URBANA CORPORATION

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the nine months ended September 30, 2016

This Management's Discussion and Analysis ("MD&A") supplements, but does not form part of, the unaudited condensed interim financial statements of Urbana Corporation ("Urbana" or the "Corporation") and notes thereto for the nine months ended September 30, 2016 (the "Interim Financial Statements") and the audited financial statements of Urbana and notes thereto for the year ended December 31, 2015 (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 Interim Financial Statements and 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 November 8, 2016. 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.

CHANGE OF REPORTING REGIME

In 2005, the Corporation became an investment fund for the purposes of applicable securities laws.

On July 13, 2015, shareholders voted to authorize the Corporation, at 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"). As a result of the Reclassification, Urbana is now subject to National Instrument 51-102 ("NI 51-102") *Continuous Disclosure Obligations*, instead of National Instrument 81-106 ("NI 81-106") *Investment Fund Continuous Disclosure* to which it was subject prior to the Reclassification. Under NI 51-102, Urbana is required to file annual and interim Management's Discussion and Analysis. For accounting purposes, Urbana will continue to be treated as an investment entity under IFRS.

NON-GAAP MEASURES

The Corporation prepares and releases audited annual financial statements and unaudited condensed interim financial statements in accordance with IFRS, but complements IFRS results in this MD&A with "net assets per share", a financial measure which is not recognized under IFRS and that does not have a standard meaning prescribed by IFRS. The Corporation provides this non-IFRS measure because it believes it 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.

The two financial measures used to calculate "net assets per share", namely total net assets and number of shares outstanding, are individually recognized under IFRS, but "net assets per share" is not. Non-IFRS measures should not be construed as alternatives to net comprehensive income (loss) determined in accordance with IFRS as indicators of the Corporation's performance and readers are cautioned not to view non-IFRS measures as alternatives to financial measures calculated in accordance with IFRS.

Business Strategy and Risk Factors

The long-term strategy of Urbana is to seek and acquire investments for income and capital appreciation through a combination of public and private investments. Urbana has the scope to invest in any sector in any region. There were no material changes to Urbana's investment style over the third financial quarter of 2016 ("Q3") 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 annual information form dated March 29, 2016. 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

Q1 of 2016 witnessed a decline in public equity markets and Urbana's net assets per share declined by 3.98% during that period. Approximately midway through Q1, equity markets turned positive, but volatility persisted.

In Q2 of 2016, investor confidence began to return and equity markets stabilized and started to move upward. During this period, Urbana traded some existing positions and started to replace weightings in the U.S. banking sector. Urbana's net assets per share increased by 10.03% in Q2 (5.65% for the six months ended June 30, 2016).

In Q3, Urbana continued to build its U.S. bank position and took some profits in Teck Resources Inc., Barrick Gold Corporation and Suncor Energy Products Inc. Urbana also sold the last of its AGF Management Ltd. position in order to use that loss to offset the capital gains captured in the above trades.

In Q3, Urbana's net assets per share experienced a 5.52% increase from $3.62 to $3.82 per share.[1] During that same period, the S&P/TSX Composite Index ("TMX") was up 4.70% and the Dow Jones Industrial Average Index ("DJI") was up 2.11%.

In the nine month period ended September 30, 2016, Urbana's net assets per share experienced a 11.49% increase (4.65% in 2015) from $3.48 to $3.82 per share, taking into consideration a five cents ($0.05) per share dividend paid to shareholders in February 2016. During the same period, the TMX was up 13.19% and the DJI was up 5.07%. Unlike the TMX, Urbana does not have heavy weightings in gold and metals. Urbana's two resource positions in those sectors (Barrick and Teck) performed well in 2016.

Overall, Urbana realized approximately $6.52M in public share profits in the nine months ended September 30, 2016. This compares to $12.83M in the same period in 2015.

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

A stronger Canadian dollar during most of the first half of 2016 meant our large U.S. dollar denominated holdings held performance down. The Canadian dollar appeared to be weakening in Q3 and beyond. Urbana is still negatively disposed toward the Canadian dollar, given depressed oil prices, relatively slow world economic conditions and anti-world trade concerns.

Urbana's private investments are proving successful and some are now maturing. Urbana expects that component of its investment portfolio to add to its overall results in the future. Real Matters has been a standout performer. On April 4, 2016, Urbana announced that it increased its investment in Real Matters by $2.48M, which represented Urbana's fourth share purchase in Real Matters since December 2013. As of September 30, 2016, Urbana's Real Matters investment was valued at $23.6M and the cost of Urbana's stake in Real Matters was $10.55M.

Radar Capital Inc. is continuing to show growth and the value of Urbana's investment in the Radar Capital Fund I Limited Partnership increased by approximately $1.4M in the nine months ended September 30, 2016. In light of Urbana's very positive experience with Radar's first pool, in Q3 Urbana invested $3M in Radar Capital Inc.'s second limited partnership, Radar Capital Fund II Series F Limited Partnership. Urbana continues to feel growth equity financing is an expanding sector, as companies try to avoid becoming publicly traded entities for as long as possible.

Urbana anticipates expanding its private equity component over the coming months.

The Bombay Stock Exchange ("BSE"), a position Urbana has held for some time, appears to be making some progress toward an initial public offering of BSE shares (an "IPO"). On March 12, 2016, the Securities & Exchange Board of India ("SEBI") (the Indian securities market regulator) gave "approval in principle" for the BSE to become a publicly traded company, that is, to do an IPO. This will provide Urbana with market liquidity one year after the IPO. On September 10, 2016, it was announced that the BSE filed its draft prospectus with SEBI paving the way for an IPO. The targeted offering time frame is the first quarter of 2017. Urbana is encouraged, but years of delay cause Urbana to have some caution as to the timing of a disposition of this investment.

Another candidate for an IPO, Real Matters Inc., is now targeting their public offering for the first half of 2017. That company has completed a private placement of secondary market shares on November 2, 2016 at a price of $5.25 per share. As a result, subsequent to the closing of the private placement transaction, Urbana marked up the value of the Real Matters shares it holds from $4.00 to $5.25 per share.

Both of these potential IPOs can be accretive to Urbana's asset value.

Looking forward beyond Q3, one theme that is becoming apparent is the widespread backlash to globalization and world trade. Protectionism and nationalism have become widespread sentiments.

Brexit is a symptom of this, as is the mood of a section of the American electorate and the problems arising before the recent approval of the Comprehensive Economic and Trade Agreement (CETA) between the European Union and Canada.

This trend, especially as exhibited by America, can have a significant impact on Canada's manufacturing base and thus, Canada's economy and currency.

Urbana sees this as good reason to be "inside America" with our high proportion of U.S. equities and financials. The U.S. economy is still experiencing low interest rates, low inflation and weak economic growth. The pressures resulting from the U.S. election process may be the impetus for Washington to "get things moving".

Brexit, currency movements, geopolitical issues, and regulatory concerns and penalties have put U.S. financial organizations under great pressure. Urbana's thesis is that, having passed regulatory "stress testing" (Morgan Stanley received only a conditional pass), these companies are well positioned to weather even the most challenging of financial markets. They are now able to increase dividends and aggressively repurchase their own shares. Urbana's publicly traded investment portfolio remains heavily weighted toward the U.S. financial sector.

As for Canada, Urbana is still optimistic on the resource sector as well as our major Canadian banks with their high yield and protected status. Regarding Canadian currency, Urbana's view is the Canadian dollar can weaken from current levels.

During any given quarter, Urbana seeks out opportunistic trades which generally reflect our strategic thinking. These are short-term positions. Urbana has approximately 42% of its investments in U.S. securities and thus benefits from any decline in the Canadian dollar.

Going forward, management remains optimistic about Urbana's asset growth going into 2017.

Looking forward in 2016 beyond Q3, we expect gradual economic growth and a degree of confidence in both the United States and Canada. Urbana expects its focus to remain in North America, as it is increasingly being seen as a "safe haven", despite current turmoil. The U.S. dollar remains firm as its position relative to other currencies has become enhanced with both the Brexit vote and Chinese economic concerns.

Urbana's experience in Q3 and in 2015 reinforces its conviction that, in volatile markets, active management can provide better returns than indexed-based management styles. Urbana's management team combines private equity investment with an actively managed portfolio of publicly traded securities, wherein one sector's performance can augment the other's over varying time frames and market cycles. Urbana's investment performance over the years validates this thesis and operating style.

In the nine month period ended September 30, 2016, dividend income and interest income were \$1.73M and \$52,795 respectively (\$3.03M and \$68,813 respectively during the same period in 2015). The decrease in dividend income was a result of holding fewer dividend generating investments in the first nine months of 2016 as compared to the same period of 2015. The decrease in interest income was mainly the result of a write-off of the Corporation's loan investment in Edgecrest Capital Holdings Inc. in August 2015.

Urbana realized a net gain of \$4.53M from the sales and dispositions of investments in the nine month period ended September 30, 2016 (\$12.83M during the same period in 2015). The realized capital gains reflected the disposition of investments in Teck Resources (\$2.66M), Bank of America (\$2.41M), CBOE Holdings (\$2.24M), Intercontinental Exchange Group (\$2.0M) and Barrick Gold (\$1.29M). These gains were partially offset by capital losses realized on the disposition of investments in AGF Management (\$4.72M) and the Budapest Stock Exchange (\$2.0M).

The key growth drivers behind $14.87M in unrealized gains in Q3 were the overall improvements in Urbana's portfolio of publicly traded securities. Teck Resources and Barrick Gold were Urbana's best Canadian performers in Q3. U.S. holdings Bank of America and Morgan Stanley also generated good results. Together these investments added approximately $10M in unrealized gains in Q3.

In the nine month period ended September 30, 2016, Urbana recorded net income before income taxes of $21.48M ($4.1M during the same period in 2015). Investment management fees were $2.5M ($2.5M during the same period in 2015), foreign withholding tax recovery was $0.27M ($0.12M expense during the same period in 2015) and transaction costs were $0.42M ($0.37M during the same period in 2015).

Urbana also continued its buy-back of its non-voting Class A shares ("Class A shares") with the purchase and cancellation of 32,400 Class A shares in Q3 of 2016 at an average price of $2.25 per Class A share. Urbana has traditionally bought back the maximum number of shares allowable each year under normal course issuer bid rules. Looking beyond Q3, it appears that the amount of Class A shares offered for sale has thinned out. This may result in reduced purchases, despite Urbana's best efforts. If and when larger blocks of Class A shares become available, it is Urbana's intention, under the normal course issuer bid rules, to acquire them.

Financial Highlights

The following tables show selected key financial information about Urbana and are intended to help you understand Urbana's financial performance in the nine months ended September 30, 2016 and for the prior three financial years:

Urbana's Net Assets per Share(1&2)				
	Nine months ended September 30, 2016	**2015**	**2014**	**2013**
Net assets, beginning of period	$3.48	$3.25	$2.89	$1.86
Realized gain (loss) for the period	$0.09	$0.17	$0.15	$(0.35)
Unrealized gain for the period	$0.37	$0.06	$0.29	$1.26
Dividend and interest income for the period	$0.03	$0.07	$0.04	$0.05
Total expenses for the period (3)(4)	$(0.12)	$(0.11)	$(0.13)	$(0.07)
Distributions	$(0.05)	$(0.05)	$(0.05)	Nil
Increase in contributed surplus from NCIB purchases	$0.01	$0.06	$0.05	$0.22
Net assets, end of period(5)	$3.82	$3.48	$3.25	$2.89

(1) This information is derived from Urbana's audited annual financial statements and the 2016 Interim Financial Statements. The accounting principles applicable to 2014 and subsequent years were IFRS and to all years prior to 2014 were Canadian GAAP, with the exception that the 2013 financial statements were re-stated in accordance with IFRS requirements.

(2) Net assets are based on the actual number of shares outstanding at the relevant time. The other items in this table are based on the weighted average number of shares outstanding over the financial year.

(3) During 2011 and 2012 total expenses included 58.54% of the profits/losses of Caldwell India Holdings Inc. (reflecting Urbana's ownership). For 2013, due to the re-statement of that year's annual financial statements in accordance with IFRS requirements, and for the years after 2013, due to the adoption of IFRS, Urbana's share of profits/losses of Caldwell India Holdings Inc. have not been included as expenses.

(4) Total expenses include an obligation to pay future taxes. When future tax obligations are negative (i.e. there is a tax credit), total expenses are not reduced by the amount of the tax credit.

(5) Each number in this row reflects more adjustments than shown in the column above such number. Accordingly, columns may not add.

Ratios and Supplemental Data					
	Q3 2016	**Q3 2015**	**2015**	**2014**	**2013**
Total net assets (000's)(1)	$202,142	$180,985	$186,044	$187,135	$174,854
Shares outstanding(1)	52,967,600	54,039,300	53,388,500	57,548,300	60,525,200
Closing market price (common)	$2.27	$2.01	$2.05	$2.09	$1.85
Closing market price (Class A)	$2.22	$1.97	$2.05	$1.97	$1.88

(1) This information is provided as at the end of the stated financial period.

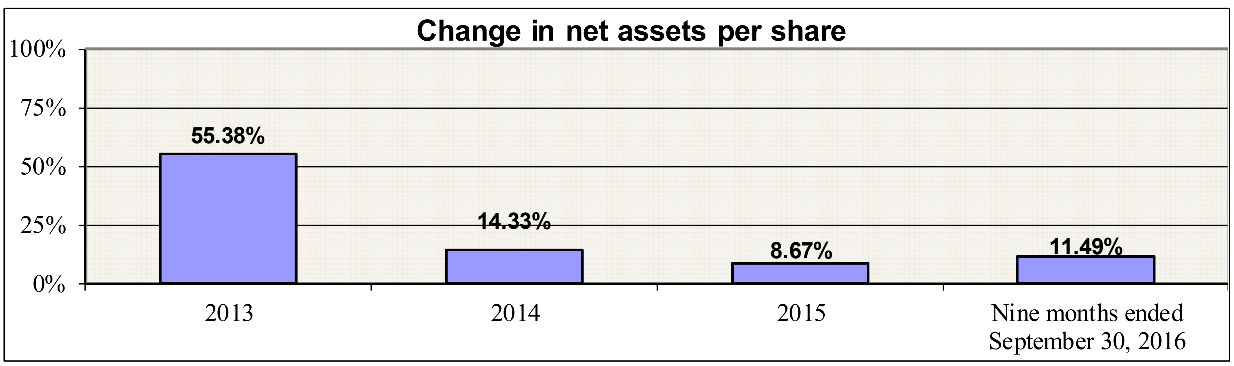
Past Performance

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 asset 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.

Urbana's Class A shares were first issued on January 11, 2007. The Class A shares, which have the same rights as the common shares upon liquidation, are treated as if they are common shares for the purposes of the net asset calculation.



Summary of Investment Portfolio
As at September 30, 2016

The following data is extracted from Urbana's financial statements for the nine month period ended September 30, 2016:

Number of shares, units or seats	Description	Cost ($)	Fair value ($)	% of Portfolio Fair Value
Privately owned entities				
2,350,563	Caldwell India Holdings Inc. (i)	25,599,727	15,062,690	6.88%
791,000	Urbana Mauritius Inc. (ii)	7,313,848	5,469,511	2.50%
11,684,403	CNSX Markets Inc. common stock	5,829,521	10,515,963	4.80%
32	Minneapolis Grain Exchange (seats)	7,279,359	6,939,240	3.17%
759,000	Caldwell Financial Ltd.	1,707,750	2,201,100	1.00%
5,000,040	Radar Capital Fund 1 Limited Partnership	5,000,044	6,950,056	3.17%
300,000	Radar Capital Fund II Series F Limited Partnership	3,000,000	3,000,000	1.37%
5,899,911	Real Matters Inc.	10,554,644	23,599,644	10.77%

Number of shares, units or seats	Description	Cost ($)	Fair value ($)	% of Portfolio Fair Value
50	Radar Capital Inc.	50	50	-%
3,000,000	Highview Investments Limited Partnership	3,000,000	3,000,000	1.37%
3,000,000	Four Lakes Capital Fund Limited Partnership	3,000,000	3,228,900	1.47%
406,066	Caldwell Growth Opportunities Trust	3,400,000	4,737,370	2.16%
100	Urbana Special Investment Holdings Ltd. (iii)	2,894,499	3,326,361	1.52%
272,982	Highview Financial Holdings Inc.	165,678	155,600	0.07%
Publicly traded securities				
150,000	CBOE Holdings Inc.	4,959,550	12,784,367	5.84%
30,000	Intercontinental Exchange Group Inc.	6,230,769	10,620,191	4.85%
250,000	Citigroup Inc.	11,699,826	15,518,007	7.08%
1,000,000	Bank of America Corp.	13,949,677	20,568,012	9.39%
399,400	Suncor Energy	13,608,518	14,546,148	6.64%
350,000	Barrick Gold Corp.	6,174,997	8,134,011	3.71%
445,000	Teck Resources Ltd. Class B	3,176,845	10,524,250	4.80%
100,000	Canadian Imperial Bank of Commerce	9,032,380	10,173,000	4.64%
50,000	Royal Bank of Canada	3,464,646	4,063,000	1.86%
500,000	Morgan Stanley	13,867,051	21,067,427	9.62%
150,000	Iamgold Corp.	1,008,151	795,000	0.36%
10,000	TMX Group	577,000	602,500	0.28%
	Other			
1,000,000	Highview Financial Holdings Inc. (iv)	1,000,000	1,000,000	0.46%
100,000	Highview Financial Holdings Inc. (v)	100,000	100,000	0.05%
1,300,000	Radar Capital Inc. (vi)	1,300,000	167,180	0.08%
	Cash and Cash Equivalents	178,283	178,283	0.08%
	Total	169,072,813	219,027,861	100.00%

(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. Urbana also owns 100 voting ordinary shares of CIHI representing 100% of the ordinary shares. The fair value of these ordinary shares is nominal.
(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 Investment Holdings Ltd. which is a wholly-owned subsidiary of Urbana, holds 51 shares of OneChicago, LLC.
(iv)Urbana holds an unsecured promissory note repayable on October 22, 2016 with a semi-annual interest payment of 55,902 common shares (previously Class D common shares). This note was increased to $1,500,000 upon maturity and is repayable on April 22, 2017 with a semi-annual interest payment of 83,852 common shares.
(v)Urbana holds an unsecured promissory note repayable on November 15, 2016 with a quarterly interest payment of 12,000 common shares (previously Class D common shares).
(vi)Urbana holds an unsecured promissory note which is non-interest bearing and due on demand.

In addition to the investments listed above, Urbana holds 24,683 common shares of Bermuda Stock Exchange which have been written off and 44 mining claims in Urban Township, Quebec. Mining expenditures of $464,129 (2015 – $169,632) have been recorded as a loss in realized gain on sale and disposal of investments.

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

Demand Loan Facility

On February 19, 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% (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 September 30, 2016, the outstanding balance of the loan was $10.5M, representing 5.19% of the net assets of Urbana. The minimum and maximum amount borrowed during Q3 was $3.4M and $15.8M respectively. As at the date of this MD&A, the Corporation has complied with all covenants, conditions or other requirements of the outstanding debt.

Normal Course Issuer Bid

On August 29, 2016, the Toronto Stock Exchange (the "TSX") accepted Urbana's notice of intention to conduct a normal course issuer bid to purchase up to 4,244,598 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 August 31, 2016, and will terminate on the earlier of August 30, 2017, 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 NCIB must be cancelled. As at September 30, 2016, Urbana had not purchased any Class A shares pursuant to the NCIB.

Pursuant to a previous notice of intention to conduct a normal course issuer bid accepted by the TSX on August 27, 2015 for the period August 31, 2015 to August 30, 2016, Urbana had purchased 1,332,400 Class A shares on the open market at an average purchase price of $1.98 per share.

Acquisitions and Dispositions of Portfolio Investments

From January 1, 2016 to September 30, 2016, Urbana made the following significant acquisitions and dispositions of portfolio investments:

Acquisitions

Investments	Quantity (units/shares)	Cost ($)
Canadian Imperial Bank of Commerce	60,000	5,244,063
Horizons Betapro NYMEX Crude Oil	100,000	303,600
Osisko Gold Royalties Ltd.	32,000	452,800
Royal Bank of Canada	50,000	3,464,646
Suncor Energy Inc.	300,000	9,562,643
Teck Resources Ltd. Class B	250,000	1,640,330
Bank of America Corp.	350,000	6,202,164
Morgan Stanley	150,000	5,460,096
Four Lakes Capital Fund Limited Partnership	3,000,000	3,000,000
Highview Financial Holdings Inc.	167,902	141,840
Hydro One	156,000	3,689,400
Radar Capital Inc.	300,000	300,000
Real Matters Inc.	619,911	2,479,644
Iamgold Corp.	256,200	1,721,923
Lundin Gold Inc.	200,000	1,100,000
TMX Group Ltd.	10,000	577,000

Acquisitions

Investments	Quantity (units/shares)	Cost ($)
Radar Capital Fund II Series F Limited Partnership	300,000	3,000,000
Citigroup Inc.	50,000	2,986,578

Dispositions

Investments	Quantity (units/shares)	Cost Base[1] ($)	Proceeds[1] ($)
Canadian Imperial Bank of Commerce	10,000	947,079	888,038
Suncor Energy Inc.	150,600	5,296,073	5,066,786
Teck Resources Ltd. Class B	555,000	3,944,304	6,604,246
Bank of America Corp.	300,000	3,641,945	6,051,578
Morgan Stanley	50,000	1,200,994	1,707,422
CBOE Holdings Inc.	40,000	1,322,547	3,558,426
Citigroup Inc.	50,000	2,178,312	2,706,028
Intercontinental Exchange Group Inc.	15,000	3,115,384	5,104,277
AGF Management Ltd.	600,000	7,650,479	2,934,274
BCE Inc.	20,000	1,142,000	1,099,439
Barrick Gold Corp.	350,000	6,123,789	7,412,297
Osisko Gold Royalties Ltd.	32,000	452,800	478,135
Horizons Betapro	100,000	303,600	366,011
Hydro One	156,000	3,689,400	3,703,371
Iamgold Corp.	106,200	713,772	632,967
Lundin Gold Inc.	200,000	1,100,000	1,232,636
Budapest Stock Exchange	169,341	4,761,242	2,774,713

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

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. In November 2014, Urbana entered into an exploration agreement with Beaufield Resources Inc. ("Beaufield"), a company that owns neighbouring properties, to explore the Urban Township region. Beaufield has led this exploration program. On June 6, 2016, Urbana issued a press release to announce the results from its winter drilling program. Geophysical work has been completed on previously unexplored portions of our claim group. Urbana is in the process of developing an exploration program which will include drilling for the coming winter season. Recent developments on neighbouring properties are yielding promising results, which are opening up the Urban/Barry township area to wider exploration-related activities.

Dividend Policy and Dividend Declared

Currently the Corporation has a dividend policy that it intends to pay a cash dividend of five cents ($0.05) per share 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 18, 2016, Urbana's board of directors declared a cash dividend of five cents ($0.05) per share on the issued and outstanding common and Class A shares of Urbana, payable on February 12, 2016, to the Shareholders of record at the close of business on January 28, 2016.

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 November 8, 2016, the Corporation has 10,000,000 common shares and 42,899,100 Class A shares outstanding.

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. Urbana pays CIM investment management fees for investment management services that CIM provides to Urbana – refer to "Management Fees" below.

Urbana has a 50% ownership interest in Radar Capital Inc. ("RCI"), a private capital company. As at September 30, 2016, Urbana owned 5,000,040 units of Radar Capital Fund I Limited Partnership and 300,000 units of Radar Capital Fund II Series F Limited Partnership, both of which are managed by RCI.

As at September 30, 2016, Urbana owned 406,066 units of Caldwell Growth Opportunities Trust, which is a private equity pool managed by CIM – refer to "Summary of Investment Portfolio" above.

Caldwell Securities Ltd., 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 Caldwell Securities Ltd. by Urbana in the nine month period ended September 30, 2016, the nine month period ended September 30, 2015, and during the years ended December 31, 2015, December 31, 2014, December 31, 2013 and December 31, 2012 were $0.42M, $0.37M, $0.52M, $0.14M, $0.67M and $0.28M respectively.

In the nine month period ended September 30, 2016, Urbana paid Caldwell Securities Ltd. $30,000 per month (plus applicable sales taxes) for investor relations services, office and conference room access for Urbana's directors and officers, and accounting services including the services of an individual to perform the function of Urbana's Chief Financial Officer.

As at September 30, 2016, there were no fees payable to related parties, other than a management fee of $0.89M payable to CIM ($0.84M as at the same date in 2015).

MANAGEMENT FEES

Investment management fees are charged for portfolio management services in accordance with a fund management and portfolio management agreement effective as of August 1, 2011 between Urbana and CIM. Pursuant to such agreement, CIM is entitled to an investment management fee equal to 1.5% per annum of the market value of Urbana's investment portfolio. In the nine month period ended September 30, 2016, CIM earned $2.5M of investment management fees from Urbana ($2.5M during the same period in 2015). The investment management fees are accrued daily and paid quarterly in arrears. As at September 30, 2016 there was an investment management fee of $0.89M payable to CIM.

SUMMARY OF QUARTERLY RESULTS

The table below shows the key operating results of the Corporation for the five completed quarters since the Corporation's Reclassification.

	3nd Quarter 2016	2nd Quarter 2016	1st Quarter 2016	4th Quarter 2015	3rd Quarter 2015
Realized gain (loss)	(2,615,790)	1,407,292	5,739,608	(3,182,833)	(4,897,552)
Change in unrealized gain (loss)	14,874,812	19,282,334	(14,324,894)	10,555,542	(471,858)
Dividend income	638,646	570,277	517,415	594,253	619,344
Interest income (reversal of interest income)	17,534	17,590	17,671	33,028	(15,446)
Total expenses	1,404,185	1,626,296	1,634,896	1,257,740	1,177,240
Net income (loss) before income taxes	11,511,017	19,651,197	(9,685,096)	6,742,250	(5,942,752)
Net Assets per share (beginning of period)	3.62	3.29	3.48	3.35	3.41
Net Assets per share (end of period)	3.82	3.62	3.29	3.48	3.35

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 59% of its assets, with a value of approximately $129M, in marketable securities. It has the liquidity to readily meet all of its operating expense requirements and its obligations under the loan facility.

In Q3, 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 commitment which the Corporation plans to fund from sources other than the existing loan facility or by liquidating some of its marketable securities.

OFF-BALANCE SHEET ARRANGEMENTS

There are no off-balance sheet arrangements.

CHANGES IN ACCOUNTING POLICIES

In July 2014, the final version of the International Financial Reporting Standard 9 Financial Instruments ("IFRS 9") was issued, which replaces International Accounting Standard 39 – Financial Instrument: Recognition and Measurement. IFRS 9 includes guidance on the classification and measurement of financial instruments, impairment of financial assets, and hedge accounting. Financial asset classification is based on the cash flow characteristics and the business model in which an asset is held. The classification determines how a financial instrument is accounted for and measured. IFRS 9 also introduces an impairment model for financial instruments not measured at fair value through profit or loss that requires recognition of expected losses at initial recognition of a financial instrument and the recognition of full lifetime expected losses if certain criteria are met. A new model for hedge accounting aligns hedge accounting with risk management activities. IFRS 9 is effective for annual periods beginning on or after January 1, 2018. The Corporation is currently assessing the impact the adoption of this standard will have on the financial statements.

In December 2014, a disclosure initiative was issued, which amends IAS 1 Presentation of Financial Statements. The amendments are designed to encourage entities to use professional judgment to determine what information to disclose in the financial statements and accompanying notes by clarifying the guidance on materiality, presentation, and note structure. These amendments are effective for annual periods beginning on or after January 1, 2016.

DISCLOSURE CONTROLS AND PROCEDURES ("DC&P") AND INTERNAL CONTROL OVER FINANCIAL REPORTING ("ICFR")

Urbana's management ("Management"), under the supervision of its CEO and 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 September 30, 2016 (A) the Corporation's DC&P provides reasonable assurance that (i) material information relating to the Corporation has been made known to them, particularly during the financial quarter ended September 30, 2016 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 International Financial Reporting Standards.

There have been no changes in the Corporation's ICFR that occurred during the period beginning July 1, 2016 and ending on September 30, 2016 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 Company 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 Strategy 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.