



**UNAUDITED INTERIM CONDENSED
CONSOLIDATED FINANCIAL
STATEMENTS**

THREE AND NINE MONTHS ENDED
SEPTEMBER 30, 2022

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MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

To the Shareholders of Urbanfund Corp.

The accompanying unaudited interim condensed consolidated financial statements of Urbanfund Corp. (the "Company" or "Urbanfund") are the responsibility of management and have been approved by the Board of Directors of the Company.

The unaudited interim condensed consolidated financial statements have been prepared by management, on behalf of the Board of Directors, in accordance with International Financial Reporting Standards, as disclosed in the notes to the unaudited interim condensed consolidated financial statements. Where necessary, management has made informed judgments and estimates in accounting for transactions which were not complete at the consolidated balance sheets date. In the opinion of management, the consolidated financial statements have been prepared with acceptable limits of materiality and are in accordance with International Financial Reporting Standards.

Management has established systems of internal control over the financial reporting process, which are designed to provide reasonable assurance that relevant and reliable financial information is produced.

The Board of Directors is responsible for reviewing and approving the interim condensed consolidated financial statements together with other financial information of the Company and for ensuring that management fulfills its financial reporting responsibilities. An Audit Committee assists the Board of Directors in fulfilling this responsibility. The Audit Committee meets with management to review the financial reporting process and the unaudited interim condensed consolidated financial statements together with other financial information of the Company for issuance to the shareholders.

Management recognizes its responsibility for conducting the Company's affairs in compliance with the established financial standards, and applicable laws and regulations, and for maintaining proper standards of conduct for its activities.

NOTICE TO READER

Under *National Instrument 51-102, Part 4, subsection 4.3(3)(a)*, if an auditor has not performed a review of the interim condensed consolidated financial statements, they must be accompanied by a notice indicating that the interim condensed consolidated financial statements have not been reviewed by an independent auditor. The accompanying unaudited interim condensed consolidated financial statements of Urbanfund have been prepared by and are the responsibility of management.

Urbanfund's independent auditor has not performed a review of these unaudited interim condensed consolidated financial statements in accordance with the standards established by the Chartered Professional Accountants of Canada.

Mitchell Cohen
President, Chief Executive Officer and Director

Thomas Kofman
Director

Toronto, Ontario
November 25, 2022

URBANFUND CORP.
INTERIM CONDENSED CONSOLIDATED BALANCE SHEETS
(In Canadian dollars)
(Unaudited)

As at	Note	September 30, 2022	December 31, 2021
Assets			
Investment properties	4	\$ 102,655,000	\$ 101,537,000
Equity accounted investments	5	22,024,430	20,733,430
Inventory properties	7	19,871,335	9,288,182
Income taxes recoverable		318,340	660,768
Receivables and other assets	8	1,326,352	1,886,158
Cash		5,803,907	10,367,437
Total assets		\$ 151,999,364	\$ 144,472,975
Liabilities			
Mortgages payable	9	\$ 72,467,162	\$ 65,777,147
Deferred tax liabilities		9,311,000	8,660,000
Tenant deposits		446,372	455,191
Accounts payable and accrued liabilities		1,302,728	1,867,634
Total liabilities		83,527,262	76,759,972
Equity			
Common shares		15,192,156	14,599,517
Preferred shares		1,113,750	1,113,750
Retained earnings		50,801,829	50,761,042
Total shareholders' equity		67,107,735	66,474,309
Non-controlling interests		1,364,367	1,238,694
Total equity		68,472,102	67,713,003
Total liabilities and equity		\$ 151,999,364	\$ 144,472,975
Contingencies and commitments	20		
Subsequent event	21		

Approved by the Board of Directors:

Mitchell Cohen
Director

Thomas Kofman
Director

The accompanying notes are an integral part of the interim condensed consolidated financial statements.

URBANFUND CORP.

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME

(In Canadian dollars)
(Unaudited)

	Note	Three months ended September 30		Nine months ended September 30	
		2022	2021	2022	2021
Operating income					
Rental revenue	12	\$ 2,179,616	\$ 1,626,044	\$ 6,317,149	\$ 4,608,068
Rental expenses		902,767	603,954	2,730,252	2,230,308
		1,276,849	1,022,090	3,586,897	2,377,760
Other income					
Income from equity accounted investments	5	452,000	126,000	1,291,000	1,143,000
Interest income		25,115	6,912	44,647	19,876
Fair value adjustment on investment properties	4	(24,348)	2,279,202	137,818	4,262,619
		452,767	2,412,114	1,473,465	5,425,495
Other expenses					
Financing costs		656,258	481,930	1,808,874	1,220,429
General and administrative costs		85,397	199,156	279,370	349,599
		741,655	681,086	2,088,244	1,570,028
Income before taxes					
		987,961	2,753,118	2,972,118	6,233,227
Current income tax expense (recovery)		(18,000)	(130,000)	(50,000)	(390,000)
Deferred income tax expense		181,000	542,000	651,000	1,421,000
		163,000	412,000	601,000	1,031,000
Net income and comprehensive income		\$ 824,961	\$ 2,341,118	\$ 2,371,118	\$ 5,202,227
Net income attributable to:					
Shareholders		\$ 735,796	\$ 2,297,573	\$ 2,245,445	\$ 5,041,515
Non-controlling interests		89,165	43,545	125,673	160,712
		\$ 824,961	\$ 2,341,118	\$ 2,371,118	\$ 5,202,227
Net income per share attributable to shareholders:					
Basic income per share	10	\$ 0.014	\$ 0.045	\$ 0.044	\$ 0.100
Diluted income per share	10	\$ 0.012	\$ 0.040	\$ 0.038	\$ 0.087

The accompanying notes are an integral part of the interim condensed consolidated financial statements.

URBANFUND CORP.
INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(In Canadian dollars)
(Unaudited)

	Note	Common equity		Preferred equity		Retained earnings	Non-controlling interests	Total equity
		Number of shares	Share capital	Number of shares	Share capital			
Balance, December 31, 2020		49,352,905	\$ 13,194,933	7,425,000	\$ 1,113,750	\$ 43,065,597	\$ 866,356	\$ 58,240,636
Changes during the period								
Net income and comprehensive income for the period		-	-	-	-	5,041,515	160,712	5,202,227
Dividends paid	11,18	-	-	-	-	(362,848)	-	(362,848)
Add: prior period dividends payable		-	-	-	-	425,834	-	425,834
Less: current period dividends payable		-	-	-	-	(728,044)	-	(728,044)
Dividend reinvestment plan	11	1,465,583	1,214,257	-	-	(1,214,257)	-	-
Balance, September 30, 2021		50,818,488	\$ 14,409,190	7,425,000	\$ 1,113,750	\$ 46,227,797	\$ 1,027,068	\$ 62,777,805
	Note	Common equity Number of shares	Share capital	Preferred equity Number of shares	Share capital	Retained earnings	Non-controlling interests	Total equity
Balance, December 31, 2021		50,988,415	\$ 14,599,517	7,425,000	\$ 1,113,750	\$ 50,761,042	\$ 1,238,694	\$ 67,713,003
Changes during the period								
Net income and comprehensive income for the period		-	-	-	-	2,245,445	125,673	2,371,118
Dividends paid	11,18	-	-	-	-	(1,604,564)	-	(1,604,564)
Add: prior year dividends payable	11	-	-	-	-	730,168	-	730,168
Less: current period dividends payable	11	-	-	-	-	(737,623)	-	(737,623)
Dividend reinvestment plan	11	596,449	592,639	-	-	(592,639)	-	-
Balance, September 30 2022		51,584,864	\$ 15,192,156	7,425,000	\$ 1,113,750	\$ 50,801,829	\$ 1,364,367	\$ 68,472,102

The accompanying notes are an integral part of the interim condensed consolidated financial statements.

URBANFUND CORP.
INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Canadian dollars)
(Unaudited)

	Note	Three months ended September 30		Nine months ended September 30	
		2022	2021	2022	2021
Operating activities					
Net income and comprehensive income		\$ 824,961	\$ 2,341,118	\$ 2,371,118	\$ 5,202,227
<i>Items not affecting cash:</i>					
Income from equity accounted investments	5	(452,000)	(126,000)	(1,291,000)	(1,143,000)
Interest income	18	(25,115)	(6,912)	(44,647)	(19,876)
Fair value adjustment on investment properties	4	24,348	(2,279,202)	(137,818)	(4,262,619)
Acquisition of inventory properties	7	-	-	(9,370,000)	-
Financing of inventory properties	9,18	-	-	7,027,500	-
Deferred income tax expense		181,000	542,000	651,000	1,421,000
Adjustments for other non-cash working capital items	19	(60,704)	(463,064)	365,701	(3,760,915)
Cash provided by (used in) operating activities		492,490	7,940	(428,146)	(2,563,183)
Investing activities					
Capital expenditures on income properties	4	(287,348)	(252,798)	(980,182)	(3,601,638)
Construction expenditures to inventory properties	7	(334,091)	(26,856)	(1,213,153)	(586,438)
Contributions to equity accounted investment	5	-	-	-	(20)
Distributions from equity accounted investment	5	-	-	-	500,000
Cash used in investing activities		(621,439)	(279,654)	(2,193,335)	(3,688,096)
Financing activities					
Proceeds from mortgage financing	18	669,605	221,423	860,977	32,060,681
Repayments of mortgage principal	18	(401,644)	(359,154)	(1,198,462)	(24,963,404)
Dividends paid	18	(533,727)	(216,220)	(1,604,564)	(362,848)
Cash used in financing activities		(265,766)	(353,951)	(1,942,049)	6,734,429
Net change in cash		(394,715)	(625,665)	(4,563,530)	483,150
Cash, beginning of period		6,198,622	7,638,859	10,367,437	6,530,044
Cash, end of period		\$ 5,803,907	\$ 7,013,194	\$ 5,803,907	\$ 7,013,194

Supplemental cash flow information 18

The accompanying notes are an integral part of the interim condensed consolidated financial statements.

URBANFUND CORP.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2022 AND 2021

(In Canadian dollars)
(Unaudited)

1. GENERAL INFORMATION

Urbanfund Corp. and its consolidated subsidiaries (collectively, "Urbanfund" or the "Company") own, develop and operate a real estate portfolio focused on a mix of both residential and commercial properties. Urbanfund also actively focuses on identifying real estate related projects. The parent company, Urbanfund Corp., was incorporated on February 4, 1997, pursuant to the provisions of the Business Corporations Act of Alberta. In 2003, the Company filed articles of continuance, allowing operations to continue under the laws of the Province of Ontario, Canada. The Company's corporate headquarters and registered head office are located at 35 Lesmill Road, Toronto, Ontario, Canada, M3B 2T3.

Urbanfund's common shares are listed on the TSX Venture Exchange ("TSX-V") under the symbol UFC.

2. BASIS OF PREPARATION

(a) Statement of compliance

Urbanfund's interim condensed consolidated financial statements have been prepared in accordance with IAS 34, *Interim Financial Reporting* as issued by the International Accounting Standards Board (IASB). Under International Financial Reporting Standards (IFRS), additional disclosures are required in annual financial statements, and therefore, these unaudited interim condensed consolidated financial statements should be read in conjunction with the notes to the Company's audited consolidated financial statements for the years ended December 31, 2021 and 2020.

These interim condensed consolidated financial statements were authorized for issuance by the Board of Directors on November 25, 2022.

(b) Basis of presentation

The interim condensed consolidated financial statements are prepared on a going concern basis using the historical cost method modified to include fair value measurement of investment properties (note 4), as set out in the relevant accounting policies. The accounting policies set out below have been applied consistently in all material respects.

(c) Significant judgments, estimates and assumptions

The preparation of Urbanfund's interim condensed consolidated financial statements require management to make judgments, estimates and assumptions that effect the amounts reported. In the process of applying Urbanfund's accounting policies, management was required to apply judgment in certain areas. Estimates and assumptions made by management are based on events and circumstances that existed at the interim condensed consolidated balance sheet date. Accordingly, actual results may differ from these estimates.

On March 11, 2020, the World Health Organization declared COVID-19 a global pandemic. The duration and impact of the COVID-19 pandemic on the Company is unknown at this time. As such, it is not possible to reliably estimate the length and severity of COVID-19 related impacts on the financial results and operations of the Company. Any estimates are therefore subject to significant uncertainty, and may materially and adversely affect the Company's operation and financial results.

In light of the COVID-19 pandemic, management has made judgements in determining the valuation inputs used in its internal valuation model to measure fair value of investment properties. The carrying value for the Company's investment properties reflects its best estimate for the highest and best use as at September 30, 2022.

The significant judgments, estimates and assumptions in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Company's annual consolidated financial statements for the years ended December 31, 2021 and 2020.

3. SIGNIFICANT ACCOUNTING POLICIES

The interim condensed consolidated financial statements have been prepared using the same accounting policies and methods as those used in the consolidated financial statements for the year ended December 31, 2021.

URBANFUND CORP.
NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2022 AND 2021

(In Canadian dollars)
(Unaudited)

4. INVESTMENT PROPERTIES

As at,	September 30, 2022	December 31, 2021
Income properties	\$ 102,655,000	\$ 101,537,000
	\$ 102,655,000	\$ 101,537,000

	Income properties	Properties under development	Total
Balance, January 1, 2022	\$ 101,537,000	\$ -	\$ 101,537,000
Capital expenditures	980,182	-	980,182
Fair value adjustment on investment properties	137,818	-	137,818
Balance, September 30 2022	\$ 102,655,000	\$ -	\$ 102,655,000

	Income properties	Properties under development	Total
Balance, January 1, 2021	\$ 61,074,000	\$ 31,034,743	\$ 92,108,743
Capital expenditures	3,796,871	-	3,796,871
Transfer to income properties	31,034,743	(31,034,743)	-
Fair value adjustment on investment properties	5,631,386	-	5,631,386
Balance, December 31, 2021	\$ 101,537,000	\$ -	\$ 101,537,000

Valuation methodology

As highlighted in note 14, the fair value methodology of the Company's income properties use inputs that are considered Level 3 because of significant unobservable inputs are required to determine fair value.

As at September 30, 2022 and December 31, 2021, the capitalization rates used in valuing the commercial and residential properties are set out as follows:

	September 30, 2022			December 31, 2021		
	Minimum	Maximum	Average	Minimum	Maximum	Average
Commercial properties	5.75%	7.75%	5.80%	5.75%	7.75%	5.80%
Residential properties	3.50%	5.25%	3.86%	3.50%	5.25%	3.87%

Sensitivity

The following table is a sensitivity applied to the proportion of the Company's investment properties measured using the direct capitalization approach and therefore is sensitive to the changes in capitalization rates.

	Stabilized NOI -1%	Stabilized NOI as reported	Stabilized NOI +1%
As at September 30, 2022			
Capitalization rate, decrease, 0.25%	\$ 5,569,700	\$ 6,663,600	\$ 7,757,200
Capitalization rate, as reported	(1,027,200)	-	1,025,200
Capitalization rate, increase, 0.25%	(6,844,800)	(5,877,200)	(4,909,900)
As at December 31, 2021			
Capitalization rate, decrease, 0.25%	\$ 5,496,400	\$ 6,576,700	\$ 7,658,800
Capitalization rate, as reported	(1,017,300)	-	1,013,500
Capitalization rate, increase, 0.25%	(6,761,300)	(5,805,000)	(4,846,500)

URBANFUND CORP.
NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2022 AND 2021

(In Canadian dollars)
(Unaudited)

5. EQUITY ACCOUNTED INVESTMENTS

The following details the Company's ownership in its equity accounted investments:

As at,		September 30, 2022	December 31, 2021
Equity investees	Principal activity		
Highfield Park Residential Inc. (" <i>Highfield</i> ")	Owns and operates investment properties	20%	20%
Bellbrook Residential Inc. (" <i>Bellbrook</i> ")	Owns and operates investment properties	20%	20%
West Mic Mac Properties Inc. (" <i>Mic Mac</i> ")	Owns and operates investment properties	20%	20%

The following table shows the changes in the aggregate carrying value of Urbanfund's equity accounted investment:

As at,	September 30,				December 31,			
	Highfield	Bellbrook	Mic Mac	2022 Total	Highfield	Bellbrook	Mic Mac	2021 Total
Balance, beginning of period	\$ 16,916,410	\$ 2,680,000	\$ 1,137,020	\$ 20,733,430	\$ 12,551,410	\$ 2,026,000	\$ 1,026,000	\$ 15,603,410
Contributions (Distributions)	-	-	-	-	(500,000)	-	20	(499,980)
Share of net income (loss)	1,164,000	49,000	78,000	1,291,000	4,865,000	654,000	111,000	5,630,000
Balance, end of period	\$ 18,080,410	\$ 2,729,000	\$ 1,215,020	\$ 22,024,430	\$ 16,916,410	\$ 2,680,000	\$ 1,137,020	\$ 20,733,430

The following tables presents the financial position of Urbanfund's equity accounted investees on a 100% basis:

As at,	September 30,				December 31,			
	Highfield	Bellbrook	Mic Mac	2022 Total	Highfield	Bellbrook	Mic Mac	2021 Total
Current assets	\$ 5,176,487	\$ 666,034	\$ 1,047,569	\$ 6,890,090	\$ 3,692,702	\$ 610,858	\$ 878,354	\$ 5,181,914
Non-current assets	155,940,001	35,740,000	17,000,001	208,680,002	152,660,000	36,060,000	17,000,001	205,720,001
Current liabilities	(2,548,831)	(393,175)	(231,612)	(3,173,618)	(4,150,481)	(1,034,862)	(546,791)	(5,732,134)
Non-current liabilities	(68,165,609)	(22,367,857)	(11,740,859)	(102,274,325)	(67,620,172)	(22,235,998)	(11,646,466)	(101,502,636)
Net assets	\$ 90,402,048	\$ 13,645,002	\$ 6,075,099	\$ 110,122,149	\$ 84,582,049	\$ 13,399,998	\$ 5,685,098	\$ 103,667,145
Urbanfund's interest	\$ 18,080,410	\$ 2,729,000	\$ 1,215,020	\$ 22,024,430	\$ 16,916,410	\$ 2,680,000	\$ 1,137,020	\$ 20,733,430

Three months ended September 30,	Highfield	Bellbrook	Mic Mac	2022 Total	Highfield	Bellbrook	Mic Mac	2021 Total
Revenue	\$ 3,595,000	\$ 654,000	\$ 388,000	\$ 4,637,000	\$ 3,476,000	\$ 632,000	\$ 373,000	\$ 4,481,000
Operating expenses	(1,769,000)	(221,000)	(113,000)	(2,103,000)	(1,875,000)	(235,000)	(125,000)	(2,235,000)
Interest expense	(631,000)	(146,000)	(59,000)	(836,000)	(671,000)	(151,000)	(67,000)	(889,000)
Fair value adjustment on investment properties	660,000	(44,000)	(56,000)	560,000	(1,210,000)	484,000	(1,000)	(727,000)
Net income (loss)	\$ 1,855,000	\$ 243,000	\$ 160,000	\$ 2,258,000	\$ (280,000)	\$ 730,000	\$ 180,000	\$ 630,000
Income from equity accounted investments	\$ 371,000	\$ 49,000	\$ 32,000	\$ 452,000	\$ (56,000)	\$ 146,000	\$ 36,000	\$ 126,000

Nine months ended September 30	Highfield	Bellbrook	Mic Mac	2022 Total	Highfield	Bellbrook	Mic Mac	2021 Total
Revenue	\$ 10,584,000	\$ 1,952,000	\$ 1,149,000	\$ 13,785,000	\$ 10,316,000	\$ 1,882,000	\$ 1,086,000	\$ 13,284,000
Operating expenses	(5,557,000)	(838,000)	(501,000)	(6,896,000)	(5,154,000)	(740,000)	(435,000)	(6,329,000)
Interest expense	(1,920,000)	(445,000)	(188,000)	(2,553,000)	(2,002,000)	(457,000)	(202,000)	(2,661,000)
Fair value adjustment on investment properties	2,615,000	(424,000)	(70,000)	2,121,000	385,000	1,040,000	(4,000)	1,421,000
Net income (loss)	\$ 5,822,000	\$ 245,000	\$ 390,000	\$ 6,457,000	\$ 3,545,000	\$ 1,725,000	\$ 445,000	\$ 5,715,000
Income from equity accounted investments	\$ 1,164,000	\$ 49,000	\$ 78,000	\$ 1,291,000	\$ 709,000	\$ 345,000	\$ 89,000	\$ 1,143,000

6. INVESTMENT IN REAL ESTATE PROJECT

In September 2009, the Company invested \$2,000,000 in a 10% interest in a private partnership, which in turn acquired a 33.3% interest in the One Bloor Street East, Toronto, Ontario real estate project. Throughout the course of investment, the Company's capital contribution of \$2,000,000 has been fully returned, and an additional profit distribution of \$4,616,667 has been received to date.

7. INVENTORY PROPERTIES

In January 2022, the Company, together with Takol Real Estate Inc. and two private real estate investors, formed a joint venture which acquired an industrial complex located at 67-69 Westmore Drive, Etobicoke, Ontario. The purchase price was \$23,425,000 plus customary closing costs, funded by a \$17,568,750 mortgage and \$5,856,250 in equity contributions. The joint venture intends to renovate, change to condominium title and sell units in the complex. Urbanfund holds a 40% interest in this joint venture.

URBANFUND CORP.
NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2022 AND 2021

(In Canadian dollars)
(Unaudited)

In May 2020, the Company, together with Takol Real Estate Inc. and 2074-84 Steeles Avenue East Inc., formed a joint venture which acquired an industrial complex located at 2074, 2080 and 2084 Steeles Avenue East, Brampton, Ontario. The purchase price was \$32,000,000 plus customary closing costs, funded by a \$24,000,000 mortgage and \$8,000,000 in equity contributions. Urbanfund holds a 25% interest in this joint venture. All units in this complex have been sold with closings happening in the fourth quarter of 2022.

The following table shows the changes in the aggregate carrying value of Urbanfund's inventory property:

As at,	September 30, 2022	December 31, 2021
Balance, beginning of period	\$ 9,288,182	\$ 8,336,226
Acquisition of inventory property	9,370,000	-
Development expenditures	1,213,153	951,956
Balance, end of period	\$ 19,871,335	\$ 9,288,182

8. RECEIVABLES AND OTHER ASSETS

The following table details Urbanfund's receivables and other assets:

As at	Note	September 30, 2022	December 31, 2021
Accounts receivable		\$ 443,681	\$ 369,749
Refundable deposits		152,495	1,089,985
Investment in private company (2,083,333 common shares)		250,000	250,000
Amounts receivable	13	128,087	128,087
Prepaid expenses		352,089	48,337
		\$ 1,326,352	\$ 1,886,158

9. MORTGAGES PAYABLE

As at	September 30, 2022	December 31, 2021
Current	\$ 12,885,057	\$ 10,384,033
Non-current	59,582,105	55,393,114
	\$ 72,467,162	\$ 65,777,147

Mortgages payable are secured by investment properties and bear interest at various fixed rates with payment terms either monthly blended principal and interest payments ("MBPI") or interest only ("IO").

As at				September 30, 2022	December 31, 2021
Property name(s)	Payment Terms	Maturity Date	Interest Rate		
Quebec Headway, Assumed Mortgages	MBPI	(i)	(i)	\$ 5,857,439	\$ 6,027,244
305 North Front Centre	MBPI	October 5, 2022 (iii)	3.95%	8,852,880	9,067,063
Quebec Headway, Vendor Take Back	MBPI	May 1, 2023	4.50%	1,971,803	2,078,346
476-480 Wonderland Road	MBPI	June 5, 2023	4.35%	930,424	979,614
2074, 2080, 2084 Steeles Avenue East	IO	June 30, 2023	Prime + 1.25%	6,000,000	6,000,000
2074, 2080, 2084 Steeles Avenue East	IO	May 12, 2024	Prime + 1.25%	1,045,493	850,668
67-69 Westmore Drive	IO	January 20, 2025	Prime + 1.25%	7,027,500	-
67-69 Westmore Drive	IO	July 18, 2025	Prime + 1.25%	658,241	-
3080-3094 Don Mills & 200 Van Horne	MBPI	March 1, 2025	2.52%	9,400,461	9,716,786
63 Scott Street (ii)	MBPI	March 1, 2031	2.65%	30,848,965	31,191,381
Mortgages payable				\$ 72,593,206	\$ 65,911,102
Less: Unamortized mortgage financing costs				(126,044)	(133,955)
				\$ 72,467,162	\$ 65,777,147

- (i) Quebec Headway assumed mortgages payable are made up of 8 mortgages outstanding on the income properties of Quebec Headway. The weighted average remaining life is 3.77 years (December 31, 2021 - 4.51 years) and bear a weighted average interest rate of 2.62% (December 31, 2021 - 2.61%).
- (ii) Lands on 51,55,59 Scott Street and 59,61,65 Weber Street were amalgamated to develop a residential building subsequently renamed as 63 Scott Street.
- (iii) The Company is in negotiation with the bank to renew the mortgage. The original rates and terms are being honored at the present time.

URBANFUND CORP.
NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2022 AND 2021

(In Canadian dollars)
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Minimum principal payments over the following years are as follows:

2022 (remainder of year)	\$	9,185,590
2023		9,986,441
2024		2,925,788
2025		16,779,780
2026		4,940,051
Thereafter		28,775,556
		72,593,206
Unamortized mortgage financing costs		(126,044)
	\$	72,467,162

10. EQUITY

Basic and diluted income per share has been calculated as follows:

	Three months ended September 30		Nine months ended September 30	
	2022	2021	2022	2021
Basic income per share				
Net income attributable to shareholders	\$ 735,796	\$ 2,297,573	\$ 2,245,445	\$ 5,041,515
Weighted average common shares outstanding	51,548,762	50,738,008	51,333,505	50,259,890
Basic income per share	\$ 0.014	\$ 0.045	\$ 0.044	\$ 0.100
Diluted income per share				
Net income attributable to shareholders	\$ 735,796	\$ 2,297,573	\$ 2,245,445	\$ 5,041,515
Weighted average common shares outstanding	51,548,762	50,738,008	51,333,505	50,259,890
Dilutive effect of preferred shares ⁽ⁱ⁾	7,425,000	7,425,000	7,425,000	7,425,000
Weighted average common shares outstanding, diluted	58,973,762	58,163,008	58,758,505	57,684,890
Diluted income per share	\$ 0.012	\$ 0.040	\$ 0.038	\$ 0.087

(i) First preferred, Series A Shares

11. DIVIDENDS PAID AND DIVIDEND REINVESTMENT PLAN

On June 17, 2015, Urbanfund adopted a dividend policy (the "Dividend Policy") and implemented a dividend reinvestment plan for the holders of common shares and Series A preferred shares (collectively, the "DRIP"). The DRIP is a voluntary program permitting holders of Series A, first preferred shares and common shares to automatically and without charge, reinvest dividends into additional common shares at a specified discount to the volume-weighted average market price calculated as the date of payment.

On June 22, 2021, Urbanfund amended its Dividend Policy to increase the annual dividend rate to \$0.05 per common share and \$0.05 per Series A preferred share, or 67% increase from the previous year, payable quarterly in the amount of \$0.0125 per common share and Series A preferred share.

For the nine months ended September 30, 2022, Urbanfund issued 596,449 common shares valued at \$592,639 to participants enrolled in the DRIP (September 30, 2021 – 1,465,583 and \$1,214,257). For the nine months ended September 30, 2022, total cash dividends paid during the period was \$1,604,564 (September 30, 2021 - \$362,848). As at September 30, 2022, dividends payable was \$737,623 (December 31, 2021 - \$730,168).

12. RENTAL REVENUE

	Three months ended September 30		Nine months ended September 30	
	2022	2021	2022	2021
Base rent	\$ 1,880,983	\$ 1,382,685	\$ 5,412,945	\$ 3,766,404
Realty tax recoveries	91,238	89,839	271,544	271,213
Common area maintenance recoveries	161,960	108,918	469,155	369,197
Percentage rent	1,199	3,599	48,479	62,494
Miscellaneous revenue	44,236	41,003	115,026	138,760
	\$ 2,179,616	\$ 1,626,044	\$ 6,317,149	\$ 4,608,068

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As a result of adopting IFRS 15, *Revenue from Contracts with Customers*, the following tables provide additional disclosures of the Company's other revenue streams.

Revenue from Contracts with Customers

	Three months ended September 30		Nine months ended September 30	
	2022	2021	2022	2021
Common area maintenance recoveries	161,960	108,918	469,155	369,197
Parking revenue	24,507	20,337	73,332	45,969
	\$ 186,467	\$ 129,255	\$ 542,487	\$ 415,166

13. RELATED PARTY BALANCES AND TRANSACTIONS

Included in amounts receivable within receivables and other assets (note 8) is \$128,087 (December 31, 2021 - \$128,087) of amounts due from a corporation that is also a shareholder of the Company. For the nine months ended September 30, 2022, Urbanfund issued dividends of \$1,242,669 (September 30, 2021 - \$877,155) to this shareholder.

Urbanfund is also contracted to this shareholder for property management fees and cost reimbursements as follows:

As at	September 30, 2022	December 31, 2021
<i>Property management fees, included in:</i>		
Accounts payable and accrued liabilities	\$ 27,988	\$ 54,126
<i>Management cost reimbursements, included in:</i>		
Accounts payable and accrued liabilities	\$ 47,430	\$ 53,611

	Three months ended September 30		Nine months ended September 30	
	2022	2021	2022	2021
<i>Property management fees, included in:</i>				
Rental expenses	\$ 27,993	\$ 26,985	\$ 84,237	\$ 81,922
Income from equity accounted investments, net	31,926	30,872	94,919	90,409
<i>Management cost reimbursements, included in:</i>				
Rental expenses	\$ 54,563	\$ 47,603	\$ 158,718	\$ 146,640
Income from equity accounted investments, net	65,684	61,877	169,088	162,961

The marketable securities owned by Urbanfund are held at a brokerage that is partially owned, directly or indirectly, by common shareholders who are also directors of the Company. At September 30, 2022, there was \$22,679 (December 31, 2021 - \$22,679) in cash held by the brokerage.

There has been no compensation paid to key management personnel during the three and nine months ended September 30, 2022 and 2021.

14. FAIR VALUE MEASUREMENT

The fair value hierarchy of assets and liabilities measured at fair value on a recurring basis in the interim condensed consolidated balance sheets are as follows:

As at	Note	September 30, 2022			December 31, 2021		
		Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
<i>Assets measured at fair value:</i>							
Income properties	4	-	-	102,655,000	-	-	101,537,000
Total assets measured at fair value		\$ -	\$ -	\$ 102,655,000	\$ -	\$ -	\$ 101,537,000

For assets measured at fair value as at September 30, 2022 and December 31, 2021, there were no transfers between Level 1, Level 2 and Level 3.

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Receivables and other assets, tenant deposits, accounts payable and accrued liabilities

The carrying value of receivables and other assets, tenant deposits, accounts payable and accrued liabilities are considered to be representative of their fair values due to their short-term nature.

Investment in private company

The fair value of the investment in private company included in receivables and other assets (note 8) are not reasonably determinable, as there is no active market for the investments, therefore are recorded at cost.

Mortgages payable

The fair value of the mortgages payable are Level 2 and approximate \$71,213,000 (December 31, 2021 - \$64,223,000) based on the interest rates obtainable for similar financial instruments in the current market place.

15. RISK MANAGEMENT

Financial risk management objectives and policies

The Company's activity exposes it to a variety of financial risks, including interest rate risk, credit risk and liquidity risk. These financial risks are managed by the Company under policies approved by the Board of Directors. The principal financial risks are actively managed by the Company's finance department, within Board approved policies and guidelines. On an ongoing basis, the finance department actively monitors market conditions with a view to minimizing the exposure of the Company to changing market factors, while at the same time limiting the funding costs of the Company.

On March 11, 2020, the World Health Organization declared COVID-19 a global pandemic. The duration and impact of the COVID-19 pandemic on the Company is unknown at this time but has resulted in the federal and provincial governments enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to business globally resulting in an economic slowdown. Uncertain economic conditions resulting from the COVID-19 outbreak may, in the short or long term, materially adversely impact: the Company's tenants, and their ability to pay rent (credit risk); and/or the debt and equity market and Company's ability to access debt and/or capital on acceptable terms, or at all (liquidity risk), all of which could materially adversely affect the Company's operations and financial performance.

Interest rate risk

Urbanfund is exposed to interest rate risks on its borrowings and could be adversely affected if it were unable to obtain cost-effective financing. The Company's debt is financed at fixed and variable rates with maturities staggered over a number of years, thereby mitigating its exposure to changes in interest rates and financing risks. A change in the interest rate by 1% would result in an increase or decrease in the fair value of mortgages by \$464,514 (December 31, 2021 - \$561,274).

Credit risk

Credit risk arises from the possibility that Urbanfund's tenants may experience financial difficulty and be unable to fulfil their lease commitments. The Company mitigates this risk of credit loss by diversifying its tenant mix and by limiting its exposure to any one tenant. In addition, the Company obtains security deposits from tenants. The Company mitigates its exposure to credit loss by placing its cash and short-term investments with major financial institutions.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulties in meeting its financial liability obligations as they become due. The Company has a planning and budgeting process in place to help determine the funds required to support the Company's normal operating requirements on an ongoing basis.

Since inception, the Company has financed its cash requirements primarily through issuances of securities, short-term borrowings and issuances of long-term debt. The Company controls liquidity risk through management of working capital, cash flows and the availability and sourcing of financing. Financial liabilities are due as follows:

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	Note	< 1 year	1-2 years	3-5 years	>5 years
Accounts payable and accrued liabilities		\$ 1,302,728	\$ -	\$ -	\$ -
Mortgages payable	9	9,185,590	9,986,441	24,645,619	28,775,556

16. CAPITAL MANAGEMENT

Urbanfund defines capital as its equity. The Company's objective when managing capital is: (i) to safeguard the ability to continue as a going concern, so that it can continue to provide returns to shareholders and benefits to other stakeholders; and (ii) to provide adequate return to shareholders by obtaining an appropriate amount of debt commensurate with the level of risk, to reduce after-tax cost of capital.

The Company sets the amount of capital in proportion to the risk. Urbanfund manages capital structure and makes adjustments in light of changes in economic conditions and the characteristic risk of underlying assets. In order to maintain or adjust capital structure, the Company may repurchase shares, return capital to shareholders, issue new shares or sell assets to reduce debt. Urbanfund's objective is met by retaining adequate liquidity to provide for the possibility that cash flows from assets will not be sufficient to meet future cash flow requirements. There have been no changes to the Company's capital management policies during the three and nine months ended September 30, 2022 and 2021.

17. SEGMENTED INFORMATION

Urbanfund, primarily owns, develops, manages and operates residential and commercial sector properties in Canada. In measuring its performance of its residential and commercial properties, the Company does not distinguish or group its operations on a geographical or any other basis and, accordingly has a single reportable operating segment. Management has applied judgment by aggregating its operating segments into one single reportable segment for disclosure purposes. Such judgment considers the nature of property operations, tenant mix and an expectation that operating segments within a reportable segment have similar long-term economic characteristics. The Company's Chief Executive Officer is the chief operating decision maker and regularly reviews Urbanfund's operations and performance on a consolidated basis. Urbanfund does not have any single major tenant or any significant groups of tenants.

18. SUPPLEMENTAL CASH FLOW INFORMATION

	Three months ended September 30		Nine months ended September 30	
	2022	2021	2022	2021
Interest received	\$ 25,115	\$ 6,912	\$ 44,647	\$ 19,876
Interest paid	(641,916)	(469,657)	(1,766,017)	(1,186,244)
Dividends paid:				
Dividends declared during the period	\$ (534,440)	(537,717)	\$ (1,601,309)	(827,421)
Dividends declared in the prior period, paid in the current period	(533,727)	(216,220)	(537,695)	(73,144)
Dividends declared in the current year paid in next period	534,440	537,717	534,440	537,717
Dividends paid	\$ (533,727)	\$ (216,220)	\$ (1,604,564)	\$ (362,848)

The following provides a reconciliation of cash flows arising from financing activities relating to mortgages payable:

	Three months ended September 30		Nine months ended September 30	
	2022	2021	2022	2021
Balance, beginning of period	\$ 72,336,609	\$ 61,922,150	\$ 65,911,102	\$ 54,707,015
Cash flows				
Proceeds from mortgage financing	669,605	221,423	860,977	32,060,681
Proceeds from financing of inventory properties	-	-	7,027,500	-
Repayments of mortgage principals	(401,644)	(359,154)	(1,198,462)	(24,963,404)
Non-cash changes:				
Deferred financing costs	(11,364)	(9,277)	(7,911)	(29,150)
Balance, end of period	\$ 72,593,206	\$ 61,775,142	\$ 72,593,206	\$ 61,775,142

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19. ADJUSTMENTS FOR OTHER NON-CASH WORKING CAPITAL ITEMS

	Three months ended September 30		Nine months ended September 30	
	2022	2021	2022	2021
Receivables and other assets	\$ (83,637)	\$ (93,113)	\$ 559,806	\$ (18,445)
Accounts payable and accrued liabilities	(384,256)	(316,568)	(572,361)	(2,938,374)
Income taxes	374,428	(144,259)	342,428	(1,014,351)
Tenant deposits	7,646	83,964	(8,819)	190,379
Deferred financing costs and other	25,115	6,912	44,647	19,876
Net change in other working capital items	\$ (60,704)	\$ (463,064)	\$ 365,701	\$ (3,760,915)

20. CONTINGENCIES AND COMMITMENTS

The Company may have various other contractual obligations in the normal course of operations with tenants, suppliers and former employees. The Company is not contingently liable with respect to litigation, claims and environmental matters, including those that could result in mandatory damages or other relief. Any expected settlement of claims in excess of amounts recorded will be charged to the interim condensed consolidated statements of income and comprehensive income as and when such determination is made. Management believes that adequate provisions have been recorded in the accounts where required.

21. SUBSEQUENT EVENT

In November 2022, Urbanfund, along with its joint venture partners, completed the sale of 27 units within the industrial complex located at 2074, 2080 and 2084 Steeles Avenue East and received a total distribution of \$3,375,000, representing a return of capital of \$2,375,000 and the Company's first profit distribution of \$1,000,000.