana to purchase additional interests in public and/or private exchanges around the world. As at June 30, 2011, the outstanding balance of the loan was \$15,000,000 representing 10.39% of the net assets of Urbana. The proceeds from this loan facility so far have mainly been used to purchase interests in various exchange, investments in StoneCap Securities Inc. and shares of NCIB.

Acquisitions and Dispositions of Investments

From January 1, 2011 to June 30, 2011, Urbana made the following significant acquisitions and dispositions of investments:

Acquisitions

Investment	Quantity	Type of Investment	Cost
2232057 Ontario Inc. (Investment in Stonecap Securities Inc.)	125,000	shares	\$124,620
Bank of America Corp.	50,000	shares	736,548
Manulife Financial Corp.	50,000	shares	879,800
TMX Group Inc.	20,000	shares	820,167
Citigroup Inc.	100,000	shares	498,663
Arzak Global Securities Loan		loan	2,053,500

Dispositions

Investment	Quantity	Type of Investment	Proceeds
Bulgarian Stock Exchange	50,000	shares	97,938
CBOE Holdings Inc.	80,000	shares	1,871,843
TMX Group Inc.	30,000	shares	1,318,414
Citigroup Inc.	300,000	shares	1,269,454
Minneapolis Grain Exchange	15	seats	1,763,848
Manulife Financial Corp.	50,000	shares	844,360

Recent Developments

Changes in Accounting Policy

In 2008 the Canadian Accounting Standards Board ("AcSB") confirmed that publicly accountable enterprises would be required to adopt International Financial Reporting Standards ("IFRS") on or by January 1, 2011. The objective of the change is to move towards the use of a single set of world-wide accounting standards, thereby facilitating and improving capital flows, as well as improving financial reporting and transparency. In September 2010, the Canadian Institute of Chartered Accountants extended the deadline for adoption of IFRS by certain qualifying investment funds by one year and in January 2011, the AcSB approved a one year extension of the deferral. As a result investment companies will now be required to adopt IFRS for interim and annual financial statements relating to annual periods beginning on or after January 1, 2013. Comparative statements will also be prepared under IFRS.

In order to prepare for the conversion to IFRS, management has performed a preliminary assessment of the impact of significant accounting differences between IFRS and Canadian GAAP. Based on this review, management expects no significant impact to the financial statements from the changeover to IFRS. There is no expected impact on net asset value calculations and no change is expected to current business and processes including information

technology. The Company is continuing to monitor and assess the overall impact of adopting IFRS.

Related Party Transactions

Caldwell Financial Ltd., a company under common management with Urbana, is the parent company of Caldwell Investment Management Ltd. (“CIM”), the investment manager of Urbana. In the six month period ended June 30, 2011, CIM earned from Urbana investment management fees of \$1,419,377, inclusive of HST (June 30, 2010 – \$1,210,478). In the six month period ended June 30, 2011, CIM absorbed no expenditures relating to Urbana (June 30, 2010 - \$ Nil). As at June 30, 2011 there was an investment management fee payable of \$741,412 to CIM (June 30, 2010 – \$616,361). There were no other fees payable to related parties as at June 30, 2011.

Subsequent to its establishment, the Independent Review Committee of Urbana has made a recommendation to Urbana and CIM to execute portfolio transactions through Caldwell Securities Ltd., a sister company of CIM and a registered broker and investment dealer, provided that such transactions are executed on terms as favourable or more favourable to Urbana as those executed through broker-dealers unrelated to CIM.

FINANCIAL HIGHLIGHTS

The following tables show selected key financial information about Urbana and are intended to help you understand Urbana’s financial performance for the six month period ended June 30, 2011 and for the prior five financial years.

Urbana’s Net Assets per Share ^(1,2&3)						
	Six months ended 06/30/2011	2010	2009	2008	2007	2006
Net assets, beginning of year/period	1.83	2.00	\$2.05	\$3.37	\$2.68	\$1.26
Realized gain(loss) for the year/period	(0.04)	(0.07)	(0.05)	(0.05)	0.06	0.02
Unrealized gain(loss) for the year/period	0.03	(0.22)	(0.00)	(1.52)	0.31	1.78
Total Investment income for the year/period	0.02	(0.09)	0.08	0.07	0.06	0.04
Total expenses for the year/period, including future taxes ⁽⁴⁾ , and non-controlling interest portion of loss (gain)	0.01	(0.02)	(0.05)	(0.08)	(0.13)	(0.37)
Distributions	Nil	Nil	Nil	Nil	Nil	Nil
Net assets, end of year/period ⁽⁵⁾	1.87	1.83	2.00	2.05	3.37	2.69

(1) This information is derived from Urbana’s audited annual financial statements and most recent unaudited interim financial statements. The net assets per share presented in the financial statements may differ from the net asset value calculated for fund valuation purposes due to differences in valuation techniques as described in the note 10 to the interim financial statements.

(2) Net assets are based on the actual number of shares outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of shares outstanding over the financial period.

- (3) The net assets for the periods beginning 2007 and onward are shown as net assets and the net assets for all prior periods are shown as net asset values (see note (1) above).
- (4) Total expenses include future taxes only where future taxes are an expense. Where future taxes are a revenue (i.e. a future tax credit), total expenses do not include future taxes.
- (5) This is not a reconciliation of beginning and ending net assets per share.

Ratios and Supplemental Data						
	Six months ended 06/30/2011	2010	2009	2008	2007	2006
Total net asset value(000's) ⁽¹⁾	\$144,364	148,103	\$174,683	\$158,821	\$262,841	\$26,917
Shares outstanding ⁽¹⁾	77,011,100	81,066,100	87,526,320	77,100,000	78,061,518	10,000,000
Management expense ratio excluding share issuance costs ⁽²⁾	3.05%	2.76%	2.94%	2.77%	2.99%	4.60%
Management expense ratio including share issuance costs	3.05%	2.76%	4.32%	2.77%	10.50%	4.93%
Management expense ratio excluding share issuance costs before waivers or absorptions	3.05%	2.76%	2.94%	3.03%	3.37%	4.60%
Portfolio turnover ratio ⁽³⁾	1.06%	7.21%	2.23%	5.22%	3.00%	10.17%
Trading expense ratio ⁽⁴⁾	0.01%	0.44%	0.00%	0.08%	0.00%	0.00%
Net asset value per share	\$1.87	\$1.83	\$2.00	\$2.06	\$3.37	\$2.69
Closing market price (common)	\$1.24	\$1.29	\$1.51	\$1.51	\$5.40	\$3.00
Closing market price (Class A)	\$1.30	\$1.23	\$1.48	\$1.35	\$5.15	-

- (1) This information is provided as at the end of the stated period/financial year.
- (2) Management Expense Ratio is based on total expenses (excluding commissions and other portfolio transaction costs) for the stated period and is expressed as an annualized percentage of weekly average net asset value during the period.
- (3) Urbana's portfolio turnover rate indicates how actively the corporation's investment manager manages Urbana's portfolio securities investments. A portfolio turnover rate of 100% is equivalent to the corporation buying and selling all of the securities in the portfolio once in the course of the year. The higher a company's portfolio turnover rate in a year, the greater the trading costs payable by the company in the year, and the greater the chance that the company will receive taxable gains or losses in the year. There is not necessarily a relationship between a high turnover rate and the performance of the investment portfolio.
- (4) The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of weekly average net asset value during the period.

Management Fees

Investment management fees are charged for portfolio management services in accordance with an investment management agreement with CIM. Investment management fees accrue on the basis of 1.50% per annum of the market value of the equity securities in Urbana's investment portfolio and 0.50% of the market value of the fixed income securities in the corporation's investment portfolio. During the six month period ended June 30, 2011, CIM earned \$1,419,377 (inclusive of HST) of investment management fees from Urbana, as compared to \$1,210,478 during the same period in 2010. The increase in investment management fee was due mainly to the increase in HST. In the same periods, CIM absorbed no expenditures related to Urbana. The investment management fees are accrued and paid quarterly in arrears.

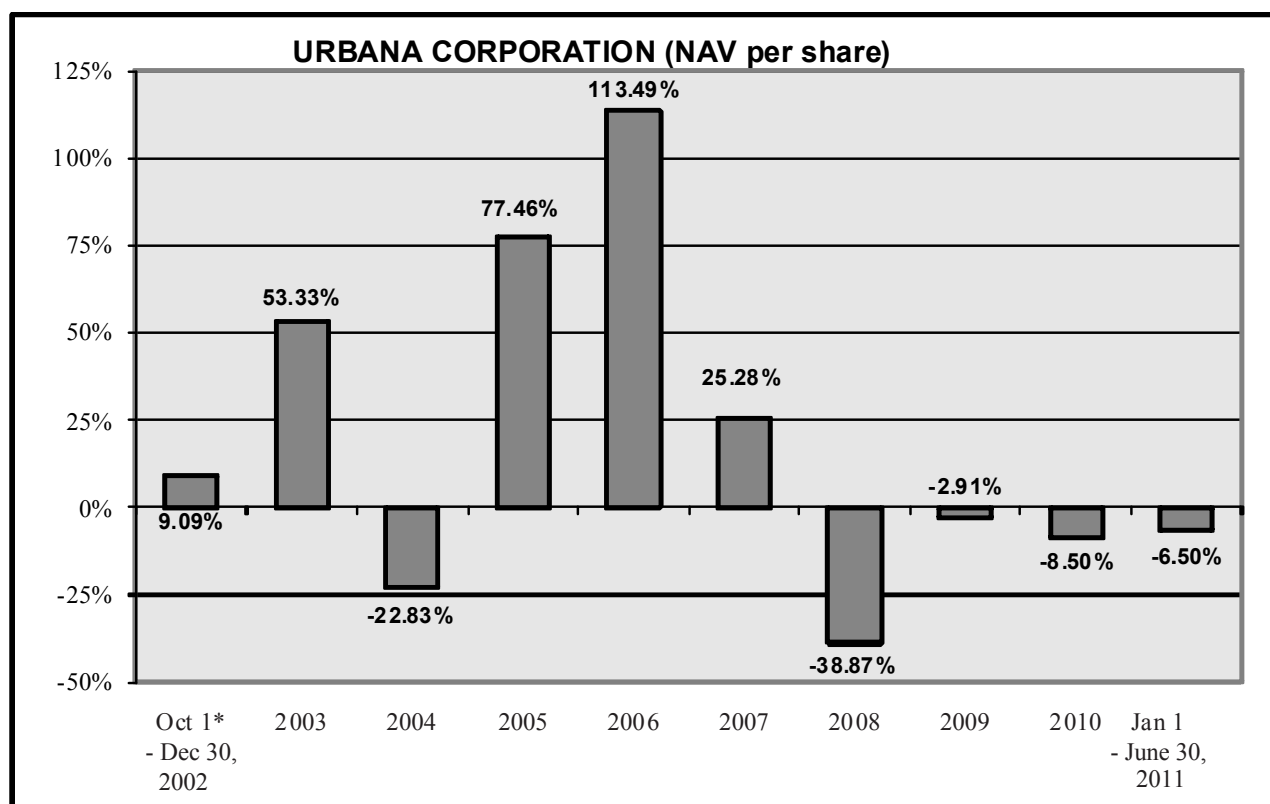
PAST PERFORMANCE

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 Returns

The following bar chart shows the net asset value performance of Urbana's common shares for the financial years/periods indicated. The bar chart shows, in percentage terms, how much an investment made on the first day of each financial year/period would have grown or decreased by the last day of each financial year/period based on the net asset value (NAV) per share of Urbana.

Urbana's Non-Voting Class A Shares were first issued on January 11, 2007. The Non-Voting Class A Shares, which have the same rights as the common shares upon liquidation, have the same NAV per share as the common shares.



*CIM began managing Urbana's investment portfolio on October 1, 2002.

SUMMARY OF INVESTMENT PORTFOLIO
(non-consolidated)
As at June 30, 2011

The following data is extracted from Urbana's interim financial statements:

Number of Shares/ Units/Seats	Description	Cost	Fair Value	% of Portfolio Fair Value	% of Total Net Asset Value
1,800,000	NYSE Euronext	\$ 115,100,204	\$ 59,533,159	39.18%	41.27%
1,680,000	CBOE Holdings, Inc.	55,640,858	39,885,653	26.25%	27.65%
3,141,562	Bombay Stock Exchange	32,336,835	20,296,126	13.36%	14.07%
180,000	TMX Group Inc.	7,053,343	7,884,000	5.19%	5.47%
11	Kansas City Board of Trade	5,948,450	4,883,406	3.21%	3.39%
169,341	Budapest Stock Exchange	4,761,242	4,739,005	3.12%	3.29%
27	Minneapolis Grain Exchange	6,585,622	2,553,655	1.68%	1.77%
2,325,000	2232057 Ontario Inc. ¹	2,324,620	2,350,775	1.52%	1.60%
125,000	Bank of America Corp Common	1,725,995	1,322,187	0.87%	0.92%
1,250,000	CNSX Markets Inc. ²	1,250,000	1,250,000	0.82%	0.87%
50,000	Manulife Financial Corp Common	872,150	854,000	0.56%	0.59%
55	OneChicago LLC	3,175,830	401,295	0.26%	0.28%
24,683	Bermuda Stock Exchange	533,099	287,050	0.19%	0.20%
1,162,500	2232057 Ontario Inc. warrants expire 12 March 2013	0	0	0.00%	0.00%
312,500	CNSX Markets Inc. Class A	0	0	0.00%	0.00%
2,500,000	2232057 Ontario Inc. unsecured subordinated loan	2,500,000	2,500,000	1.65%	1.73%
2,053,600	Arzak Global Securities loan	2,053,600	1,930,200	1.27%	1.34%
	Cash and Cash Equivalents	1,331,955	1,330,574	0.88%	0.92%

¹Investments in StoneCap Securities Inc.

²CNSX Markets Inc. – formerly Canadian Quotation and Trading System Inc. Urbana also holds 312,500 class A shares of CNSX Markets Inc. The shares have nil market value and will be cancelled at the time the debenture matures.

The above summary of the investment portfolio may change due to ongoing portfolio transactions. Weekly and quarterly updates are available at Urbana's website at www.urbanacorp.com