

Condensed Interim Financial Statements of

Urbana Corporation

September 30, 2021 and September 30, 2020

(Unaudited)

NOTICE: This interim financial report has not been reviewed by an auditor.

Urbana Corporation

Unaudited Condensed Interim Financial Statements
September 30, 2021 and September 30, 2020

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Urbana Corporation

Condensed interim statements of financial position
as at September 30, 2021 and December 31, 2020

(Unaudited)

(In Canadian dollars)

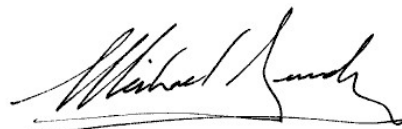
	September 30, 2021	December 31, 2020
	\$	\$
Assets		
Cash	510,677	732,456
Investments, at fair value (Notes 2 and 3)	343,761,595	287,215,004
Accounts and other receivables (Notes 4 and 9)	781,099	387,180
	345,053,371	288,334,640
Liabilities		
Loan payable (Note 6)	24,200,000	22,800,000
Accounts payable and accrued liabilities (Note 5)	862,445	1,724,354
Deferred income tax liability (Note 10)	22,237,000	14,641,000
	47,299,445	39,165,354
Shareholders' equity		
Share capital (Note 8)	104,845,250	106,902,807
Contributed surplus	68,427,566	68,706,177
Retained earnings	124,481,110	73,560,302
Shareholders' equity representing net assets	297,753,926	249,169,286
Total liabilities and shareholders' equity	345,053,371	288,334,640
Number of shares outstanding (Note 8)	43,500,000	44,211,727

See accompanying notes

Approved by the Board



Director



Director

Urbana Corporation

Condensed interim statements of comprehensive income (loss)
for the three and nine month periods ended September 30, 2021 and September 30, 2020
(Unaudited)
(In Canadian dollars)

	Three month period ended September 30		Nine month period ended September 30	
	2021	2020	2021	2020
	\$	\$	\$	\$
Revenue				
Net realized gain on sale and disposal of investments	7,761,289	299,738	11,101,772	22,153,003
Net change in unrealized gain (loss) on investments	5,483,826	3,864,600	56,060,491	(32,353,837)
Dividends	812,225	804,739	2,119,046	2,332,139
Interest	96,439	68,787	244,383	289,823
	14,153,779	5,037,864	69,525,692	(7,578,872)
Expenses				
Investment management fees (Note 9)	1,815,985	1,422,453	5,038,106	4,209,447
Interest	171,993	67,156	545,604	354,465
Administrative (Note 9)	350,070	261,380	992,548	893,688
Transaction costs (Note 9)	18,586	35,112	22,249	55,566
Professional fees	83,105	72,370	210,073	186,620
	2,439,739	1,858,471	6,808,580	5,699,786
Net income (loss) before income taxes	11,714,040	3,179,393	62,717,112	(13,278,658)
Foreign withholding tax expense (Note 10)	85,280	70,949	221,229	204,267
Current income tax expense (recovery) (Note 10)	-	(270,000)	-	817,000
Provision for (recovery of) deferred income taxes (Note 10)	1,257,000	483,000	7,596,000	(3,253,000)
Income tax expense (recovery)	1,342,280	283,949	7,817,229	(2,231,733)
Total profit (loss) and comprehensive income (loss) for the period	10,371,760	2,895,444	54,899,883	(11,046,925)
Basic and diluted earnings (loss) per share	0.24	0.06	1.25	(0.23)
Weighted average number of shares outstanding	43,953,657	47,998,752	44,095,719	48,693,784

See accompanying notes

Urbana Corporation

Condensed interim statements of changes in equity
for the nine month periods ended September 30, 2021 and September 30, 2020
(Unaudited)
(In Canadian dollars)

	Share capital	Contributed surplus	Retained earnings	Total
	\$	\$	\$	\$
Balance at January 1, 2020	122,374,730	66,715,564	64,435,199	253,525,493
Total loss and comprehensive loss for the period	-	-	(11,046,925)	(11,046,925)
Dividends paid	-	-	(3,958,579)	(3,958,579)
Normal course issuer bid purchases	(6,957,538)	1,142,702	-	(5,814,836)
Balance at September 30, 2020	115,417,192	67,858,266	49,429,695	232,705,153
Balance at January 1, 2021	106,902,807	68,706,177	73,560,302	249,169,286
Total profit and comprehensive income for the period	-	-	54,899,883	54,899,883
Dividends paid	-	-	(3,979,075)	(3,979,075)
Normal course issuer bid repurchases	(2,057,557)	(278,611)	-	(2,336,168)
Balance at September 30, 2021	104,845,250	68,427,566	124,481,110	297,753,926

See accompanying notes

Urbana Corporation

Condensed interim statements of cash flows
for the nine month periods ended September 30, 2021 and September 30, 2020
(Unaudited)

(In Canadian dollars)

	2021	2020
	\$	\$
Operating activities		
Total profit (loss) and comprehensive income (loss) for the period	54,899,883	(11,046,925)
Items not affecting cash		
Net realized gain on sale and disposal of investments	(11,101,772)	(22,153,003)
Net change in unrealized (gain) loss on investments	(56,060,491)	32,353,837
Provision for (recovery of) deferred income taxes	7,596,000	(3,253,000)
Current income tax expense	-	817,000
Purchases of investments	(67,957,639)	(69,497,637)
Proceeds on sale of investments	78,573,311	87,628,528
	5,949,292	14,848,800
Net change in non-cash working capital items		
Accounts and other receivables	(393,919)	(113,416)
Accounts payable and accrued liabilities	(861,909)	5,431
	(1,255,828)	(107,985)
Cash provided by operating activities	4,693,464	14,740,815
Financing activities		
Issuance of loan payable	36,300,000	25,000,000
Repayment of loan payable	(34,900,000)	(30,700,000)
Dividends paid	(3,979,075)	(3,958,579)
Normal course issuer bid repurchases	(2,336,168)	(5,814,836)
Cash used in financing activities	(4,915,243)	(15,473,415)
Net change in cash during the period	(221,779)	(732,600)
Cash, beginning of period	732,456	875,089
Cash, end of period	510,677	142,489
Supplemental disclosure		
Dividends received	1,897,872	2,240,930
Interest received	309,201	238,335
Interest paid	560,575	415,300

See accompanying notes

Urbana Corporation

Condensed interim schedule of investment portfolio as at September 30, 2021

(In Canadian dollars)

Number of securities	Description	Cost	Fair value
	Private equity investments	\$	\$
13,460,878	CNSX Markets Inc. (Note 9)	8,048,349	55,189,600
1,327,620	Miami International Holdings Inc.	12,257,268	13,455,163
800,000	Caldwell Financial Ltd. (Note 9)	1,826,650	2,656,000
2,350,000	Radar Capital Inc. Class A Common (Note 9)	50	-
16,755,081	Radar Capital Inc. Class B Common (Note 9)	11,561,006	8,541,740
1,544,236	Evolve Funds Group Inc. Class B Preferred	1,850,000	2,748,740
3,000,000	Evolve Funds Group Inc. Class C Preferred	2,280,658	5,340,000
719,342	Evolve Funds Group Inc. Class D Preferred	719,342	719,342
15,259,886	Highview Financial Holdings Inc. (Note 9)	11,546,243	19,380,055
5	Integrated Grain Processors Co-operative Inc. Membership Shs	500	500
1,759,299	Integrated Grain Processors Co-operative Inc. Class E Preferred	4,486,212	4,486,212
4,538,460	Four Lakes Capital Fund Limited Partnership	4,999,998	8,178,446
84,012	Caldwell Growth Opportunities Fund ("CGOF") (i) (Note 9)	703,437	773,148
7,000	Caldwell India Holdings Inc. ("CIHI") (ii)	152,472	38,299
8,000	Urbana Mauritius Inc. ("UMI") (ii)	147,921	62,532
465,381	Vive Crop Protection Inc. Class A2 Preferred	314,132	314,132
455,671	Vive Crop Protection Inc. Class B1 Preferred	45,567	45,567
6,500,000	Vive Crop Protection Inc. Class B3 Preferred	3,250,000	3,250,000
3,250,000	Vive Crop Protection Inc. ("Vive") Warrants (iii)	-	-
27,428	Kognitiv Corporation Preferred	353,000	316,547
122,222	Kognitiv Corporation	2,404,596	1,189,148
6,047,895	FundThrough Inc. Preferred	6,250,000	6,250,000
2,000,000	LaurelCrest SPV III LP Class B Units	2,562,700	2,445,020
1,750,000	Tetra Trust Company Class A Common	1,750,000	1,750,000
500,000	Urbana Special Investment Holdings Ltd. ("USIH") (iv)	3,639,065	3,381,718
5,622	Urbana International Inc. ("UII") (v)	10,479,725	10,675,890
		91,628,891	151,187,799
	Public equity investments		
796,939	Caldwell Canadian Value Momentum Fund (Note 9)	15,000,000	19,463,630
110,000	Cboe Global Markets, Inc.	3,637,004	17,260,324
100,000	Intercontinental Exchange Group Inc.	4,153,846	14,545,972
200,000	Citigroup Inc.	10,176,194	17,781,507
350,000	Bank of America Corp.	4,882,387	18,822,224
250,000	Morgan Stanley	6,933,526	30,819,293
1,500,000	Real Matters Inc.	5,826,250	15,060,000
5,000,000	Tamarack Valley Energy Ltd.	13,399,065	15,950,000
118,000	AGF Management Ltd. Class B	681,797	915,680
200,000	KKR & Co. Inc. Class A	7,516,623	15,425,166
3,000,000	Whitecap Resources Inc.	10,531,333	21,030,000
		82,738,025	187,073,796
	Private debt investments		
3,000,000	Highview Financial Holdings Inc. (vi)	3,000,000	3,000,000
1,000	Integrated Grain Processors Co-operative Inc. (vii)	1,000,000	1,000,000
1,500,000	Vive Crop Protection Inc. (viii)	1,500,000	1,500,000
		5,500,000	5,500,000
		179,866,916	343,761,595

(i) Urbana owns 11.41% of CGOF, which owns 5.50% of the Class B common shares of Radar Capital Inc.

(ii) CIHI and UMI, both wholly-owned subsidiaries of Urbana, formed for the purpose of holding equity shares of the Bombay Stock Exchange (the "BSE"), completed the sale of all of the BSE shares they held in early 2021. Subsequently, almost all of the sale proceeds have been repatriated to Urbana, leaving some cash in CIHI and UMI for administrative purposes. Approximately \$38,000 and \$63,000 in cash remain in CIHI and UMI, respectively. CIHI and UMI are being wound up.

(iii) Each Vive warrant is exercisable at \$0.65 until December 31, 2021 and then at \$0.75 from January 1, 2022 to December 31, 2022.

(iv) USIH, a wholly-owned subsidiary of Urbana, holds securities of publicly traded companies.

Urbana Corporation

Condensed interim schedule of investment portfolio as at September 30, 2021

(In Canadian dollars)

(v) UII, a wholly-owned subsidiary of Urbana, holds 5,621.5 units of Blue Ocean Technologies, LLC. Urbana also owns 100 common shares of UII, which have a nominal fair value.

(vi) Unsecured convertible promissory note maturing on June 30, 2023 with interest at 8% per annum payable quarterly. This promissory note was issued in connection with a \$3 million revolving line of credit and is convertible (in whole or in part) into common shares on the maturity date at \$1.07 per common share.

(vii) Debenture maturing on July 31, 2023 with interest at 7% per annum payable quarterly.

(viii) Secured convertible promissory note maturing on August 17, 2024 with interest at 10% per annum in year one, 15% per annum in year two and 20% per annum in year three. Interest is payable on maturity. The note is convertible into equity at a conversion price of 90% in year one, 85% in year two and 80% in year three of the per share price paid by purchasers if certain financing or sale events (each an "Event") occur. In the absence of an Event, upon maturity, Urbana may elect that the note be repaid in full or that the note be converted into equity at a conversion price of 80% of the per share fair market value at the time.

In addition to the investments listed above, Urbana holds 44 mining claims in Urban Township, Quebec. No mining expenditures were incurred in 2021 or 2020.

Urbana Corporation

Notes to the condensed interim financial statements

for the nine month periods ended September 30, 2021 and September 30, 2020

Urbana Corporation (“Urbana” or the “Company”) is an investment company that is not considered an investment fund for securities law purposes but is treated as an investment entity for accounting purposes.

The Company’s common shares (“Common Shares”) and non-voting class A shares (“Class A Shares”) are listed for trading on the Toronto Stock Exchange (“TSX”) and the Canadian Securities Exchange (“CSE”). Its registered head office is located at 150 King Street West, Suite 1702, Toronto, Ontario, M5H 1J9.

The business objectives and strategies of Urbana are to seek out, and invest in, private investment opportunities for capital appreciation and to invest in publicly traded securities to provide growth, income and liquidity.

1. Summary of significant accounting policies

Basis of presentation

These condensed interim financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as published by the International Accounting Standards Board (“IASB”) and as required by Canadian securities legislation and the Canadian Accounting Standards Board. They are presented in compliance with International Accounting Standard 34 “*Interim Financial Reporting*”.

The Company qualifies as an investment entity under IFRS 10 “*Consolidated Financial Statements*”.

Statement of compliance

The financial statements have been prepared on the historical cost basis, except for the revaluation of certain financial instruments. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

Judgments and estimates

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions, which 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. Significant judgments and estimates included in the financial statements relate to the valuation of level 3 investments and realization of the deferred income tax liability.

Classification and measurement of investments

In classifying and measuring financial instruments held by the Company, Urbana is required to make significant judgments about the Company’s business model for managing its financial instruments, and whether or not the business of the Company is to manage the financial assets with the objective of realizing cash flows through the sale of the assets for the purpose of classifying certain financial instruments at fair value through profit or loss (“FVTPL”).

Valuation of investments

Investments are measured at fair value in accordance with IFRS 13 “*Fair Value Measurement*”. Publicly traded securities are valued at the close price on the recognized stock exchange on which the securities are listed or principally traded, provided the close price is within the bid-ask spread.

Securities which are listed on a stock exchange or traded over-the-counter and which are subject to a hold period or other trading restrictions are valued as described above, with an appropriate discount as determined by management.

Urbana Corporation

Notes to the condensed interim financial statements for the nine month periods ended September 30, 2021 and September 30, 2020

1. Summary of significant accounting policies (continued)

Judgments and estimates (continued)

Valuation of investments (continued)

Investments for which reliable quotations are not readily available, or for which there is no closing bid price, including securities of private issuers, are valued at fair value using management's best estimates. A number of valuation methodologies may be considered in arriving at fair value, including comparable company transactions, earnings multiples, the price of a recent investment, net assets, discounted cash flows, industry valuation benchmarks, available market prices and formulas prescribed by applicable shareholder agreements. During the initial period after an investment has been made, cost translated using the period end foreign currency exchange rate may represent the most reasonable estimate of fair value. Unrealized gains and losses on investments are recognized in the Statements of Comprehensive Income (Loss).

The Company takes its own credit risk and the risk of its counterparties into account in determining the fair value of financial assets and financial liabilities, including derivative instruments. Management has reviewed its policies concerning valuation of assets and liabilities and believes that the fair values ascribed to the financial assets and financial liabilities in the Company's financial statements incorporate appropriate levels of credit risk.

There are inherent uncertainties in the process of valuing investments for which there are no published markets. Management uses various valuation techniques with unobservable market inputs in its determination of fair value of private investments, those most significant of which are disclosed in Note 2. Management exercises judgment in the determination of certain assumptions about market conditions existing at the date of the financial statements in the application of the chosen valuation techniques. As such, the resulting values may differ from values that would have been used had a ready market existed for the investments and may differ from the prices at which the investments may be sold.

Refer to Note 2 for the classification of the fair value measurements.

Mining Claims

In accordance with IFRS 6 "*Exploration for and Evaluation of Mineral Resources*", Urbana has elected to expense exploration and evaluation costs given that its mineral claims hold no known proven reserves or resources.

Segmented information

The Company is organized as one main operating segment, namely the management of the Company's investments, in order to achieve the Company's investment objectives.

Functional and presentation currency

The Company considers its functional and presentation currency to be the Canadian dollar, which is the currency of the primary economic environment in which it operates. The Company's performance is evaluated and its liquidity is managed in Canadian dollars.

Foreign currency translation

The monetary assets and liabilities of the Company are translated into Canadian dollars, the Company's functional currency, at exchange rates in effect at the date of the statement of financial position. Non-monetary items are translated at rates of exchange in effect when the assets were acquired or obligations incurred. Foreign exchange gains and losses are included in the Statements of

Urbana Corporation

Notes to the condensed interim financial statements

for the nine month periods ended September 30, 2021 and September 30, 2020

1. Summary of significant accounting policies (continued)

Comprehensive Income (Loss). Purchases and sales of investments, investment income and expenses are calculated at the exchange rates prevailing on the dates of the transactions.

Financial instruments

The Company's financial instruments are comprised of cash, investments, accounts and other receivables, loan payable, and accounts payable and accrued liabilities. The Company recognizes financial instruments at fair value upon initial recognition. The Company measures the expected credit loss ("ECL") allowance on accounts and other receivables at an amount equal to the 12 month expected credit losses. Given the short-term nature of accounts and other receivables and the high credit quality, the Company has determined that the ECL allowance is not material.

Investments have been classified at FVTPL with gains and losses recorded in net income. Cash, accounts and other receivables are measured at amortized cost. Loan payable and accounts payable and accrued liabilities are measured at amortized cost. The carrying values approximate their fair values due to their short-term maturities.

Transaction costs

Transaction costs are expensed as incurred and are included in "Transaction costs" in the Statements of Comprehensive Income (Loss). Transaction costs are incremental costs that are directly attributable to the acquisition or disposal of an investment, which include fees and commission paid to agents, advisors, brokers and dealers, levies by regulatory agencies and securities exchanges, and transfer taxes and duties.

Deferred income taxes

The Company accounts for deferred income taxes using the liability method, whereby deferred tax assets and liabilities are determined based on differences between the financial reporting and tax bases of assets and liabilities and measured using substantively enacted income tax rates and laws that are expected to be in effect when the differences are expected to reverse. Income tax expense for the period is the tax payable for the period and any change during the period in the deferred tax assets and liabilities. A valuation allowance is provided to the extent that it is not probable that deferred tax assets will be realized.

Investment transactions and income recognition

Investment transactions are recorded on the trade date. Dividend income is recorded on the ex-dividend date. Interest income is recorded on an accrual basis.

Realized gains and losses from investment transactions and unrealized net gain or loss on foreign exchange and investments are calculated on an average cost basis.

Earnings (loss) per share

Basic earnings (loss) per share is computed by dividing the total profit (loss) for the year by the weighted average number of Common Shares outstanding during the year, including contingently issuable shares, which are included when the conditions necessary for issuance have been met. Diluted earnings (loss) per share reflects the assumed conversion of all dilutive securities using the "treasury stock" method for purchase warrants and stock options.

Urbana Corporation

Notes to the condensed interim financial statements
for the nine month periods ended September 30, 2021 and September 30, 2020

1. Summary of significant accounting policies (continued)

Interests in Other Entities

The table below presents the unconsolidated subsidiaries of the Company as at September 30, 2021:

Subsidiary's Name	Place of Business	% of Equity Interest held by Urbana	% of Voting Rights held by Urbana
Caldwell India Holdings Inc. – held Bombay Stock Exchange shares ⁽¹⁾	Mauritius	100%	100%
Urbana Mauritius Inc. – held Bombay Stock Exchange shares ⁽¹⁾	Mauritius	100%	100%
Urbana Special Investment Holdings Ltd. ⁽²⁾	Toronto	100%	100%
Urbana International Inc. ⁽³⁾	United States	100%	100%
Radar Capital Inc.	Toronto	65.51%	65.51%

The table below presents the unconsolidated subsidiaries of the Company as at December 31, 2020:

Subsidiary's Name	Place of Business	% of Equity Interest held by Urbana	% of Voting Rights held by Urbana
Caldwell India Holdings Inc. – holds Bombay Stock Exchange shares ⁽¹⁾	Mauritius	100%	100%
Urbana Mauritius Inc. – holds Bombay Stock Exchange shares ⁽¹⁾	Mauritius	100%	100%
Urbana Special Investment Holdings Ltd. ⁽²⁾	Toronto	100%	100%
Radar Capital Inc.	Toronto	65.51%	65.51%

⁽¹⁾ CIHI and UMI, both wholly-owned subsidiaries of Urbana, were created for the sole purpose of holding equity shares of the Bombay Stock Exchange (the "BSE"). They no longer hold any BSE shares and as a result, they are being wound up.

⁽²⁾ USIH, a wholly-owned subsidiary of Urbana, held equity shares of OneChicago, LLC, which has been wound up. USIH now holds securities of publicly traded companies.

⁽³⁾ UII, a wholly-owned subsidiary of Urbana, holds units of Blue Ocean Technologies, LLC.

2. Fair value measurement

Fair value measurements of the investments are classified based on a three-level hierarchy that reflects the significance of the inputs used in making the measurements. The three levels of the fair value hierarchy are described below:

Level 1 – Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities;

Level 2 – Quoted prices in markets that are not active or financial instruments for which all significant inputs are observable, either directly or indirectly; and

Level 3 – Prices or valuations that require inputs that are both significant to the fair value measurement and unobservable.

Urbana Corporation

Notes to the condensed interim financial statements

for the nine month periods ended September 30, 2021 and September 30, 2020

2. Fair value measurement (continued)

The following is a summary of the Company's investments categorized in the fair value hierarchy as at September 30, 2021:

	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Public equity investments	167,610,166	19,463,630	-	187,073,796
Private equity investments	-	100,831	151,086,968	151,187,799
Private debt investments	-	-	5,500,000	5,500,000
	167,610,166	19,564,461	156,586,968	343,761,595

Level 2 and 3 valuation methods – September 30, 2021

Description	Fair value (\$) ⁽¹⁾	Primary Valuation technique used	Significant unobservable inputs	Input/Range ⁽²⁾
Public equity investments				
Caldwell Canadian Value Momentum Fund	19,463,630	Net asset value per unit	Net asset value per unit	N/A
Private equity investments				
Caldwell Financial Ltd.	2,656,000	Prescribed formula which approximates fair value	1 x net fees plus net assets	N/A
Miami International Holdings Inc.	13,455,163	Market transaction	Recent transaction price	N/A
CNSX Markets Inc.	55,189,600	Market transaction	Recent transaction price	N/A
Caldwell Growth Opportunities Trust	773,148	Net asset value per unit	Net asset value per unit	N/A
Caldwell India Holdings Inc. – held Bombay Stock Exchange shares	38,299	Cash value	N/A	N/A
Urbana Mauritius Inc. – held Bombay Stock Exchange shares	62,532	Cash value	N/A	N/A
Highview Financial Holdings Inc.	19,380,055	EV as a % of AUM ⁽³⁾	EV as a % of AUM	1.0%-4.0%
Four Lakes Capital Fund Limited Partnership	8,178,446	Net asset value per unit	Net asset value per unit	N/A
Radar Capital Inc. Class A	-	Net asset value per share	Net asset value per share	N/A
Radar Capital Inc. Class B	8,541,740	Net asset value per share	Net asset value per share	N/A
Evolve Funds Group Inc. Class B	2,748,740	Median adjusted EV as a % of AUM	Median adjusted EV as a % of AUM	0.8%-5.4% ⁽⁴⁾
Evolve Funds Group Inc. Class C	5,340,000	Median adjusted EV as a % of AUM	Median adjusted EV as a % of AUM	0.8%-5.4% ⁽⁴⁾
Evolve Funds Group Inc. Class D	719,342	Market transaction	Recent transaction price	N/A
Integrated Grain Processors Co-operative Inc. Membership Shares	500	Market transaction	Recent transaction price	N/A
Integrated Grain Processors Co-operative Inc. Class E	4,486,212	Market transaction	Recent transaction price	N/A

Urbana Corporation

Notes to the condensed interim financial statements

for the nine month periods ended September 30, 2021 and September 30, 2020

2. Fair value measurement (continued)

Vive Crop Protection Inc. Class A2	314,132	EV/LTM revenue multiple	EV/LTM revenue multiple	2.1-7.7 ⁽⁵⁾
Vive Crop Protection Inc. Class B1	45,567	EV/LTM revenue multiple	EV/LTM revenue multiple	2.1-7.7 ⁽⁵⁾
Vive Crop Protection Inc. Class B3	3,250,000	EV/LTM revenue multiple	EV/LTM revenue multiple	2.1-7.7 ⁽⁵⁾
Vive Crop Protection Inc. Warrants	-	EV/LTM revenue multiple	EV/LTM revenue multiple	2.1-7.7 ⁽⁵⁾
Kognitiv Corporation Preferred	316,547	Market transaction	Recent transaction price	N/A
Kognitiv Corporation	1,189,148	Average EV/revenue multiple	Average EV/revenue multiple	LTM:8.7-16.3 ⁽⁶⁾ NTM:7.6-13.2 ⁽⁶⁾
FundThrough Inc. Preferred	6,250,000	Market transaction	Recent transaction price	N/A
LaurelCrest SPV III LP Class B	2,445,020	Market transaction	Recent transaction price	N/A
Tetra Trust Company Class A	1,750,000	Market transaction	Recent transaction price	N/A
Urbana Special Investment Holdings Ltd.	3,381,718	Net asset value per share	Net asset value per share	N/A
Urbana International Inc.	10,675,890	Market transaction	Recent transaction price	N/A
Private debt investments				
Highview Financial Holdings Inc.	3,000,000	Face value	N/A	N/A
Integrated Grain Processors Co-operative Inc.	1,000,000	Face value	N/A	N/A
Vive Crop Protection Inc.	1,500,000	Face value	N/A	N/A
Ending balance	176,151,429			

⁽¹⁾See Note 1 – Valuation of investments

⁽²⁾Where it is applicable, an input or range has been provided

⁽³⁾Enterprise value as a percentage of assets under management

⁽⁴⁾Median adjusted enterprise value as a percentage of assets under management: 2.3%

⁽⁵⁾Last twelve months enterprise value/revenue: 5.2x

⁽⁶⁾Last twelve months enterprise value/revenue:12.3x. Next twelve months enterprise value/revenue:10.3x.

The following is a summary of the Company's investments categorized in the fair value hierarchy as at December 31, 2020:

	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Public equity investments	153,350,428	12,904,202	-	166,254,630
Private equity investments	-	-	115,826,394	115,826,394
Private debt investments	-	-	5,133,980	5,133,980
	153,350,428	12,904,202	120,960,374	287,215,004

Urbana Corporation

Notes to the condensed interim financial statements

for the nine month periods ended September 30, 2021 and September 30, 2020

2. Fair value measurement (continued)

Level 2 and 3 valuation methods – December 31, 2020

Description	Fair value (\$) ⁽¹⁾	Primary Valuation technique used	Significant unobservable inputs	Input/Range ⁽²⁾
Public equity investments				
Caldwell India Holdings Inc. – holds Bombay Stock Exchange shares	8,474,503	Market transaction	Recent transaction price	N/A
Urbana Mauritius Inc. – holds Bombay Stock Exchange shares	4,429,699	Market transaction	Recent transaction price	N/A
Private equity investments				
Caldwell Financial Ltd.	2,160,000	Prescribed formula which approximates fair value	1 x net fees plus net assets	N/A
Miami International Holdings Inc.	12,262,562	Market transaction	Recent transaction price	N/A
CNSX Markets Inc.	40,578,287	Market transaction	Recent transaction price	N/A
Caldwell Growth Opportunities Trust	694,840	Net asset value per unit	Net asset value per unit	N/A
Caldwell Canadian Value Momentum Fund	16,047,553	Net asset value per unit	Net asset value per unit	N/A
Highview Financial Holdings Inc.	11,322,108	EV as a % of AUM ⁽³⁾	EV as a % of AUM	1.0%-4.0%
Four Lakes Capital Fund Limited Partnership	5,445,104	Net asset value per unit	Net asset value per unit	N/A
Radar Capital Inc. Class A	-	Net asset value per share	Net asset value per share	N/A
Radar Capital Inc. Class B	10,240,706	Net asset value per share	Net asset value per share	N/A
Evolve Funds Group Inc. Class A	3,594,009	EV as a % of AUM	EV as a % of AUM	3.5%
Evolve Funds Group Inc. Class B	1,850,000	EV as a % of AUM	EV as a % of AUM	3.5%
Vive Crop Protection Inc. Class A2	314,132	EV/LTM revenue multiple	EV/LTM revenue multiple	2.7-7.5 ⁽⁴⁾
Vive Crop Protection Inc. Class B1	45,567	EV/LTM revenue multiple	EV/LTM revenue multiple	2.7-7.5 ⁽⁴⁾
Vive Crop Protection Inc. Class B3	3,250,000	EV/LTM revenue multiple	EV/LTM revenue multiple	2.7-7.5 ⁽⁴⁾
Vive Crop Protection Inc. Warrants	-	EV/LTM revenue multiple	EV/LTM revenue multiple	2.7-7.5 ⁽⁴⁾
Kognitiv Corporation Preferred	353,000	Market transaction	Recent transaction price	N/A
Kognitiv Corporation	1,418,526	Market transaction	Recent transaction price	N/A
FundThrough Inc. Preferred	6,250,000	Market transaction	Recent transaction price	N/A

Urbana Corporation

Notes to the condensed interim financial statements

for the nine month periods ended September 30, 2021 and September 30, 2020

2. Fair value measurement (continued)

Private debt investments				
Highview Financial Holdings Inc.	3,000,000	Face value	N/A	N/A
Radar Capital Inc.	2,133,980	Face value	N/A	N/A
Ending balance	133,864,576			

⁽¹⁾ See Note 1 – Valuation of investments

⁽²⁾ Where it is applicable, an input or range has been provided

⁽³⁾ Enterprise value as a percentage of assets under management

⁽⁴⁾ Last twelve months enterprise value/revenue: 5.0x

Change in valuation methodology

During 2021, the Company changed the primary valuation technique for CIHI and UMI from a methodology based on a recent market transaction to a methodology based on its cash value. CIHI and UMI sold all of their shares of the BSE and thus the recent market transaction is no longer relevant. CIHI and UMI now hold only cash and they are being wound up. As a result, they are now presented as private equity investments. Also during 2021, the Company changed the primary valuation technique for the common shares of Kognitiv Corporation (“Kognitiv”) from a methodology based on a recent market transaction to a methodology based on an EV/revenue multiple because the last market transaction did not take place recently, which renders the price of that transaction no longer appropriate in determining the fair value of the Kognitiv shares. In the absence of a recent transaction, the EV/revenue multiple methodology was more suitable in determining fair value.

During 2020, the Company changed the primary valuation technique for Evolve Funds Group Inc. (“Evolve”) from a methodology based on a recent market transaction to a methodology based on EV as a multiple of AUM because the last market transaction did not take place recently, which renders the price of that transaction no longer appropriate in determining the fair value of the Evolve shares. In the absence of a recent transaction, the EV as a multiple of AUM methodology was more suitable in determining fair value. Also during 2020, the Company changed the primary valuation technique for Vive Crop Protection Inc. (“Vive”) from a methodology based on a recent market transaction to a methodology based on an EV/revenue multiple because the last market transaction did not take place recently, which renders the price of that transaction no longer appropriate in determining the fair value of the Vive shares. In the absence of a recent transaction, the EV/revenue multiple methodology was more suitable in determining fair value.

During the nine month period ended September 30, 2021 and the year ended December 31, 2020 the reconciliations of investments measured at fair value using unobservable inputs (Level 3) are presented as follows:

	September 30, 2021		
	Private equity investments	Private debt investments	Total
	\$	\$	\$
Beginning balance	115,826,394	5,133,980	120,960,374
Change in unrealized gain	26,087,817	-	26,087,817
Purchases	31,636,387	2,500,000	34,136,387
Sales	(3,000,000)	(2,133,980)	(5,133,980)
Transfer out of level 3	(19,463,630)	-	(19,463,630)
Ending balance	151,086,968	5,500,000	156,586,968

Urbana Corporation

Notes to the condensed interim financial statements
for the nine month periods ended September 30, 2021 and September 30, 2020

2. Fair value measurement (continued)

December 31, 2020

	Private equity investments	Private debt investments	Total
	\$	\$	\$
Beginning balance	66,168,556	6,688,770	72,857,326
Change in unrealized gain	12,331,570	-	12,331,570
Purchases	37,326,268	2,853,000	40,179,268
Sales	-	(4,407,790)	(4,407,790)
Ending balance	115,826,394	5,133,980	120,960,374

Sensitivity analysis to significant changes in unobservable inputs within the Level 3 hierarchy

The significant unobservable inputs used in the fair value measurement categorized within Level 3 of the fair value hierarchy together with a quantitative sensitivity analysis as at September 30, 2021 and December 31, 2020 are shown below:

Level 3 valuation methods – September 30, 2021

Description	Input	Sensitivity used ⁽¹⁾	Effect on fair value (\$)
Private equity investments	1 x net fees plus net assets	10%	265,600
	Recent transaction price	10%	9,528,827
	Net asset value	10%	1,749,333
	EV as a % of assets under mgt – Highview	1%	7,935,142
	Median adjusted EV as a % of assets under mgt. – Evolve	0.25%	3,915,025
	Average EV/LTM_NTM revenue multiple - Kognitiv	10%	114,579
	EV/LTM revenue multiple - Vive ⁽²⁾	0.10%	903,637
Private debt investments	Face value	10%	550,000
Total			24,962,143

Level 3 valuation methods - December 31, 2020

Description	Input	Sensitivity used ⁽¹⁾	Effect on fair value (\$)
Private equity investments	1 x net fees plus net assets	10%	216,0000
	Recent transaction price	10%	6,086,238
	Net asset value	10%	3,242,820
	EV as a % of assets under mgt – Highview	1%	4,650,151
	EV as a % of assets under mgt. – Evolve ⁽²⁾	0.25%	2,677,131

Urbana Corporation

Notes to the condensed interim financial statements

for the nine month periods ended September 30, 2021 and September 30, 2020

2. Fair value measurement (continued)

	EV/LTM revenue multiple - Vive ⁽²⁾	0.10%	652,828
Private debt investments	Face value	10%	513,398
Total			18,038,566

- (1) The sensitivity analysis refers to a percentage or multiple added or deducted from the input and the effect this has on the fair value while all other variables were held constant.
- (2) The sensitivity has been performed on the total equity price given the valuation approach takes into account that the preferred shares have liquidation preference to the common shares. Based on the sensitivity performed, there is sufficient equity value to support Urbana's holdings in the respective preferred share classes.

During 2021, the investment in Caldwell Canadian Value Momentum Fund was transferred out of Level 3 to Level 2 to more appropriately reflect its status as a public mutual fund that is redeemable daily and whose entire portfolio of securities trades on stock exchanges. During 2020, there were no transfers into/out of Level 1, Level 2 or Level 3 investments.

3. Financial instruments and risk management

The Company's activities expose it to a variety of financial risks. Management seeks to minimize potential adverse effects of these risks on the Company's performance by employing professional, experienced portfolio advisors, and through daily monitoring of the Company's position and market events.

Credit risk

Credit risk represents the potential loss that the Company would incur if the counterparties failed to perform in accordance with the terms of their obligations to the Company. The Company maintains all of its cash at its custodian or in overnight deposits with a Canadian chartered bank. All transactions in listed securities are settled/paid for upon delivery using approved brokers. The risk of default is considered minimal, as delivery of securities sold is only made once the broker has received payment. Payment is made on a purchase once the securities have been received by the broker. The trade will fail if either party fails to meet its obligation. As at September 30, 2021, the Company held \$5,500,000 (December 31, 2020 – \$5,133,980) in debt instruments. The fair value of the debt instruments includes a consideration of the credit worthiness of the debt issuer and the security provided against the outstanding amount. The carrying amounts of debt instruments and other assets, as disclosed in the statements of financial position, represent the maximum credit exposure. The Company measures credit risk and lifetime ECLs related to accounts and other receivables using historical analysis and forward looking information in determining the ECLs.

Liquidity risk

Liquidity risk is the risk that the Company may not be able to settle or meet its obligation when due. The following tables detail the Company's remaining contractual maturity for its financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of the financial liabilities based on the earliest date on which the Company can be required to pay.

September 30, 2021				
Financial Liabilities	Due on demand	< 3 months	3 months to 1 year	Total
	\$	\$	\$	\$
Loan payable	24,200,000	-	-	24,200,000
Accounts payable and accrued liabilities	-	862,445	-	862,445
	24,200,000	862,445	-	25,062,445

Urbana Corporation

Notes to the condensed interim financial statements

for the nine month periods ended September 30, 2021 and September 30, 2020

3. Financial instruments and risk management (continued)

December 31, 2020	Due on demand	< 3 months	3 months to 1 year	Total
Financial Liabilities				
	\$	\$	\$	\$
Loan payable	22,800,000	-	-	22,800,000
Accounts payable and accrued liabilities	-	1,724,354	-	1,724,354
	22,800,000	1,724,354	-	24,524,354

Liquidity risk is managed by investing in assets that are traded in an active market and can be readily sold or by borrowing under its credit facility (Note 6). The Common Shares and Class A Shares cannot be redeemed by shareholders. The Company endeavors to maintain sufficient liquidity to meet its expenses.

Currency risk

Currency risk arises from financial instruments that are denominated in a currency other than the Canadian dollar. The Company is exposed to the risk that the value of securities denominated in other currencies will fluctuate due to changes in exchange rates. When the value of the Canadian dollar falls in relation to foreign currencies, then the value of foreign investments rise. When the value of the Canadian dollar rises, the value of foreign investments fall.

The table below indicates the currencies to which the Company had significant exposure as at September 30, 2021 and December 31, 2020:

Currency	September 30, 2021	December 31, 2020
	As a % of net assets	As a % of net assets
	%	%
United States Dollar	47.99	41.28
Indian Rupee	0.03	5.18
	48.02	46.46

As at September 30, 2021, the Company's net assets would have decreased or increased by approximately \$7,149,512 (December 31, 2020 - \$5,716,706) in response to a 5% appreciation or depreciation of the Canadian dollar, with all other variables held constant. In practice, the actual results may differ materially.

Interest rate risk

Interest rate risk arises on interest-bearing financial assets such as cash and debt securities held and on financial liabilities such as loan payable. The Company is exposed to the risk that the value of interest-bearing financial instruments will fluctuate due to changes in the prevailing levels of market interest rates. The Company's interest income and expense are positively correlated to interest rates in that rising interest rates increase both the interest income and expense while the reverse is true in a declining interest rate environment.

The table below summarizes the Company's exposure to interest rate risks by remaining term to maturity.

As at September 30, 2021	Less than 1 year	1 to 3 years	3 to 5 years	Over 5 years	Total
	\$	\$	\$	\$	\$
Cash	510,677	-	-	-	510,677
Financial asset – debt	-	5,500,000	-	-	5,500,000
Loan payable	(24,200,000)	-	-	-	(24,200,000)
	(23,689,323)	5,500,000	-	-	(18,189,323)

Urbana Corporation

Notes to the condensed interim financial statements

for the nine month periods ended September 30, 2021 and September 30, 2020

3. Financial instruments and risk management (continued)

As at December 31, 2020	Less than 1 year	1 to 3 years	3 to 5 years	Over 5 years	Total
Cash	\$ 732,456	\$ -	\$ -	\$ -	\$ 732,456
Financial asset – debt	-	3,000,000	2,133,980	-	5,133,980
Loan payable	(22,800,000)	-	-	-	(22,800,000)
	(22,067,544)	3,000,000	2,133,980	-	(16,933,564)

As at September 30, 2021, had prevailing interest rates increased or decreased by 1%, with all other variables held constant, the net assets would have decreased or increased by approximately \$119,615 (2020 - \$9,168). In practice, the actual results may differ materially.

Other market risk

Other market risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All securities present a risk of loss of capital. Any equity and derivative instrument that the Company may hold is susceptible to market price risk arising from uncertainties about future prices of the instruments. Management moderates this risk through a careful selection of securities and other financial instruments within the parameters of the investment strategy. The maximum risk resulting from financial instruments is equivalent to their fair value.

The most significant exposure for the Company to other price risk arises from its investment in publicly and privately traded securities. As at September 30, 2021, for publicly traded securities, had the prices on the respective stock exchanges for these securities increased or decreased by 10%, with all other variables held constant, net assets would have increased or decreased, respectively, by approximately \$18,707,380 (December 31, 2020 - \$ 16,625,463) or approximately 6.28% (December 31, 2020 – 6.67%) of total net assets. In practice, the actual results may differ materially. Management is unable to meaningfully quantify any correlation of the price of its privately owned equities to changes in a benchmark index.

Capital management

Management manages the capital of the Company which consists of the net assets, in accordance with the Company's investment objectives. The Company is not subject to any capital requirements imposed by a regulator. The Company must comply with the covenants on the loan payable (Note 6).

4. Accounts and other receivables

Accounts and other receivables consist of the following:

	September 30, 2021	December 31, 2020
	\$	\$
Proceeds from investments sold	368,583	-
Dividends	75,973	76,220
Interest	96,678	161,497
Loans	149,463	149,463
Due from subsidiary	90,402	-
	781,099	387,180

Urbana Corporation

Notes to the condensed interim financial statements for the nine month periods ended September 30, 2021 and September 30, 2020

5. Accounts payable and accrued liabilities

Accounts payable and accrued liabilities consist of the following:

	September 30, 2021	December 31, 2020
	\$	\$
Investment management fees (Note 9)	600,914	1,453,500
Professional fees	172,061	149,253
Loan interest	57,270	72,241
Administrative fees	-	40,260
Directors fees	32,200	-
Other	-	9,100
	862,445	1,724,354

6. Loan payable

Pursuant to a loan facility agreement between the Company and a major Canadian bank (the "Bank") dated February 15, 2008, as amended on March 2, 2015, the Bank provided a demand loan facility to the Company which allowed Urbana to borrow up to \$25,000,000. On July 2, 2021, the loan facility agreement was amended and restated to allow the Company to borrow up to \$50,000,000. Effective as of the date of the amended and restated loan facility agreement, interest is charged on the outstanding balance of the loan facility at the Bank's prime rate plus 0.25%, calculated on a daily basis and paid monthly. Previously, interest was charged at the Bank's prime rate plus 1.25%. The loan facility is secured by a general charge on the Company's assets. Loan proceeds may be used to make additional investments and/or for general corporate purposes. As at September 30, 2021, the outstanding balance of the loan was \$24,200,000 (December 31, 2020 - \$22,800,000) which is the fair value of the loan. During the nine month period ended September 30, 2021, the minimum amount borrowed was \$12,100,000 (2020 - \$Nil) and the maximum amount borrowed was \$30,000,000 (2020 - \$24,200,000). As at September 30, 2021 and December 31, 2020, the Company has complied with all covenants, conditions and other requirements of the loan facility.

7. 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. Urbana holds 44 claims in the area totaling 1,154.4 hectares (2,852.7 acres). A report which summarizes both the exploration work and results to date has been completed and will assist in determining next steps. In accordance with IFRS 6 "Exploration for and Evaluation of Mineral Resources", Urbana has elected to expense exploration and evaluation costs given that its mineral claims hold no known proven reserves or resources. Urbana has incurred costs totaling \$1,146,119, all of which was incurred prior to 2019. These costs have been expensed as incurred and recorded as a loss in net realized gain on sale and disposal of investments.

8. Share capital

As at September 30, 2021 and December 31, 2020 share capital consists of the following:

	Nine month period ended September 30, 2021		Year ended December 31, 2020	
	Number	Amount (\$)	Number	Amount (\$)
<i>Authorized</i>				
Preferred shares	Unlimited	N/A	Unlimited	N/A
Common Shares	Unlimited	N/A	Unlimited	N/A
Class A Shares	Unlimited	N/A	Unlimited	N/A
<i>Issued - Common Shares</i>				
Balance, beginning of period	10,000,000	7,998,893	10,000,000	7,998,893
Issued during the period	-	-	-	-
Balance, end of period	10,000,000	7,998,893	10,000,000	7,998,893

Urbana Corporation

Notes to the condensed interim financial statements

for the nine month periods ended September 30, 2021 and September 30, 2020

8. Share capital (continued)

<i>Issued - Class A Shares</i>				
Balance, beginning of period	34,211,727	98,903,914	39,563,600	114,375,837
Normal Course Issuer Bid				
Repurchases during the period	(711,727)	(2,057,557)	(5,351,873)	(15,471,923)
Balance, end of period	33,500,000	96,846,357	34,211,727	98,903,914
Total	43,500,000	104,845,250	44,211,727	106,902,807

The Common Shares and Class A Shares have been classified as equity in these financial statements as the holders of these shares have no contractual rights that would require the Company to redeem the shares.

On August 31, 2021, the TSX accepted Urbana's notice of intention to conduct a normal course issuer bid to purchase up to 3,373,358 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 September 7, 2021, and will terminate on the earlier of September 6, 2022, 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. Purchases are to be made on the open market by Urbana through the facilities of the TSX or the CSE 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 or the CSE at the time of acquisition. The Class A Shares purchased under the NCIB must be cancelled. Urbana is not to purchase on any given day, in the aggregate, more than 4,179 Class A Shares ("Daily Restriction"), being 25% of the average daily volume for the most recently completed six months prior to the filing of the NCIB with the TSX, which is 16,716 Class A Shares, calculated in accordance with the TSX rules. Notwithstanding the Daily Restriction, Urbana may make one purchase of more than the Daily Restriction in any given week in accordance with the TSX's block purchase rules. As at September 30, 2021, Urbana has purchased and cancelled 600,000 Class A Shares at an average price of \$3.30 per share pursuant to the NCIB and purchased and cancelled 3,738,227 Class A Shares at an average price of \$2.60 per share pursuant to the previous normal course issuer bid that terminated on September 3, 2021.

9. Related party disclosures

Caldwell Financial Ltd. ("CFL"), a company under common management with Urbana, is the parent company of Caldwell Investment Management Ltd. ("CIM"), which is the investment manager of Urbana, and of Caldwell Securities Ltd. ("CSL"). Urbana pays CIM investment management fees for investment management services that CIM provides to Urbana. As at September 30, 2021 and December 31, 2020, Urbana had a 20% ownership interest in CFL.

CSL, a sister company of CIM and a registered broker and investment dealer, handles Urbana's portfolio transactions. In 2021, the total commission fees paid to CSL by Urbana amounted to \$22,249 (2020 - \$55,566) which was incurred in connection with the NCIB and was included in transaction costs.

Pursuant to an administrative services agreement effective as of March 1, 2019 and as amended on April 1, 2021, during the nine month period ended September 30, 2021, Urbana paid CSL \$271,878 (2020 - \$258,318) for administrative services, including investor relations, information technology, professional corporate office, and office and conference room access for Urbana's staff, directors and officers. This expense was included in administrative expenses. On April 1, 2021 the administrative services agreement was amended to increase the fee by \$2,260 per month due to the increase in investor relations services performed by CSL on behalf of Urbana.

In March and April 2021 Urbana paid total fees of \$16,063 to CSL for their services in respect of arranging for the transfer of private equity securities to Urbana by way of a "share transfer platform" that CSL manages.

As at September 30, 2021 and December 31, 2020 Urbana owned 50% of the voting class A common shares and 68.49% of the voting class B common shares of Radar Capital Inc. ("RCI"), a private capital company. As a result, Urbana owns a total of 65.51% of the voting common shares of RCI with each class

Urbana Corporation

Notes to the condensed interim financial statements

for the nine month periods ended September 30, 2021 and September 30, 2020

9. Related party disclosures (continued)

A and class B common share entitled to one vote. As at December 31, 2020, Urbana held a \$2,133,980 unsecured promissory note which was repaid in full by RCI, plus accrued interest, in February 2021.

As at September 30, 2021 Urbana had an 11.41% ownership interest (December 31, 2020 – 13.71%) in Caldwell Growth Opportunities Fund, which is a private equity pool managed by CIM. Urbana does not pay a management fee as described in the management fee paragraph below, on this investment.

As at September 30, 2021 Urbana had a 9.03% ownership interest (December 31, 2020 – 15.02%) in Caldwell Canadian Value Momentum Fund, which is a mutual fund managed by CIM. Urbana pays a 0.5% per annum management fee, instead of the regular 2% per annum, pursuant to the investment management and advisory agreement between Urbana and CIM (see paragraph below), on this investment.

Pursuant to an investment management and advisory agreement effective as of January 1, 2020, CIM is entitled to an investment management fee equal to 2.0% per annum of the market value of Urbana's investment portfolio, and, with the exception of NCIB purchases, CIM pays a fee to CSL to cover all charges for brokerage, trade execution and other necessary investment-related services rendered directly or indirectly for the benefit of Urbana by CSL. In the nine month period ended September 30, 2021, CIM earned \$5,038,106 of investment management fees from Urbana (2020 - \$4,209,447). The investment management fees are accrued daily and were paid quarterly in arrears until April 1, 2021, when the investment management and advisory agreement was amended to change the frequency of the investment management fee payment from quarterly to monthly. As at September 30, 2021 there was an investment management fee payable included in accounts payable and accrued liabilities of \$600,914 to CIM (December 31, 2020 – \$1,453,500).

As at September 30, 2021 Urbana owned 49.92% (December 31, 2020 – 49.26%) of the common shares of CNSX Markets Inc., the operator of the CSE.

In February 2021 and September 2020 Urbana purchased \$5,923,400 and \$216,000, respectively, of common shares of Highview Financial Holdings Inc. ("HFHI") from RCI at a price per share based on the prescribed formula in the HFHI shareholders' agreement. As a result, as at September 30, 2021 Urbana had a 73.42% direct ownership interest (December 31, 2020 – 48.63%) in HFHI and RCI had a Nil (December 31, 2020 – 24.78%) ownership interest in HFHI. This shareholding allows Urbana to exercise control over the majority of HFHI's common shares. Pursuant to the HFHI amended and restated shareholders' agreement dated and effective as of December 30, 2020, Urbana has agreed that it shall not be entitled to elect a majority of the board of directors of HFHI and therefore it is not considered a subsidiary of Urbana. In February 2020 Urbana loaned an additional \$500,000 to HFHI and as a result, as at September 30, 2021 and December 31, 2020 Urbana held a \$3,000,000 promissory note from HFHI.

As at September 30, 2021 Urbana had a receivable of \$90,402 (December 31, 2020 - \$Nil) from Urbana International Inc. ("UII"), Urbana's wholly-owned subsidiary, in respect of professional fees incurred by UII.

In the nine month period ended September 30, 2021, the remuneration of key management personnel (including directors), which included salaries and short-term benefits, was \$418,526 (2020 - \$323,450).

During 2020, Urbana issued loans to certain of its directors in connection with their purchase of securities of the Company. The loan agreements provide for a revolving credit facility of up to \$100,000 for each such director. Interest is charged at the interest rate specified by the Canada Revenue Agency for loans of this nature. The securities of the Company purchased by each director with funds advanced under the revolving credit facility are held in a broker's account as security for the loan. As at September 30, 2021 and December 31, 2020 the total principal amount of the loans outstanding, which is included in accounts and other receivables, is \$149,463.

All related party transactions are recorded at their exchange amounts.

Urbana Corporation

Notes to the condensed interim financial statements

for the nine month periods ended September 30, 2021 and September 30, 2020

10. Income taxes

The Company's provision for income taxes for the nine month periods ended September 30, 2021 and 2020 is summarized as follows:

	2021	2020
	\$	\$
Net income (loss) before income taxes	62,717,112	(13,278,658)
Expected taxes payable (recoverable) at future rates - 26.5%	16,620,034	(3,518,844)
Income tax effect of the following:		
Non-taxable portion of realized capital (gains) losses	(1,470,985)	(2,935,191)
Non-taxable portion of unrealized capital (gains) losses	(7,428,015)	4,286,883
Non-taxable dividends	(170,109)	(259,946)
Foreign withholding tax expense, net of Canadian tax	162,603	150,136
Adjustment to prior year's tax balance	166,648	-
Other	(62,947)	45,229
Income tax expense (recovery)	7,817,229	(2,231,733)

The income tax expense is represented as follows:

	2021	2020
	\$	\$
Provision for (recovery of) deferred income taxes	7,596,000	(3,253,000)
Current income tax expense	-	817,000
Foreign withholding tax expense	221,229	204,267
Income tax expense (recovery)	7,817,229	(2,231,733)

The components of the Company's deferred income tax liability are as follows:

	September 30, 2021	December 31, 2020
	\$	\$
Resource deductions available in perpetuity	(48,029)	(61,969)
Unrealized capital gains on investments	22,562,343	14,879,103
Non-capital loss carryforwards	(277,543)	(175,750)
Other	229	(384)
Total deferred income tax liability	22,237,000	14,641,000

As at September 30, 2021, the Company had non-capital losses of \$1,047,332 (December 31, 2020 - \$663,209) available for carryforward for tax purposes. The expiry dates of these losses are as follows:

Expiry Date	Amount
	\$
December 31, 2039	215,579
December 31, 2041	831,753
	1,047,332

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for the nine month periods ended September 30, 2021 and September 30, 2020

11. Dividends

On January 29, 2021 the Company paid a regular cash dividend of \$0.09 per share on the issued and outstanding Common and Class A Shares as at January 15, 2021 amounting to \$3,979,075. On January 31, 2020 the Company paid a regular cash dividend of \$0.08 per share on the issued and outstanding Common and Class A Shares as at January 17, 2020 amounting to \$3,958,579.

12. COVID-19

In March 2020, there was a global outbreak of COVID-19, which has had a significant impact on businesses. At this time, the extent of the impact that the COVID-19 outbreak may have on the Company is unknown as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the virus, and the duration of the outbreak, including the duration of travel restrictions, business closures, and quarantine/isolation measures that are currently, or may be put, in place by Canada, the U.S. and other countries to fight the virus. The nine month period ended September 30, 2021 and the year ended December 31, 2020 were characterized by increased uncertainty due to COVID-19. The Company is closely monitoring the current environment and assessing the impacts, if any, on its significant assumptions related to critical estimates.

13. Approval of financial statements

The financial statements were approved by the Board of Directors and authorized for issue on November 10, 2021.