



REPORT ON FINANCIAL RESULTS FOR THE YEAR ENDED DECEMBER 31, 2020

April 21, 2021 – For Immediate Release

Toronto, Ontario – Mitchell Cohen, Chief Executive Officer and President of Urbanfund Corp. (TSX-V: UFC) (“Urbanfund” or the “Company”), confirmed today that the Company has filed its financial statements for the year ended December 31, 2020 (the “Consolidated Financial Statements”) and corresponding Management’s Discussion and Analysis (“MD&A”).

BUSINESS OVERVIEW AND STRATEGY

Business Overview

Urbanfund is an Ontario corporation listed on the TSX Venture Exchange (“TSX-V”) under the symbol UFC. The Company is a reporting issuer in Alberta, British Columbia and Ontario. Urbanfund’s focus is to invest in Canadian real estate and real estate related projects with a focus on a mix of both residential and commercial properties. The Company’s assets are located in Toronto, Brampton, Belleville, Kitchener, London, Ontario, Quebec City and Montreal, Quebec and Dartmouth, Nova Scotia.

Operational Highlights

Part of Urbanfund’s strength is its ability to attract partners with proven track records with both residential and commercial development expertise. Urbanfund continues to build alliances with its strategic partners, highlights of which are set forth below:

- **10 Mic Mac Boulevard and 27 Brookdale Crescent** - On November 10, 2020, the Company acquired a 20% interest in West Mic Mac Properties Inc, with the remaining 80% interest retained by Westdale Construction Co. Limited. In turn, West Mic Mac Properties Inc. purchased 10 Mic Mac Boulevard and 27 Brookdale Crescent, Dartmouth, Nova Scotia for \$17,000,000 plus customary closing costs, funded by a \$12,700,000 mortgage and \$4,300,000 in equity contributions. This portfolio features three rental apartment buildings containing 110 suites.
- **Steeles Avenue East** – In May 2020, Urbanfund, along with its joint venture partners Takol Real Estate Inc. and 2074-2084 Steeles Avenue East Inc., purchased properties located on 2074-2080-2084 Steeles Avenue East, Brampton, Ontario. The properties were purchased for \$32,000,000 plus customary closing costs, funded by a \$24,000,000 mortgage and \$8,000,000 in equity contributions. The Company holds a 25% interest in this joint venture. The purpose of the joint venture is to develop and sell industrial condominium units upon its completion.
- **Alfred Kuehne** – In February 2020, Urbanfund sold all remaining units within the 4 Alfred Kuehne, Brampton, Ontario project and received a total distribution of \$2,874,228 which included a return of capital of \$1,800,000 and a distribution of income of \$1,074,228.
- **Bellbrook and Regal Luxury Apartment Portfolio** - In November 2019, Urbanfund invested \$2,000,000 for a 20% interest in Bellbrook Residential Inc. In turn, Bellbrook Residential Inc. purchased the Bellbrook and Regal Luxury Apartment portfolio for \$33,350,000 plus customary closing costs, funded by a \$24,000,000 mortgage and \$9,350,000 in equity contributions. The Bellbrook and Regal Luxury Apartment Portfolio represents a 3-building luxury portfolio with 145 “condo quality” units in Dartmouth, Nova Scotia.

PRESENTATION OF FINANCIAL INFORMATION AND NON-IFRS MEASURES

Presentation of Financial Information

Unless otherwise specified herein, financial results, including historical comparatives, contained in this press release are based on Urbanfund’s 2020 Annual Consolidated Financial Statements, which have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and interpretations of the IFRS Interpretations Committee (“IFRIC”). Unless otherwise specified, amounts are in Canadian dollars and percentage changes are calculated using whole numbers.

RESULTS FROM OPERATIONS

In addition to reported IFRS measures, industry practice is to evaluate real estate entities giving consideration to certain non-IFRS performance measures such as funds from operations, adjusted cash flows from operations and net operating income, as reported below. For further details, please refer to *Non-IFRS Measures*.

Selected Annual Information

Year ended December 31,	2020		2019		2018
Operating results					
Revenue	\$	5,307,631	\$	5,172,805	\$ 5,320,151
Income before taxes		9,693,629		6,759,202	5,462,709
Net income and comprehensive income		8,003,299		6,505,877	4,688,709
Per share basis, attributable to shareholders					
Basic income per share	\$	0.165	\$	0.140	\$ 0.110
Diluted income per share	\$	0.143	\$	0.120	\$ 0.090
Non-IFRS measures (i)					
FFO	\$	3,179,100	\$	2,018,111	\$ 3,183,056
ACFO		3,942,028		144,666	2,561,196
As at December 31,	2020		2019		2018
Financial position					
Total assets	\$	124,091,291	\$	92,080,829	\$ 79,259,420
Total investment properties		92,108,743		67,170,041	57,899,678
Total debt		54,548,405		31,690,190	28,238,845
Non-IFRS measures (i)					
Debt to total assets		44%		34%	36%
Debt to Adjusted EBITDA (ii)		10.27		7.82	4.14
Interest coverage ratio (ii)		4.59		3.29	4.03
Debt service ratio (ii)		2.20		1.62	2.16

(i) Represents non-IFRS measures. For definitions and basis of presentation for non-IFRS measures, refer to *Non-IFRS Measures* section below.

(ii) Calculated on a trailing twelve-month basis

Summary of Quarterly Results

For the three months ended,	Revenue	Net income attributable to shareholders	Basic income per share	Diluted income per share
December 31, 2020	\$ 1,345,118	\$ 5,098,151	\$ 0.105	\$ 0.091
September 30, 2020	1,331,319	584,436	0.012	0.010
June 30, 2020	1,277,095	566,521	0.012	0.010
March 31, 2020	1,354,099	1,754,191	0.037	0.032
December 31, 2019	1,238,328	2,439,650	0.053	0.045
September 30, 2019	1,281,917	1,669,097	0.036	0.031
June 30, 2019	1,368,674	1,548,996	0.033	0.029
March 31, 2019	1,283,886	848,134	0.018	0.016

Funds from Operations (“FFO”)

	Three months ended December 31,		Year ended December 31,	
	2020	2019	2020	2019
Net income attributable to shareholders	\$ 5,094,298	\$ 2,439,411	\$ 8,003,299	\$ 6,505,877
<i>Add back / (deduct):</i>				
Gain on disposal of marketable securities	-	-	-	(169,177)
Deferred income tax expense	1,027,000	(185,000)	1,208,000	128,000
Fair value adjustment on equity accounted investments	(794,600)	(1,581,737)	(1,029,800)	(2,483,745)
Fair value adjustment on investment properties	(5,001,458)	(43,901)	(4,993,799)	(1,953,874)
Straight-line of rental revenue	(2,200)	(2,570)	(8,600)	(8,970)
FFO	\$ 323,040	\$ 626,203	\$ 3,179,100	\$ 2,018,111
Weighted average number of shares - basic	49,271,611	45,801,122	48,468,068	46,597,337
Weighted average number of shares - diluted	56,696,611	53,226,122	55,893,068	54,022,337
FFO per share - basic	\$ 0.007	\$ 0.014	\$ 0.066	\$ 0.043
FFO per share - diluted	\$ 0.006	\$ 0.012	\$ 0.057	\$ 0.037

Adjusted Cash Flows from Operations (“ACFO”)

	Three months ended December 31,		Year ended December 31,	
	2020	2019	2020	2019
Cash provided by operating activities	\$ 431,953	\$ 1,513,260	\$ 5,597,234	\$ 2,483,709
Adjustments to working capital changes for ACFO (i)	12	(239,957)	144,794	(143,545)
Normalized capital expenditures (ii)	(600,000)	(600,000)	(1,800,000)	(1,800,000)
Non-controlling interests	-	(395,498)	-	(395,498)
ACFO	\$ (168,035)	\$ 277,805	\$ 3,942,028	\$ 144,666

(i) Includes working capital changes that based on REALpac February 2019 whitepaper, are not indicative of sustainable cash flow for distribution. Also includes income taxes not relating to operating activities, tenant deposits, and deferred financing charges.

(ii) Normalized capital expenditures are management's estimate of ongoing capital investment required to maintain the condition of the property and current rental revenues. Refer to *Non-IFRS Measures* section below.

LIQUIDITY AND CAPITAL RESOURCES

Urbanfund expects to meet all of its obligations, including dividends to shareholders, property maintenance, capital expenditures and other commitments as they become due. The Company has various financing sources to fund future acquisitions and continues to fund working capital needs from cash flows generated from operating activities. Cash flows from operating activities are dependent on the occupancy levels of our income properties.

The following table presents liquidity as a percentage of debt:

As at	December 31, 2020	December 31, 2019
Cash	\$ 6,530,044	\$ 7,331,435
Accounts receivable (i)	609,102	662,165
Marketable securities	-	-
Liquidity	\$ 7,139,146	\$ 7,993,600
Mortgages payable	54,707,015	33,412,223
Debt	\$ 54,707,015	\$ 33,412,223
Liquidity expressed as a percentage of debt	13.0%	23.9%

(i) As of the date of this MD&A, Urbanfund has collected its outstanding amounts due as at December 31, 2020 and therefore accounts receivable have been factored in Liquidity.

The Company's liquidity will be impacted by contractual commitments as outlined in Urbanfund's MD&A. Urbanfund's debt obligations can be funded by the Company's cash and cash equivalents, marketable securities and rental revenue from property operations.

DIVIDEND REINVESTMENT PLAN (“DRIP”)

On June 17, 2015, the Company adopted a dividend policy (the “Dividend Policy”) and implemented dividend reinvestment plans for the Company's common and preferred shareholders (collectively, the “DRIP”). The DRIP is a voluntary program permitting holders of our

common and preferred shares to automatically, and without charge, reinvest quarterly dividends to acquire additional common shares at a discount to the volume-weighted average market price as of the date of payment.

On June 18, 2018, Urbanfund amended its Dividend Policy to increase the annual dividend rate to \$0.02 per common share and \$0.02 per Series A preferred share, a 100% increase from the previous year, payable quarterly in the amount of \$0.005 per common share and Series A preferred share.

On June 18, 2019, Urbanfund amended its Dividend Policy to increase the annual dividend to a rate of \$0.03 per common share and \$0.03 per preferred share, representing a 50% increase from the previous year, payable quarterly in the amount of \$0.0075 per common and preferred shares.

During the year ended December 31, 2020, 2,072,513 common shares were issued pursuant to our DRIP resulting in additional equity of \$1,329,133. The average participant rate of the DRIP was 78%.

The record date for dividends is typically the last business day of each quarter and payment is approximately two weeks from the record date. The following table summarizes our quarterly distributions as at December 31, 2020:

	Payment date	Shareholders of record
2019, quarter 4 distribution	Jan. 15, 2020	Dec. 31, 2019
2020, quarter 1 distribution	Apr. 15, 2020	Mar. 31, 2020
2020, quarter 2 distribution	Jul. 15, 2020	Jun. 30, 2020
2020, quarter 3 distribution	Oct. 15, 2020	Sep. 30, 2020

NON-IFRS MEASURES

In addition to reported IFRS measures, industry practice is to evaluate real estate entities giving consideration to certain non-IFRS performance measures such as funds from operations, adjusted cash flows from operations and net operating income. Management believes that these measures are helpful to investors because they are widely recognized measures of Urbanfund's performance and provide a relevant basis of comparison to other real estate entities. In addition to IFRS results, these measures are also used internally to measure the operating performance of our property portfolio. These measures are not in accordance with IFRS and have no standardized definitions, as such, our computations of these non-IFRS measures may not be comparable to measures by other reporting issuers.

The Real Property Association of Canada ("REALpac") issued a white paper in February 2019 prescribing revised definitions for certain non-IFRS financial measures of cash flow and operating performance commonly used by the Canadian real estate industry. Urbanfund has reviewed these guidelines and adopted certain measures, where appropriate, commencing with our fourth quarter 2017 reporting.

Funds From Operations

Funds from Operations ("FFO") is a non-IFRS financial measure of operating performance widely used by the Canadian real estate industry based on a white paper published in April 2014 and subsequently revised in February 2019. In the view of management, FFO better presents operating performance over IFRS net income and comprehensive income, which does not necessarily provide a complete view on performance. IFRS's net income and comprehensive income includes items such as fair value adjustments on investment properties which are subject to market fluctuations, which is not representative of the Company's year-over-year operating performance.

FFO is computed as IFRS consolidated net income and comprehensive income attributable to Urbanfund's shareholders adjusted for items such as, but not limited to, fair value adjustments on investment properties, transaction gains and losses and fair market value adjustments on marketable securities. FFO should not be construed as an alternative to net income or cash flows provided by or used in operating activities as determined in accordance with IFRS. A reconciliation of FFO to IFRS net income is presented under *Results from Operations* section above.

Adjusted Cash Flows from Operations

In February 2019, REALpac introduced a new non-IFRS measure called Adjusted Cash Flow from Operations ("ACFO"), which is intended to measure sustainable economic cash flow available for distributions. ACFO is used by management as an input, together with FFO to assess Urbanfund's distribution payout ratios.

ACFO is computed as cash provided by or used in operating activities per IFRS plus, but not limited to, adjustments for working capital items not considered to be indicative of sustainable economic cash flows for distributions, such as changes to other assets, indirect taxes payable and income taxes payable, cash distributions from investments, realized gains or losses from available-for-sale marketable securities and deducts capital expenditures. ACFO should not be construed as an alternative to cash flows provided by or used in operating activities as determined in accordance with IFRS. A reconciliation of ACFO to IFRS cash flows from or used in operating activities is presented in the *Results from Operations* section above.

Normalized Capital Expenditures

Normalized capital expenditures are an estimate made by management of the amount of ongoing capital investment required to maintain the condition of the physical property and the current rental revenues. Management will consider a number of items in estimating normalized capital expenditures given the age and size of the property portfolio, such as a review of historical capital expenditures and a comparison of budgeted to actual expenditures on a quarterly basis.

Urbanfund does not obtain support from independent sources for normalized capital expenditures but relies on management's expertise in arriving at this estimate. Both the Chief Financial Officer and the Chief Executive Officer of the Company have extensive experience in residential and commercial real estate and in-depth knowledge of the property portfolio.

As actual capital expenditures can vary widely from quarter to quarter depending on a number of factors, management believes that normalized capital expenditures are a more relevant input than actual capital expenditures in assessing the Company's ACFO and for determining appropriate levels of dividends over time. A number of factors affect variations in capital expenditures, including, lease expiries, tenant vacancies, age and location of the properties, and market conditions.

Net Operating Income ("NOI")

NOI is a non-IFRS measure and is defined by Urbanfund as rental revenue from income properties less direct property costs such as utilities, property taxes adjusted to normalize the impact of the application requirements of *IFRIC 21*, *Levies*, repairs and maintenance, salaries, insurance, bad debt expenses, property management fees and other property specific costs. Management believes that NOI is a meaningful supplementary measure of the income generated from the Company's income properties and is used in evaluating the portfolio, as well as a key input in determining the value of the income properties.

Adjusted Earnings Before Interest, Taxes, Depreciation and Amortization ("Adjusted EBITDA")

Adjusted EBITDA is a non-IFRS measure used by management as an input in several of the debt metrics to measure Urbanfund's debt profile in assessing the ability of the Company to satisfy obligations, including servicing of our debt. Adjusted EBITDA is used as an alternative to net income because it excludes major non-cash items such as fair value adjustments to investment properties and unrealized gains or losses on available-for-sale marketable securities, interest costs, current and deferred income tax expenses and recoveries, equity accounted investments and other items that management considers to be non-operating in nature. A reconciliation of Adjusted EBITDA to IFRS net income is presented under the *Debt Profile* section of the MD&A.

Debt to Adjusted EBITDA

Debt to Adjusted EBITDA is a non-IFRS measure calculated on a trailing 12-month basis and is defined as the quarterly average total debt (net of cash and cash equivalents) divided by Adjusted EBITDA as is calculated under the *Debt Profile* section of the MD&A.

Debt Service Ratio

Debt service ratio is a non-IFRS measure calculated on a trailing 12-month basis and is defined as Adjusted EBITDA divided by the sum of total interest costs (including interest costs capitalized) and scheduled mortgage principal repayments. It measures Urbanfund's ability to meet debt obligations. The debt service ratio is calculated under the *Debt Profile* section of the MD&A.

Interest Coverage Ratio

Interest coverage ratio is a non-IFRS measure calculated on a trailing 12-month basis and is defined as Adjusted EBITDA divided by the sum of total interest costs (including interest costs capitalized) It measures Urbanfund's ability to meet interest cost obligations. The interest coverage ratio is calculated under the *Debt Profile* section of the MD&A.

FORWARD-LOOKING INFORMATION

Certain information included in this press release contains forward-looking information with the meaning of applicable Canadian securities laws. This information includes, but is not limited to, statements made in *Business Overview and Strategy*, *Results from Operations*, *Liquidity and Capital Resources*, and other statements concerning Urbanfund's objectives, its strategies to achieve those objectives, as well as statements with respect to management's beliefs, plans, estimates, and intentions, and similar statements concerning anticipated future events, results, circumstances, performance or expectations that are not historical facts. Forward-looking information generally can be identified by the use of forward-looking terminology such as "outlook", "objective", "may", "will", "would", "expect", "intend", "estimate", "anticipate", "believe", "should", "plan", "continue", or similar expressions suggesting future outcomes or events or the negative thereof. Such forward-looking information reflects management's beliefs and is based on information currently available. All forward-looking information in this press release is qualified by the following cautionary statements.

Forward-looking information necessarily involves known and unknown risks and uncertainties, which may be general or specific and which give rise to the possibility that expectations, forecasts, predictions, projections or conclusions will not prove to be accurate, assumptions may not be correct and objectives, strategic goals and priorities may not be achieved. A variety of factors, many of which

are beyond Urbanfund's control, affect the operations, performance and results of the Company and its subsidiaries, and could cause actual results to differ materially from current expectations of estimated or anticipated events or results.

A more detailed assessment of the risks that could cause actual results to materially differ from current expectations is contained in the *Risks and Uncertainties* section of Urbanfund's MD&A for the year ended December 31, 2020.

The forward-looking information included in this press release is made as of the date hereof and should not be relied upon as representing Urbanfund's views as of any date subsequent to the date hereof. Management undertakes no obligation, except as required by applicable law, to publicly update or revise any forward-looking information, whether as a result of new information, future events or otherwise.

ADDITIONAL INFORMATION

For comprehensive disclosure of Urbanfund's performance, reference should be made to the Consolidated Financial Statements and the notes thereto and the MD&A for the year ended December 31, 2020, which have been filed electronically with the Canadian securities regulators through the System for Electronic Document Analysis and Retrieval ("SEDAR") and may be accessed through the SEDAR website at www.sedar.com.

For further information, please contact:

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