

URBANA CORPORATION

INTERIM MANAGEMENT REPORT OF FUND PERFORMANCE

For the six month period ended June 30, 2015

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" or the "Corporation"). 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.

MANAGEMENT DISCUSSION OF FUND PERFORMANCE

Results of Operations

In the first six month of the year, Urbana's net assets per share increased by 6.52% (from \$3.25 to \$3.41 per share), taking into consideration a \$0.05 per share dividend paid to shareholders in January 2015.¹

Dividend income and interest income in the first six months of this year were \$2,408,580 and \$84,259 respectively as compared to \$1,090,986 and \$37,149 for the same period in 2014. During the first six months of 2015, Urbana realized a gain of \$17,730,878 from the sales and dispositions of investments as compared to a realized gain of \$4,661,016 during the same period in 2014. As at June 30, 2015, change in net unrealized net loss from December 31, 2014 was \$6,989,535.

Investment management fees for the first six months of 2015 increased by \$141,448 as compared to the same period in 2014 (2015 - \$1,657,402 and 2014 - 1,515,954) as a result of a slight increase in investment portfolio. In the first six months of 2015, foreign withholding tax increased by \$86,537 (2015 - \$84,814 and 2014 - (\$1,723)) as a result of higher U.S. dividend income for the period. Transaction costs increased by \$229,503 (2015 - \$326,864 and 2014 - \$97,361).

¹ The common shares and the Non-Voting Class A shares have the same rights upon liquidation.

Urbana's operations in the first six months of 2015 resulted in a net gain of \$10,045,715 before income taxes (a net gain of \$17,035,250 before net unrealized loss on foreign exchange and investments, and income taxes) as compared to a net gain of \$865,531 (\$3,305,091 before the specified items) in the same period in 2014.

Demand Loan Facility

On February 19, 2008, Urbana entered into a demand loan facility with Bank of Montreal (the 'Bank'). In March, 2015 the loan facility agreement was further amended to allow Urbana to borrow up to \$25,000,000. Interest is charged on the outstanding balance of the loan facility at the Bank's prime rate plus 1.25% (prior to March 2, 2015, the Bank's prime rate plus 1.75%), calculated on a daily basis and paid monthly. The loan facility is secured by a general charge on Urbana's assets. Proceeds from the loan may be used for purchasing additional investments and/or for general corporate purposes. As at June 30, 2015, the outstanding balance of the loan was \$2,500,000, representing 1.32% of the net assets of Urbana. The minimum and maximum amount borrowed during the first six months of 2015 were \$0 and \$16,050,000 respectively.

Normal Course Issuer Bid

On August 27, 2014, the Toronto Stock Exchange (the "TSX") accepted Urbana's notice of intention to conduct a normal course issuer bid to purchase up to 4,855,693 of its own 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 29, 2014, and will terminate on the earlier of August 28, 2015, 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 is to be the market price of such shares on the TSX at the time of acquisition. The shares purchased under the NCIB are to be cancelled. Urbana is not to purchase in any given 30 day period, in the aggregate, more than 980,000 Non-Voting Class A Shares, being 2% of the 49,000,000 issued and outstanding Non-Voting Class A Shares as at August 26, 2014 (the date on which the notice was filed). As at June 30, 2015, Urbana has purchased 3,500,400 Non-Voting Class A Shares pursuant to the NCIB. These shares were purchased on the open market at an average purchase price of \$1.99 per share. Previously, the TSX had accepted Urbana's notices of intention to conduct normal course issuer bids for the periods of August 28, 2008 to August 27, 2009, August 28, 2009 to August 27, 2010, August 28 2010 to August 27, 2011, August 29, 2011 to August 28, 2012, August 29, 2012 to August 28, 2013 and August 29, 2013 to August 28, 2014 ("Previous NCIBs"). Pursuant to these Previous NCIBs, Urbana purchased, respectively during these periods, 1,336,582 Non-Voting Class A Shares at an average price of \$1.28 per share, 3,083,920 Non-Voting Class A Shares at \$1.32 per share, 7,431,300 Non-Voting Class A Shares at \$1.27 per share, 6,636,033 Non-Voting Class A Shares at \$1.01 per share, 5,989,067 Non-Voting Class A Shares at \$1.18 per share and 5,386,000 Non-Voting Class A Shares at \$1.78 per share.

Acquisitions and Dispositions of Investments

From January 1, 2015 to June 30, 2015, Urbana made the following significant acquisitions and dispositions of investments:

Acquisitions

Investments	Quantity (units/shares)	Costs (\$)
Real Matters Inc.	1,250,000	2,875,000
Barrick Gold Corp.	200,000	2,759,430
Canadian Natural Resources	105,000	4,124,997
Suncor Energy	105,000	4,004,731
Bank of Nova Scotia	30,000	1,963,744
Canadian Imperial Bank of Commerce	50,000	4,735,396
Crescent Point Energy Corp.	150,000	4,275,000
Encana Corp.	200,000	2,919,023
Royal Bank of Canada	20,000	1,531,755
Highview Financial Holdings Inc.	149,178	88,838
Horizons ETFs	100,000	830,225
Cenovus Energy Inc.	159,200	3,542,200

Dispositions

Investments	Quantity (units/shares)	Cost Base¹ (\$)	Proceeds¹ (\$)
Citigroup Inc.	50,000	2,178,911	3,207,766
CBOE Holdings Inc.	300,000	9,919,102	21,295,580
Morgan Stanley	200,000	4,803,974	8,958,437
Franco Nevada Corp.	25,950	1,691,376	1,723,899
Bank of America	200,000	2,397,781	3,764,270
One Chicago LLC	5	281,331	300,034
Horizons ETFs	100,000	830,225	427,304

¹Cost base does not include transaction costs and proceeds are net of transaction costs.

Mining Claims

Urbana has owned resource properties 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 resource properties if and when it is deemed suitable. In November 2014, Urbana entered into a joint exploration agreement with Beaufield Resources Inc a company that owns neighbouring properties, to explore the Urbana Township region. This exploration program, led by Beaufield, is currently underway.

International Financial Reporting Standards

As required by the Canadian Accounting Standards Board, the Company adopted the International Financial Reporting Standards (“IFRS”) basis of accounting, effective January 1, 2014. For all fiscal years up to and including the year ended December 31, 2013, the Company’s financial statements conformed to Part V Canadian Generally Accepted Accounting Principles (“Canadian GAAP”), per CPA Canada Handbook – Accounting.

Dividend Policy and Dividend Declared

On February 14, 2014, the board of directors of Urbana (the “Board”) approved a policy to pay an annual cash dividend to the holders of common and non-voting Class A shares of the Corporation (collectively, the “Shareholders”). On January 8th, 2015, the Board approved an amendment to its dividend policy, which amendment provided that Urbana intended to pay an annual cash dividend of five cents (\$0.05) per share to the Shareholders as soon as practical after the end of each year, having reviewed the previous 12 months’ investment performance. Previously, Urbana’s dividend policy provided that the timing of the annual dividend be March of each year. The rest of Urbana’s dividend policy remains unchanged.

On January 8th, 2015, the Board declared a cash dividend of five cents (\$0.05) per share on the issued and outstanding common and non-voting Class A shares of Urbana, payable on January 30, 2015, to the Shareholders of record at the close of business on the January 20, 2015.

Change In Classification for Securities Law Purposes

On September 22, 2014, the Canadian Securities Administrators (“CSA”) adopted certain regulatory changes that impact issuers such as the Corporation which are classified as investment funds pursuant to Canadian securities laws. Effective on or about March 21, 2016, the CSA changes would, among other things, preclude the Corporation from (a) owning securities which represent more than 10% of the outstanding equity securities of an issuer or more than 10% of the votes attaching to the outstanding voting securities of an issuer, (b) purchasing a security for the purpose of exercising control over the issuer of the security, (c) purchasing or holding the securities of an investment fund except an investment fund that is governed by National Instrument 81-102 – *Investment Funds* (“NI 81-102”), or (d) purchasing real property (**Amendments**). The Amendments would result in a dramatic limitation on Urbana’s investment activities. After considering the possible impacts of the Amendments, the Board unanimously determined that the Corporation’s continued strong performance depends on the Corporation’s ability to pursue, where appropriate, investment objectives and strategies broader than those envisaged by the Amendments. Accordingly, the Board called a meeting of shareholders to pass a resolution to authorize the Corporation, in the sole discretion of its board of directors, from time to time, to seek to exercise control over issuers in which it invests, such that the Corporation would no longer be an investment fund for securities law purposes (the **Reclassification Resolution**).

The Reclassification Resolution was duly passed and approved at a shareholders meeting held on July 13, 2015. As a result, Urbana is now considered a regular corporation, instead of an investment fund, for securities law purposes.

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, 2015, CIM earned from Urbana investment management fees of \$1,657,402 inclusive of HST (2014 – \$1,515,954). In the six month period ended June 30, 2015, CIM absorbed no expenditures relating to Urbana (2014 - \$ Nil). As at June 30, 2015

there was an investment management fee payable of \$807,097 to CIM (December 31, 2014 – \$815,549). There were no other fees payable to related parties as at June 30, 2014.

Urbana has a 50% ownership interest in Radar Capital Inc. (“RCI”), a private capital company, and in Urbana SRL Inc. (“SRL”), a company that markets investment management software. In 2015, Urbana advanced RCI and SRL \$257,000 (year ended December 31, 2014 - \$106,423) for operating purposes. As at June 30, 2015, sundry receivables include \$94,573 (2014 - \$106,423) from RCI and SRL and the bad debts of \$268,850 (2014 - \$589,239) relate to these advances. In 2015, Urbana invested \$Nil (2014 - \$5,750,040) in two limited partnerships that are managed by RCI.

Caldwell Securities Ltd., a sister company of CIM and a registered broker and investment dealer, handles Urbana’s portfolio transactions on terms as favourable or more favourable to Urbana as those executed through broker-dealers unrelated to CIM. Urbana also conducts its trades through other unrelated dealers.

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, 2015 and for the prior five financial years.

Urbana’s Net Assets per Share^(1&2)						
	Six months ended 06/30/2015	2014	2013	2012	2011	2010
Net assets, beginning of year/period	\$3.25	\$2.89	\$1.86	\$1.70	\$1.83	\$2.00
Realized gain (loss) for the year/period	0.31	0.15	(0.35)	(0.22)	(0.11)	(0.07)
Unrealized gain(loss) for the year/period	(0.12)	0.29	1.26	0.38	(0.09)	(0.22)
Total investment income for the year/period	0.04	0.04	0.05	0.08	0.06	(0.09)
Total expenses for the year/period including future taxes and non-controlling interest portion of loss. ⁽³⁾⁽⁴⁾	(0.08)	(0.13)	(0.07)	(0.06)	(0.01)	(0.02)
Distributions	(0.05)	(0.05)	Nil	Nil	Nil	Nil
Increase in contributed surplus from NCIB purchases	0.03	0.05	0.22	0.13	0.15	0.11
Net assets, end of year/period ⁽⁵⁾	3.41	3.25	2.89	1.86	1.70	1.83

(1) This information is derived from Urbana’s audited annual financial statements and most recent unaudited interim financial statements. The accounting principles applicable to 2014 and subsequent periods were IFRS and to all periods prior to 2014 were Canadian GAAP.

(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) For the years of 2013 and before, total expenses include non-controlling interest portion of loss. For the year(s)/period(s) after 2013, due to the adoption of IFRS, there was no non-controlling interest portion of loss.

(4) Total expenses include future taxes only where future taxes are an expense. Where future taxes are 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 06/30/2015	2014	2013	2012	2011	2010
Total net asset value(000's) ⁽¹⁾	\$189,040	\$187,135	\$174,854	\$129,073	\$126,669	\$148,103
Shares outstanding ⁽¹⁾	55,499,600	57,548,300	60,525,200	69,579,000	74,408,000	81,066,100
Management expense ratio including share issuance costs ⁽²⁾	1.60%	2.70%	2.68%	3.45%	3.20%	2.76%
Management expense ratio excluding share issuance costs ⁽²⁾	1.60%	2.70%	2.68%	3.45%	3.20%	2.76%
Management expense ratio excluding share issuance costs and foreign withholding taxes ⁽²⁾	1.56%	2.65%	2.67%	2.93%	2.89%	2.14%
Management expense ratio excluding share issuance costs, foreign withholding taxes and interest ⁽²⁾	1.48%	2.51%	2.50%	2.31%	2.32%	1.98%
Management expense ratio excluding share issuance costs, foreign withholding taxes and interest, before waivers or absorptions	1.48%	2.51%	2.50%	2.31%	2.32%	1.98%
Portfolio turnover ratio ⁽³⁾	17.08%	12.00%	52.02%	21.65%	5.56%	7.21%
Trading expense ratio ⁽⁴⁾	0.17%	0.11%	0.48%	0.63%	0.08%	0.44%
Net asset value per share	\$3.41	\$3.25	\$2.89	\$1.86	\$1.70	\$1.83
Closing market price (common)	\$2.15	\$2.09	\$1.85	\$1.00	\$0.89	\$1.29
Closing market price (Class A)	\$2.14	\$1.97	\$1.88	\$0.97	\$0.89	\$1.23

(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. Pursuant to a fund management and portfolio management agreement effective as of August 1, 2011 between Urbana and CIM, CIM is entitled to an investment management fee equal to 1.5% per annum of the market value of Urbana's investment portfolio. During the six month period ended June 30, 2015, CIM earned \$1,657,402 (inclusive of HST) of investment management fees from Urbana, as compared to \$1,515,954 during the same period in 2014. In the same periods, CIM absorbed no expenditures related to Urbana. The investment management fees are accrued and paid quarterly in arrears.

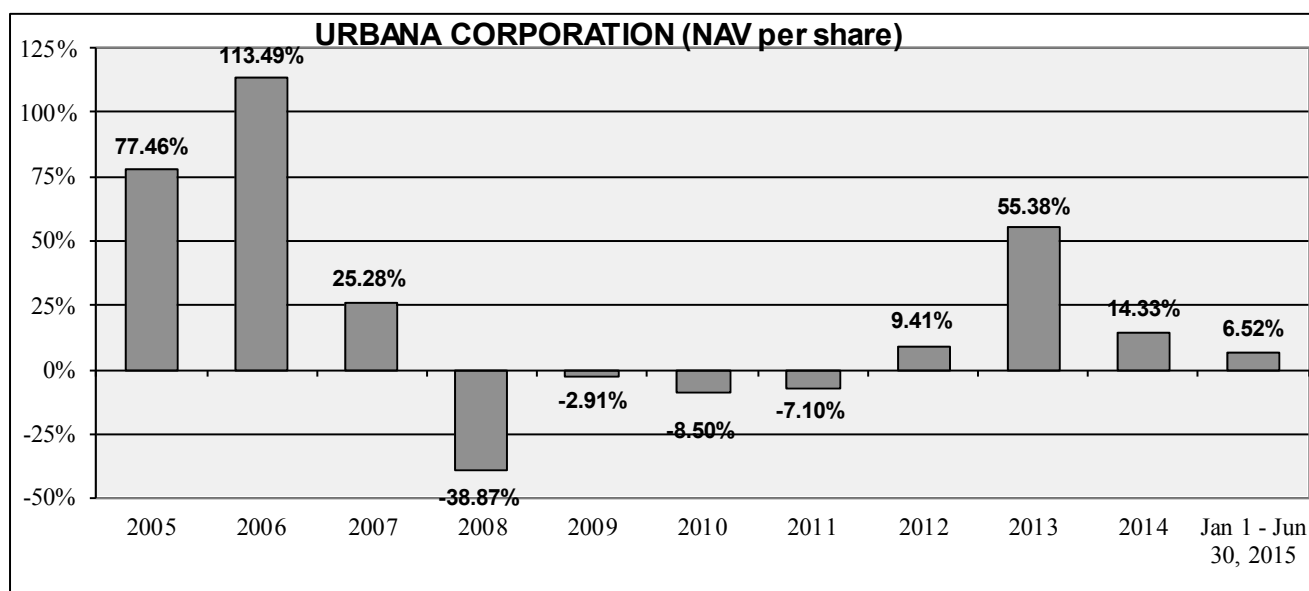
PAST PERFORMANCE

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
As at June 30, 2015

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

Number of shares, units or seats	Description	Cost (\$)	Fair value (\$)	% of Portfolio Fair Value	% of Total Net Assets
Privately owned entities					
2,350,563	Caldwell India Holdings Inc. ⁽ⁱ⁾	25,599,727	17,721,299	8.94%	9.37%
791,000	Urbana Mauritius Inc. ⁽ⁱⁱ⁾	7,313,848	6,228,853	3.14%	3.29%
10,802,050	CNSX Markets Inc. common stock	5,282,463	6,481,230	3.27%	3.43%
32	Minneapolis Grain Exchange	7,279,359	7,550,626	3.81%	3.99%
169,341	Budapest Stock Exchange	4,761,242	1,743,123	0.88%	0.92%
759,000	Caldwell Financial Ltd.	1,707,750	2,413,620	1.22%	1.28%
3,250,040	Radar Capital Fund 1 Limited Partnership	3,250,040	3,607,544	1.82%	1.91%
5,000,000	Real Matters Inc.	7,375,000	11,500,000	5.80%	6.08%
50	Urbana SRL Inc.	50	50	0.00%	0.00%
50	Radar Capital Inc.	50	50	0.00%	0.00%
3,000,000	Highview Investments Limited Partnership	3,000,000	3,000,000	1.51%	1.59%
406,066	Caldwell Growth Opportunities Trust	3,400,000	4,488,614	2.26%	2.37%
100	Urbana Special Investment Holdings Ltd. ⁽ⁱⁱⁱ⁾	2,894,499	3,159,821	1.59%	1.67%
149,178	Highview Financial Holdings inc.	88,838	85,031	0.04%	0.04%
Publicly traded securities					
200,000	CBOE Holdings Inc.	6,612,734	14,287,262	7.21%	7.56%
45,000	Intercontinental Exchange Group Inc.	9,346,153	12,562,466	6.34%	6.64%
250,000	Citigroup Inc.	10,891,560	17,241,094	8.70%	9.12%
1,000,000	Bank of America Corp.	11,988,903	21,248,619	10.72%	11.24%
800,000	AGF Management Ltd.	10,200,638	4,688,000	2.36%	2.48%
125,000	Canadian Natural Resources	4,814,990	4,237,500	2.14%	2.24%
200,000	Encana Corp.	2,919,023	2,754,000	1.39%	1.46%
125,000	Suncor Energy	4,688,731	4,300,000	2.17%	2.27%
900,000	Barrick Gold Corp.	15,798,094	12,012,509	6.06%	6.35%
50,000	Canadian Imperial Bank of Commerce	4,735,396	4,603,500	2.32%	2.43%
150,000	Crescent Point Energy Corp.	4,275,000	3,844,500	1.94%	2.03%
20,000	Royal Bank of Canada	1,531,755	1,527,600	0.77%	0.81%
159,200	Cenovus Energy Inc.	3,542,200	3,179,224	1.60%	1.68%
30,000	Bank of Nova Scotia	1,963,744	1,934,100	0.98%	1.02%
400,000	Morgan Stanley	9,607,949	9,370,950	9.77%	10.24%
Other					
1,200,000	Edgecrest Capital Holdings Inc. ^(iv)	1,200,000	1,200,000	0.61%	0.63%
1,000,000	Highview Financial Holdings Inc. ^(v)	1,000,000	1,000,000	0.50%	0.53%
	Cash and Cash Equivalents	294,925	294,925	0.15%	0.16%
Total		177,364,661	198,266,110	100.00%	104.85%

⁽ⁱ⁾Urbana owns 58.54% of the outstanding shares of Caldwell India Holdings Inc, which holds 4,015,544 equity shares of the Bombay Stock Exchange.

⁽ⁱⁱ⁾Urbana Mauritius Inc., which is a wholly-owned subsidiary of Urbana, holds 791,000 equity shares of the Bombay Stock Exchange.

⁽ⁱⁱⁱ⁾Urbana Special Holdings Ltd. which is a wholly-owned subsidiary of Urbana, holds 51 shares of OneChicago, LLC.

^(iv)Urbana holds an unsecured subordinated 8.00% promissory note, which is due on demand.

^(v)Urbana holds an unsecured subordinated 6.25% promissory note repayable on October 22, 2016.

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

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