URBANA CORPORATION

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the year ended December 31, 2016

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, 2016 (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 15, 2017. 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 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, 2016 and 2015 is presented in the following table:

	2016	2015
Assets ($)	260,141,738	195,791,525
LESS Liabilities ($)	23,464,936	9,747,846
EQUALS Net Assets ($)	236,676,802	186,043,679
DIVIDED BY Number of Shares Outstanding	52,863,200	53,388,500
EQUALS Net assets per share ($)	4.48	3.48

The Corporation provides this non-IFRS measure because it believes this 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 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 in 2016 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 www.urbanacorp.com and on SEDAR 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 first quarter of 2016 ("Q1") 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 the second quarter of 2016 ("Q2"), 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 the third quarter of 2016 ("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. Urbana's net assets per share increased by 5.52% in Q3 (11.49% for the nine months ended September 30, 2016).

In the fourth quarter of 2016 ("Q4"), Urbana purchased Deutsche Bank and took some profits in Teck Resources, Royal Bank, Bank of America and Morgan Stanley. Urbana's net assets per share increased by 17.28% in Q4 from $3.82 to $4.48 per share. During that same period, the S&P/TSX Composite Index ("TMX") was up 4.54% and the Dow Jones Industrial Average Index ("DJI") was up 8.66%.

In 2016, Urbana's net assets per share experienced a 30.75% increase (8.67% in 2015) from $3.48 to $4.48 per share, taking into consideration a five cents ($0.05) per share dividend paid to shareholders in February 2016.[1] During the same period, the TMX was up 21.08% and the DJI was up 16.50%. 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 $10.93M in public share profits in 2016 compared to $10.60M in 2015.

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 and on November 1, 2016, Urbana announced that it further increased its investment in Real Matters by $1.6M. These investments represented Urbana's fourth and fifth share purchases in Real Matters since December 2013. As of December 31, 2016, Urbana's Real Matters investment was valued at $32.6M and the cost of Urbana's stake in Real Matters was $12.18M.

Urbana received a distribution of $0.8M from Radar Capital Fund I Limited Partnership ("Radar I LP") in Q4 as a result of Radar I LP's sale of a portion of its investment in Real Matters Inc. Radar Capital Inc. continues to show growth and the value of Urbana's investment in Radar I LP increased by approximately $1.7M during 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.

On February 3, 2017, The Bombay Stock Exchange ("BSE"), a position Urbana has held for some time, completed an initial public offering of BSE shares (an "IPO"). Shares of the BSE are now listed on the National Stock Exchange in India. Urbana sold approximately 26.6% of its BSE shares into the IPO and is now valuing its remaining holdings at the closing market price less a liquidity discount until the lock up period for the BSE shares expires on February 1, 2018.

Another candidate for an IPO, Real Matters Inc., is expected to target their public offering in 2017. That company 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. This potential IPO can be accretive to Urbana's net assets.

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

Early in 2016, we added to our holdings in Canadian banks, energy and mining enterprises, which we sometimes refer to as "Canada Inc." These positions worked well for Urbana with the standout being TECK.B, which recorded a gain of over 330% in 2016. Our bank and energy positions recorded gains of approximately 20% in 2016.

Looking forward beyond Q4, 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 surprise election of U.S. President Trump in November 2016 caused a massive market decline for about three hours, which was followed by an upward move or "Trump Rally" which continued through the year-end. Part of that positive perception was President Trump's commitment to ease regulatory burdens and taxes on U.S. companies and get America back to work. This validated our belief that in a Trump administration there may be regulatory easing. Urbana did "cash in" strategically with some of its public holdings during this rally period. Our public holdings still remain heavily skewed to the U.S. dollar and U.S. financial institutions.

Urbana's publicly traded investment portfolio remains heavily weighted toward the U.S. financial services sector. These positions also provided excellent returns in 2016. Throughout the year, we lightened some of these positions, partly to expedite the "Canada Inc." trade, lock-in some profits and maintain buying power.

Towards the end of the year, we reversed part of Urbana's Canadian bank holdings by selling the Royal Bank and purchasing Deutsche Bank ("DB"). Our rationale was the difference in the multiples of net tangible assets per share with DB trading at a significant discount from comparable Canadian banks. DB did have regulatory concerns in the way of a massive $14 billion fine from the United States, but it was our correct assessment that this fine would be cut in half. This fine reduction did in fact take place in December 2016.

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.

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 48% of its investments in U.S. securities and thus benefits from any decline in the Canadian dollar.

Management remains optimistic about Urbana's asset growth going into 2017.

Looking forward beyond 2016, 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.

On balance, 2016 was a successful year for Urbana, with our net assets per share growing by approximately 30.75%, including a $0.05 dividend paid in February 2016. This eclipses the performance of most broad North American equity indices.

Urbana's experience in 2016 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 year ended December 31, 2016, dividend income and interest income were $2.39M and $88,206 respectively (2015 - $3.62M and $0.1M). The decrease in dividend income was a result of holding fewer dividend generating investments in 2016 as compared to 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 $9.44M from the sales and dispositions of investments in 2016 (2015 - $9.65M). The realized capital gains reflected the disposition of investments in Teck Resources ($5.44M), Bank of America ($2.82M), CBOE Holdings ($2.25M), Intercontinental Exchange Group ($2.0M), Barrick Gold ($1.33M), Morgan Stanley ($1.07M) and Royal Bank ($1.0M). These gains were partially offset by capital losses realized on the disposition of investments in AGF Management ($4.7M) and the Budapest Stock Exchange ($2.0M).

The key growth drivers behind $55.66M in unrealized gains in 2016 were the overall improvements in Urbana's portfolio of publicly traded securities. Teck Resources and Barrick Gold were Urbana's best Canadian performers in 2016. U.S. holdings Bank of America and Morgan Stanley also generated good results. Of the private investments, Real Matters Inc. increased in value. Together these investments added approximately $40M in unrealized gains in 2016.

During the year ended December 31, 2016, Urbana recorded net income before income taxes of $61M (2015 - $10.85M) as a result of large unrealized gains on investments. Investment management fees were $3.51M (2015 - $3.34M), foreign withholding tax recovery was $0.39M (2015 - $0.16M expense) and transaction costs were $0.56M (2015 - $0.51M).

Urbana also continued its buy-back of its non-voting Class A shares ("Class A shares") with the purchase and cancellation of 525,300 Class A shares in 2016 at an average purchase price of $2.04 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 2016, 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 table shows selected key financial information about Urbana and is intended to help you understand Urbana's financial performance in the fiscal year ended December 31, 2016 and for the prior three financial years:

Ratios and Supplemental Data				
	2016	**2015**	**2014**	**2013**
Total net assets[1]	$236,676,802	$186,043,679	$187,135,092	$174,854,341
Shares outstanding[1]	52,863,200	53,388,500	57,548,300	60,525,200
Closing market price (common)	$2.95	$2.05	$2.09	$1.85
Closing market price (Class A)	$2.99	$2.05	$1.97	$1.88

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

Selected Annual Information

The following table shows selected annual information about Urbana for the fiscal years ended December 31, 2016, 2015 and 2014.

		2016 ($)	2015 ($)	2014 ($)
Total revenue		67,578,531	16,547,326	28,168,417
Profit from continuing operations attributable to owners of the parent:				
	Total	54,375,308	10,318,568	20,866,108
	Per share	1.02	0.19	0.35
	Diluted per share	1.02	0.19	0.35
Profit attributable to owners of the parent:				
	Total	54,375,308	10,318,568	20,866,108
	Per share	1.02	0.19	0.35
	Diluted per share	1.02	0.19	0.35
Total assets		260,141,738	195,791,525	194,541,599
Total non-current financial liabilities		10,334,000	3,320,000	2,870,000
Cash dividends declared per share:				
	Common shares	0.05	0.05	0.05
	Class A shares	0.05	0.05	0.05

Revenue and profit levels in 2016, 2015 and 2014 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 2014 to 2016 as IFRS was adopted effective January 1, 2014. There have been no discontinued operations during the years 2014 to 2016. Total assets have increased each year during the three years ended December 31, 2016 as a result of increasing market values of the investment portfolio. Similarly, non-current financial liabilities, namely deferred income tax liability, have also increased as a result of increased unrealized gains. Dividends have remained constant over the three years ended December 31, 2016 and were increased to $0.10 per share in January 2017 as a result of a one-time special dividend of $0.05 per share due to the excellent 2016 results.

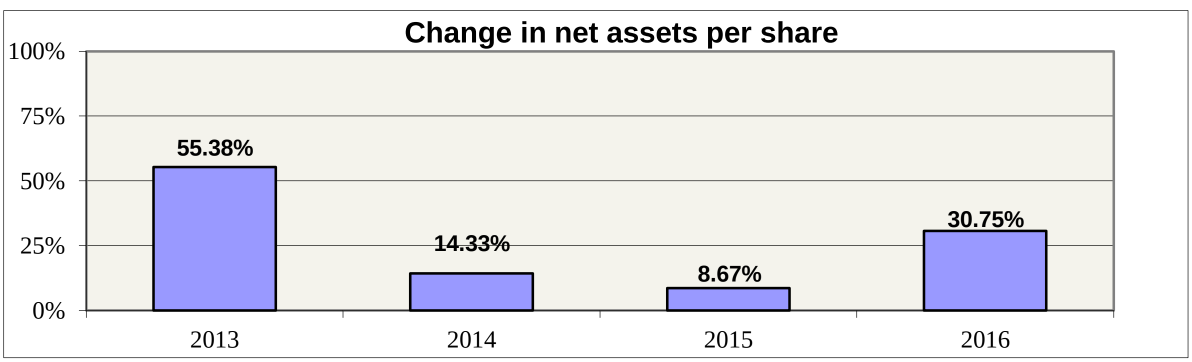
Past Performance

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, 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 assets calculation.



Summary of Investment Portfolio
As at December 31, 2016

The following data is extracted from Urbana's financial statements for the year ended December 31, 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	17,371,898	6.68%
791,000	Urbana Mauritius Inc. [(ii)]	7,312,848	6,025,177	2.32%
11,684,403	Canadian Securities Exchange (formerly CNSX)	5,829,521	10,515,963	4.04%
32	Minneapolis Grain Exchange (seats)	7,279,359	7,080,744	2.72%
800,000	Caldwell Financial Ltd.	1,826,650	2,432,000	0.94%
5,000,040	Radar Capital Fund 1 Limited Partnership [(iii)]	4,683,729	7,235,338	2.78%
300,000	Radar Capital Fund II Series F Limited Partnership	3,000,000	3,000,000	1.15%
6,209,431	Real Matters Inc.	12,179,624	32,599,513	12.54%
50	Radar Capital Inc.	50	50	--
3,000,000	Highview Investments Limited Partnership	3,000,000	3,000,000	1.15%
3,000,000	Four Lakes Capital Fund Limited Partnership	3,000,000	3,300,600	1.27%
406,066	Caldwell Growth Opportunities Trust [(iv)]	3,400,000	4,374,225	1.68%
100	Urbana Special Investment Holdings Ltd. [(v)]	2,894,499	3,352,413	1.29%
340,884	Highview Financial Holdings Inc.	207,518	194,304	0.07%
24,683	Bermuda Stock Exchange	533,099	73,816	0.03%
Publicly traded securities				
150,000	CBOE Holdings Inc.	4,959,550	14,863,528	5.72%
150,000	Intercontinental Exchange Group Inc.	6,230,769	11,349,306	4.37%
250,000	Citigroup Inc.	11,699,826	19,924,650	7.66%
975,000	Bank of America Corp.	13,600,935	28,896,275	11.11%
375,000	Suncor Energy	12,777,151	16,462,500	6.33%
350,000	Barrick Gold Corp.	6,174,997	7,517,899	2.89%
330,000	Teck Resources Ltd. Class B	2,355,863	8,867,100	3.41%
100,000	Canadian Imperial Bank of Commerce	9,032,380	10,956,000	4.21%
480,000	Morgan Stanley	13,312,369	27,196,494	10.46%
400,000	Deutsche Bank AG	8,983,403	9,709,202	3.73%
28,500	Industrial Alliance Insurance and Financial Services	1,586,025	1,521,615	0.59%
	Other			
1,500,000	Highview Financial Holdings Inc. (vi)	1,500,000	1,500,000	0.58%
100,000	Highview Financial Holdings Inc. (vii)	100,000	100,000	0.04%
1,300,000	Radar Capital Inc. (viii)	1,300,000	191,219	0.07%
	Cash and Cash Equivalents	386,699	386,699	0.15%
	Total	174,746,591	259,998,528	100.00%

[(i)] Urbana owns 58.54% of the outstanding investor shares of Caldwell India Holdings Inc. ("CIHI"), which holds 2,007,772 equity shares (previously 4,015,544 equity shares prior to a 2:1 consolidation) 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 395,500 equity shares (previously 791,000 equity shares prior to a 2:1 consolidation) of the Bombay Stock Exchange.

(iii) Radar Capital Fund 1 Limited Partnership owns 24% of the debt and equity of Highview Financial Group.

(iv) Caldwell Growth Opportunities Trust owns 24% of the equity shares of CIHI and 8% of the units of Radar Capital Fund 1 Limited Partnership.

(v) Urbana Special Investment Holdings Ltd., which is a wholly-owned subsidiary of Urbana, holds 51.44262 equity shares of OneChicago LLC.

(vi) Urbana holds an unsecured promissory note repayable on April 22, 2017 with a semi-annual interest payment of 83,853 common shares.

(vii) Urbana holds an unsecured promissory note repayable on April 22, 2017 with a semi-annual interest payment of 12,000 common shares.

(viii) Urbana holds an unsecured promissory note which is non-interest bearing and due on demand.

In addition to the investments listed above, Urbana holds 44 mining claims in Urban Township, Quebec. Mining expenditures of $464,129 (2015 - $180,003) have been recorded as a loss in realized gain on sale and disposal of investments, in accordance with IFRS 6.

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 December 31, 2016, the outstanding balance of the loan was $11.8M, representing 5.0% of the net assets of Urbana (2015 - $5.5M and 2.96%). The minimum and maximum amount borrowed during 2016 was $Nil and $16M respectively (2015 - $Nil and $16.05M 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 December 31, 2016, Urbana had purchased 104,400 Class A shares pursuant to the NCIB at an average purchase price of $2.35 per share.

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 December 31, 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.	235,804	183,680
Hydro One	156,000	3,689,400
Radar Capital Inc.	300,000	300,000
Real Matters Inc.	929,431	4,104,624
Iamgold Corp.	406,200	2,730,074
Lundin Gold Inc.	200,000	1,100,000
TMX Group Ltd.	10,000	577,000
Radar Capital Fund II Series F Limited Partnership	300,000	3,000,000
Citigroup Inc.	50,000	2,986,578
Caldwell Financial Ltd.	41,000	118,900
Industrial Alliance Insurance and Financial Services	28,500	1,586,025
Deutsche Bank AG	400,000	8,983,403
Highview Financial Holdings Inc. Promissory Note	500,000	500,000
Horizons Betapro S&P 500	100,000	443,734

Dispositions

Investments	Quantity (units/shares)	Cost Base[1] ($)	Proceeds[1] ($)
Canadian Imperial Bank of Commerce	10,000	947,079	888,038
Suncor Energy Inc.	175,000	6,127,440	6,086,509
Teck Resources Ltd. Class B	670,000	4,765,286	10,149,670
Bank of America Corp.	325,000	3,990,687	6,746,651
Morgan Stanley	70,000	1,755,676	2,807,140
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 NYMEX Crude Oil	100,000	303,600	366,011
Hydro One	156,000	3,689,400	3,703,371
Iamgold Corp.	406,200	2,730,074	2,305,091
Lundin Gold Inc.	200,000	1,100,000	1,232,636
Budapest Stock Exchange	169,341	4,761,242	2,774,713
Royal Bank of Canada	50,000	3,464,646	4,450,837
TMX Group	10,000	577,000	612,283
Horizons Betapro S&P 500	100,000	443,734	351,534

[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 for the upcoming 2017 winter season which will include diamond drilling and is expected to cost between $300,000 and $600,000 depending on results.

Urbana has incurred mining expenditures totaling $0.66M of which $0.46M has been recorded as a loss in realized gain on sale and disposal of investments in 2016, in accordance with IFRS 6. 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 as yet. 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 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. On January 4, 2017, Urbana's board of directors declared a regular cash dividend of five cents ($0.05) per share, plus a special cash dividend of five cents ($0.05) per share, for a total of ten cents ($0.10) per share, on the issued and outstanding common and Class A shares of Urbana, payable on January 31, 2017 to the shareholders of record at the close of business on January 17, 2017. 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 15, 2017, the Corporation has 10,000,000 common shares and 40,762,800 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 December 31, 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 December 31, 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 during the years ended December 31, 2016, December 31, 2015, December 31, 2014, December 31, 2013 and December 31, 2012 were $0.53M, $0.51M, $0.14M, $0.67M and $0.28M respectively.

In the year ended December 31, 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 December 31, 2016, there were no fees payable to related parties, other than a management fee of $1.0M payable to CIM (2015 - $0.84M).

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 2016, CIM earned $3.5M of investment management fees from Urbana (2015 - $3.3M). The investment management fees are accrued daily and paid quarterly in arrears. As at December 31, 2016 there was an investment management fee of $1.0M payable to CIM.

SUMMARY OF QUARTERLY RESULTS

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

	4th Quarter 2016 ($)	3nd Quarter 2016 ($)	2nd Quarter 2016 ($)	1st Quarter 2016 ($)	4th Quarter 2015 ($)	3rd Quarter 2015 ($)
Realized gain (loss)	4,905,156	(2,615,790)	1,407,292	5,739,608	(3,182,833)	(4,897,552)
Change in unrealized gain (loss)	35,829,988	14,874,812	19,282,334	(14,324,894)	10,555,542	(471,858)
Dividend income	665,481	638,646	570,277	517,415	594,253	619,344
Interest income (reversal of interest income)	35,411	17,534	17,590	17,671	33,028	(15,446)
Total expenses	1,917,374	1,404,185	1,626,296	1,634,896	1,257,740	1,177,240
Net income (loss) before income taxes	39,518,662	11,511,017	19,651,197	(9,685,096)	6,742,250	(5,942,752)
Net assets per share (beginning of period)	3.82	3.62	3.29	3.48	3.35	3.41
Net assets per share (end of period)	4.48	3.82	3.62	3.29	3.48	3.35

FOURTH QUARTER

Realized gains in Q4 increased significantly over the realized losses 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. Unrealized gains in Q4 also increased significantly over the previous five quarters as a result of favorable market conditions, particularly in the U.S., primarily as a result of President Trump's commitment to ease regulatory burdens on U.S. companies. Net income before income taxes and net assets per share increased accordingly in Q4. 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 $152M, in marketable securities. It has the liquidity to readily meet all of its operating expense requirements and its obligations under the loan facility.

In 2016, 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.

Currently, holdings of readily marketable securities generate dividend or interest 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 credit facilities 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

Amendments to IFRS 10, IFRS 12 and IAS 28 Investment Entities: Applying the Consolidation Exception have been applied by the Corporation for the first time in the current year. The amendments clarify that the exemption from preparing consolidated financial statements is available to a parent entity that is an investment entity, even if the investment entity measures all its subsidiaries at fair value in accordance with IFRS 10. The amendments also clarify that the requirement for an investment entity to consolidate a subsidiary providing services related to the former's investment activities applies only to subsidiaries that are not investment entities themselves.

The application of these amendments has no impact on the Corporation's financial statements.

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 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, 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 year ended December 31, 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 IFRS.

The Corporation's CEO and CFO have evaluated the effectiveness of the Corporation's DC&P as at December 31, 2016 and have concluded that after having taken measures to have the Corporation's disclosures reviewed not only by management, but also by outside advisers, 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, 2016, 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 period beginning January 1, 2016 and ending on December 31, 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.

[This Page Intentionally Left Blank]