



MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2024

URBANFUND CORP.
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FOR THE YEAR ENDED DECEMBER 31, 2024

PROPERTY PORTFOLIO	Accounting treatment under IFRS	Ownership Interest (%)	Site Size (sq. ft.)	Total Suites (#)
ONTARIO				
<u>Residential</u>				
3080-3094 Don Mills Road & 200 Van Horne Avenue, Toronto	Wholly-owned	100%	200,812	84
63 Scott Street, Kitchener (the "Scott")	Limited partnership	86.7%	100,610	133
			<u>301,422</u>	<u>217</u>
<u>Commercial</u>				
305 North Front Street, Belleville	Wholly-owned	100%	72,796	12
476 Wonderland Road, London	Wholly-owned	100%	16,000	5
67-69 Westmore Drive, Etobicoke	Joint operation	40%	100,073	32
1040 Martin Grove Road, Toronto	Equity Investment	28.4%	75,727	25
270-330 Esna Park, Markham	Equity Investment	15.4%	100,524	37
			<u>365,120</u>	<u>111</u>
QUEBEC				
<u>Residential</u>				
7251 Avenue Malicorne, Montreal	Joint operation	10%	535,418	312
11 Rue Thibault, Levis	Joint operation	10%	97,757	90
11 Curé Pelleitier, Levis	Joint operation	10%	125,485	108
249 Avenue Du Pont-Scott, Quebec City	Joint operation	10%	172,803	192
2924 Rue De La Verdure, Quebec City	Joint operation	10%	246,665	208
890 Rue Bourgogne, Quebec City	Joint operation	10%	117,240	92
656 Avenue De Lestres, Quebec City	Joint operation	10%	473,515	396
4300 4e Avenue East, Quebec City	Joint operation	10%	394,938	280
			<u>2,163,821</u>	<u>1,678</u>
<u>Commercial</u>				
352 Avenue Saint-Sacrement, Quebec City	Joint operation	10%	28,084	11
NOVA SCOTIA				
<u>Residential</u>				
10 Joseph Young Street, Dartmouth	Equity investment	20%	48,283	42
15 Highfield Park Drive, Dartmouth	Equity investment	20%	94,813	79
17 Highfield Park Drive, Dartmouth	Equity investment	20%	5,551	44
20 Joseph Young Street, Dartmouth	Equity investment	20%	43,562	39
21 Highfield Park Drive, Dartmouth	Equity investment	20%	85,076	71
25 Highfield Park Drive, Dartmouth	Equity investment	20%	85,078	71
30 Joseph Young Street, Dartmouth	Equity investment	20%	43,581	39
40 Joseph Young Street, Dartmouth	Equity investment	20%	86,243	75
47 Joseph Young Street, Dartmouth	Equity investment	20%	106,286	88
51 Joseph Young Street, Dartmouth	Equity investment	20%	104,610	87
55 Highfield Park Drive, Dartmouth	Equity investment	20%	90,241	72
65 Highfield Park Drive, Dartmouth	Equity investment	20%	90,161	72
76 Highfield Park Drive, Dartmouth	Equity investment	20%	135,533	128
80 Highfield Park Drive, Dartmouth	Equity investment	20%	66,882	56
86 Highfield Park Drive, Dartmouth	Equity investment	20%	66,117	53
90 Highfield Park Drive, Dartmouth	Equity investment	20%	66,117	53
94 Highfield Park Drive, Dartmouth	Equity investment	20%	66,117	53
95 Highfield Park Drive, Dartmouth	Equity investment	20%	104,651	86
96 Highfield Park Drive, Dartmouth	Equity investment	20%	96,703	75
98 Highfield Park Drive, Dartmouth	Equity investment	20%	86,081	71
74 Bellbrook Crescent, Dartmouth	Equity investment	20%	61,943	43
435 Portland Hills Drive, Dartmouth	Equity investment	20%	58,694	51
449 Portland Hills Drive, Dartmouth	Equity investment	20%	53,029	51
10 Micmac Boulevard, Dartmouth	Equity investment	20%	67,420	56
27 Brookdale Crescent, Dartmouth	Equity investment	20%	62,784	54
			<u>1,875,556</u>	<u>1,609</u>

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INTRODUCTION

This Management's Discussion and Analysis ("MD&A") is provided to enable a reader to assess the results of the operations and financial condition for Urbanfund Corp. for the year ended December 31, 2024. This MD&A is dated April 28, 2025 and should be read in conjunction with the annual audited consolidated financial statements as at December 31, 2024 ("Annual Consolidated Financial Statements"). Unless the context indicates otherwise, references to "Urbanfund", the "Company", "we", "us" and "our" in this MD&A refer to Urbanfund Corp. and its consolidated operations.

FORWARD-LOOKING INFORMATION

Certain information included in this MD&A contains forward-looking information within the meaning of applicable Canadian securities laws. This information includes, but is not limited to, statements made in the *Business Overview and Strategy, Results from Operations, Investment Properties, Inventory Properties, Other Real Estate Investments, and Debt Profile* sections of this MD&A 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 MD&A 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.

Although Urbanfund believes that the expectations reflected in such forward-looking information are reasonable and represent the Company's projections, expectations and beliefs at this time, such information involves known and unknown risks and uncertainties which may cause the Company's actual performance and results in future periods to differ materially from any estimates or projections of future performance or results expressed or implied by such forward-looking information. Important factors that could cause actual results to differ materially include but are not limited to those factors described in the Market Conditions, Real Estate Ownership, Additional Costs Related to Acquisitions, Additional Costs Related to Real Estate Projects and Lease Renewals and Rental Increases sections of this MD&A. See statements made in the Risks and Uncertainties section of this MD&A for further information. The reader is cautioned to consider these factors, uncertainties and potential events carefully and not to put undue reliance on forward-looking information, as there can be no assurance that actual results will be consistent with such forward-looking information.

The forward-looking information included in this MD&A is made as of the date of this MD&A and should not be relied upon as representing Urbanfund's views as of any date subsequent to the date of this MD&A. 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.

BUSINESS OVERVIEW AND STRATEGY

Business Overview

Urbanfund Corp. 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 and 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:

- 67-69 Westmore – During the year ended December 31, 2024, Urbanfund, together with Kolt Investment Inc. and two private real estate investors, sold 24 commercial units for sale proceeds of \$13,366,224. To date, the Company's capital contribution of \$3,120,000 has been fully returned, and an additional profit distribution of \$782,120 has been received.

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- One Bloor Project – During the year ended December 31, 2024, Urbanfund received distributions relating to profit on sales of One Bloor Street totaling \$106,000. Total profits received as of the date of this MD&A were \$4,910,667.
- 1040 Martin Grove Road, Toronto – In April 2023, Urbanfund invested \$1,870,000 into TREI (1040) LP which holds a 50% interest in 1040 LP that owns an industrial complex located on 1040 Martin Grove Road, Toronto, Ontario. Urbanfund owns 56.7% of TREI (1040) LP, reflecting an indirect 28.4% ownership in 1040 LP. The complex is approximately 75,727 sq ft with 25 industrial units. The purpose of 1040 LP is to convert the property to condominium title and sell individual units into market. During the year ended December 31, 2024, six commercial units were sold for sale proceeds of \$2,704,390 (December 31, 2023 - \$Nil). To date, the Company has received a return of capital of \$1,465,603 from this investment.
- 270-330 Esna Park Drive, Markham – In June 2023, Urbanfund invested \$1,660,000 into TREI (270-330 Esna Park) LP which holds a 20% interest in 270-330 Esna Park LP ("Esna Park LP") that owns an industrial complex located at 270-330 Esna Park Drive, Markham, Ontario. Urbanfund owns 76.9% of TREI (270-330 Esna Park) LP, reflecting an indirect 15.4% ownership in Esna Park LP. The complex is approximately 100,524 sq ft with 37 industrial units. The purpose of Esna Park LP is to convert property to condominium and sell individual units into market. During the year ended December 31, 2024, five commercial units were sold for sale proceeds of \$1,033,374 (December 31, 2023 - \$Nil).

Objectives

The Company's objectives are to: (i) directly and indirectly acquire, own and operate a portfolio of properties and invest in real estate related projects with a focus on a mix of both residential and commercial properties; (ii) make stable quarterly cash distributions to shareholders; (iii) enhance operating income and property values through active management; and (iv) where prudent, realize on investments through dispositions.

Outlook

We continue to carefully watch numerous variables which may impact the local economies in the markets that the Company operates in. Variables include potential import restrictions, trade tariffs, supply chain disruptions, fluctuations in the value of the Canadian Dollar and the impact of interest rates that remain high.

In 2025, the Company will continue to manage costs and cost controls at its buildings. While Urbanfund has little or no direct control over costs such as realty taxes, utility charges, etc., the Company will manage all discretionary costs to the best of its ability. Renovations or construction projects will be thoroughly assessed to ensure that costs during the life of the project remain manageable, including the potential impacts due to trade barriers and tariffs.

Due to layering of Urbanfund's mortgages, the impact of higher-than-normal interest rates will be manageable during 2025 and 2026. Any new mortgages will be analyzed considering the possibility of lower rates expected in mid to late 2025. Nonetheless, the Company will continue to review its financial obligations and make any changes or revisions to its financial position where required.

In 2025, the Company expects stable retail revenues with little lease turnover. The Company's residential portfolio has rebounded from any impact from COVID-19, supported by low residential vacancy rates in the geographic areas where it operates. However, with homeownership still increasingly difficult, the Company is expecting a continuation in 2025 of historically low vacancy rates at its buildings which impacts its ability to raise rental rates (over the legal maximum) to cover increasing costs of operation.

Urbanfund's top priority continues to be the well-being of its residents and tenants as well as those in the communities it serves. There could be some financial pressures due to economic uncertainties and increasing costs or services, but all remain manageable with little or no impact on the anticipated financial stability of the Company.

PRESENTATION OF FINANCIAL INFORMATION AND NON-IFRS MEASURES

Presentation of Financial Information

Unless otherwise specified herein, financial results, including historical comparatives, contained in this MD&A are based on Urbanfund's 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.

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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, last revised 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 the *Results from Operations* section of this MD&A.

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 of this MD&A.

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.

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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 this 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 quarterly average total debt (net of cash and cash equivalents) divided by Adjusted EBITDA as is calculated under the *Debt Profile* section of this 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. Debt service ratio is calculated under the *Debt Profile* section of this 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. It measures Urbanfund's ability to meet interest cost obligations. Interest coverage ratio is calculated under the *Debt Profile* section of this MD&A.

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RESULTS FROM OPERATIONS

Selected Annual Information

	2024		2023		2022
Operating results					
Rental Revenue	\$ 8,720,069	\$	8,638,426	\$	8,484,928
Income before taxes	12,436,601		7,963,575		9,692,503
Net income and comprehensive income	9,715,601		6,789,930		7,584,503
Per share basis, attributable to shareholders					
Basic income per share	\$ 0.180	\$	0.122	\$	0.143
Diluted income per share	\$ 0.158	\$	0.107	\$	0.125
Non-IFRS measures (i)					
FFO	\$ 8,025,215	\$	3,771,695	\$	6,839,231
ACFO	10,693,914		217,983		6,159,348
As at,	December 31, 2024		December 31, 2023		December 31, 2022
Financial position					
Total assets	\$ 155,604,351	\$	155,407,220	\$	150,775,195
Total investment properties	108,843,000		107,252,000		104,437,000
Total mortgages payable	55,506,091		65,103,388		65,073,329
Non-IFRS measures (i)					
Debt to total assets	36%		42%		43%
Debt to Adjusted EBITDA (ii)	3.73		10.78		5.13
Interest coverage ratio (ii)	5.68		2.36		4.18
Debt service ratio (ii)	3.22		1.44		2.52

(i) Represents non-IFRS measures. For definitions and basis of presentation for non-IFRS measures, refer to the Non-IFRS Measures section of this MD&A.

(ii) Calculated on a trailing 12-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, 2024	\$ 2,179,735	\$	4,807,015	\$	0.090	\$	0.079
September 30, 2024	2,090,060		1,516,042		0.028		0.025
June 30, 2024	2,274,375		1,477,909		0.028		0.024
March 31, 2024	2,175,899		1,818,304		0.034		0.030
December 31, 2023	2,198,679		3,200,591		0.061		0.053
September 30, 2023	2,162,878		904,469		0.017		0.015
June 30, 2023	2,206,479		1,056,505		0.020		0.018
March 31, 2023	2,070,390		1,219,047		0.023		0.021

Net Operating Income

The following table presents IFRS net operating income relating to the three months and year ended December 31, 2024 and 2023:

	Three months ended December 31,		Year ended December 31,	
	2024	2023	2024	2023
Rental revenue	\$ 2,179,735	\$ 2,198,679	\$ 8,720,069	\$ 8,638,426
Rental expenses	960,447	926,250	3,812,465	3,535,784
NOI	\$ 1,219,288	\$ 1,272,429	\$ 4,907,604	\$ 5,102,642
NOI as a percentage of rental revenue	56%	58%	56%	59%

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NOI for the three months and year ended December 31, 2024 decreased by \$53,141 and \$195,038 respectively, as compared to the same periods in 2023. The decreases were primarily attributed to the loss in rental revenue from 67-69 Westmore Drive, upon sale of commercial units.

Operating income (OI) Attributable to Inventory Property

The following table presents IFRS results relating to the sale of inventory properties for the three months and year ended December 31, 2024 and 2023:

	Three months ended December 31,		Year ended December 31,	
	2024	2023	2024	2023
Inventory property sales	\$ 1,101,200	\$ -	\$ 13,366,224	\$ -
Inventory property cost of sales	834,314	-	8,923,376	-
OI, attributable to inventory property	\$ 266,886	\$ -	\$ 4,442,848	\$ -
OI as a percentage of inventory property sales	24%	0%	33%	0%

Operating income attributable to inventory property was \$266,886 and \$4,442,848 respectively for the three months and year ended December 31, 2024. This is related to the sale of commercial units on 67-69 Westmore Drive, Etobicoke, Ontario.

Other Income

The following table presents IFRS other income relating to the three months and year ended December 31, 2024 and 2023:

	Three months ended December 31,		Year ended December 31,	
	2024	2023	2024	2023
Income from equity accounted investments	\$ 1,983,067	\$ 1,480,000	\$ 4,112,815	\$ 3,085,000
Interest income	136,241	110,686	450,974	456,227
Fair value adjustment on investment properties	2,978,869	1,871,157	959,588	2,087,919
Profit from investment in real estate project	-	-	106,000	188,000
Other income	\$ 5,098,177	\$ 3,461,843	\$ 5,629,377	\$ 5,817,146

Income from equity accounted investments for the three months ended December 31, 2024 increased by \$503,067 compared to the same period in 2023, due to an increase in net income of \$229,690 and increase in fair value gains of \$273,377.

Income from equity accounted investments for the year ended December 31, 2024 increased by \$1,027,815 compared to the same period in 2023, due to an increase in net income of \$1,065,109 offset by decrease in fair value gains of \$37,294.

Interest income for the three months and year ended December 31, 2024 increased by \$25,555 and decreased by \$5,253 respectively, compared to the same periods in 2023. Interest income is a result of accrued interest on cash held in the Company's bank account and will fluctuate from time to time depending on cash balances and interest rates.

Fair value adjustment on investment properties for the three months ended December 31, 2024 increased by \$1,107,712 as a result of higher stabilized net operating income from Quebec and Toronto residential properties.

Fair value adjustment on investment property for the year ended December 31, 2024 decreased by \$1,128,331, compared to the same periods in 2023, as a result of an increased cap rate in Kitchener.

Profit from investment in real estate project relates to the profit distribution from the sale of real estate in the One Bloor Project.

Other Expenses

	Three months ended December 31,		Year ended December 31,	
	2024	2023	2024	2023
Financing costs	\$ 457,094	\$ 595,763	\$ 2,041,471	\$ 2,423,176
General and administrative costs	241,765	255,728	501,757	533,037
Other expenses	\$ 698,859	\$ 851,491	\$ 2,543,228	\$ 2,956,213

Financing costs for the three months and year ended December 31, 2024 decreased by \$138,669 and \$381,705 respectively, compared to the same periods in 2023, due to the paydown of mortgage for 67-69 Westmore Drive as commercial units are being sold.

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General and administrative costs for the three months and year ended December 31, 2024 decreased by \$13,963 and \$31,280 compared to the same periods in 2023, due to timing of professional fees incurred.

Occupancy

We continually strive to ensure high rate of occupancy and a diversification of our tenant bases and anchor type to minimize the degree of reliance on any one single tenant. We actively monitor our building occupancies to ensure that tenants are replaced at economically or better lease terms and conditions. See *Risks and Uncertainties*. The following table details our weighted average portfolio occupancy stratified by commercial and residential properties:

	2023				2024			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
<u>Wholly-owned</u>								
Commercial properties	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Residential properties	100.0%	100.0%	100.0%	100.0%	98.7%	98.7%	98.0%	99.0%
<u>Joint operation</u>								
Commercial properties	88.0%	88.0%	88.0%	88.0%	88.0%	88.0%	88.0%	88.0%
Residential properties - Quebec	99.7%	99.6%	99.3%	99.4%	99.8%	99.9%	99.5%	99.9%
Residential properties - Kitchener	99.2%	100.0%	100.0%	100.0%	100.0%	99.3%	100.0%	100.0%
<u>Equity investment</u>								
Residential properties	99.3%	98.6%	98.5%	96.6%	97.6%	97.9%	96.6%	95.4%

Funds from Operations ("FFO")

The following table presents a reconciliation of IFRS net income and comprehensive income attributable to shareholders to FFO:

	Three months ended December 31,		Year ended December 31,	
	2024	2023	2024	2023
Net income attributable to shareholders	\$ 4,807,015	\$ 3,200,591	\$ 9,619,270	\$ 6,380,612
<i>Add back / (deduct):</i>				
Deferred income tax expense	732,000	439,000	1,237,000	1,077,000
Fair value adjustment on equity accounted investments	(1,504,831)	(1,231,800)	(1,840,831)	(1,878,200)
Fair value adjustment on investment properties	(2,978,869)	(1,871,157)	(959,588)	(2,087,919)
Fair value adjustment on non-controlling interest	209,623	271,856	(23,746)	292,921
Straight-line of rental revenue	(390)	(6,219)	(6,890)	(12,719)
FFO	\$ 1,264,548	\$ 802,271	\$ 8,025,215	\$ 3,771,695
Weighted average number of shares - basic	53,595,501	52,765,405	53,332,259	52,409,795
Weighted average number of shares - diluted	61,020,501	60,190,405	60,757,259	59,834,795
FFO per share - basic	\$ 0.024	\$ 0.015	\$ 0.150	\$ 0.072
FFO per share - diluted	\$ 0.021	\$ 0.013	\$ 0.132	\$ 0.063

FFO for the three months ended December 31, 2024 was \$1,264,548 in comparison to \$802,271 for the same period 2023, representing an increase of \$462,277. This increase was primarily due to the following:

- Net profit from the sale of inventory properties of \$266,886;
- Higher net income from equity accounted investments of \$229,689;
- Lower financing costs of \$138,246;
- Lower general and administrative costs of \$13,574;
- Higher interest income of \$25,555; and
- Straight-line rent adjustment of \$5,829.

Offset by,

- Higher income tax expense of \$159,913; and
- Lower net operating income of \$57,936.

FFO for the year ended December 31, 2024 was \$8,025,215 in comparison to \$3,771,695 for the same period in 2023, representing an increase of \$4,253,520. This increase was primarily due to:

- Net profit from the sale of inventory properties of \$4,442,848;

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- Higher net income from equity accounted investments of \$1,065,184;
- Lower financing costs of \$380,029;
- Lower general and administrative costs of \$34,509;
- Straight-line rent adjustment of \$5,829.

Offset by,

- Higher income tax expense of \$1,387,355;
- Lower net operating income of \$200,271;
- Lower profit from investment in real estate project of \$82,000; and
- Lower interest income of \$5,253.

Adjusted Cash Flows from Operations ("ACFO")

The following table presents a reconciliation of cash flow provided by operating activities to ACFO:

	Three months ended December 31,		Year ended December 31,	
	2024	2023	2024	2023
Cash provided by operating activities	\$ 1,947,880	\$ 793,799	\$ 12,938,258	\$ 2,482,389
Adjustments to working capital changes for ACFO ⁽ⁱ⁾	(122,791)	(107,529)	(444,344)	(464,406)
Normalized capital expenditures ⁽ⁱⁱ⁾	(600,000)	(600,000)	(1,800,000)	(1,800,000)
ACFO	\$ 1,225,089	\$ 86,270	\$ 10,693,914	\$ 217,983

(i) Includes working capital changes that based on REALpac February 2019 whitepaper, are not indicative of sustainable cash flow for distribution. ACFO 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 of this MD&A for further details.

ACFO for the three months and year ended December 31, 2024 increased by \$1,138,819 and \$10,475,931 respectively, compared to the same periods in 2023. These increases were due to sales proceeds from the sale of commercial units on 67-69 Westmore Drive, Etobicoke, Ontario and items previously identified (*see Funds from Operations ("FFO")*), as well as the impact of timing of cash receipts and cash disbursements from operating items.

INVESTMENT PROPERTIES

Refer to note 4 of the Annual Consolidated Financial Statements for the change in consolidated IFRS values of Urbanfund's investment properties.

Valuation Process

Urbanfund's management team is responsible for determining the fair value of investment properties, including any co-owned properties, at each reporting date. The management team, consisting of the senior management of the Company, including the President & Chief Executive Officer and Chief Financial Officer, are knowledgeable and have specialized industry experience in real estate valuations. In order to substantiate management's valuation, Urbanfund's management team will select properties, on a rotating basis, to obtain an independent third-party appraisal from firms that employ experienced and qualified valuation professionals.

Capitalization Rates

The capitalization rates used in the valuation of income properties are based on the quality of the properties, the location and takes into account market data. The table below provides the weighted average capitalization rates stratified by commercial and residential properties:

	December 31, 2024			December 31, 2023		
	Minimum	Maximum	Average	Minimum	Maximum	Average
Commercial properties	6.00%	8.25%	6.22%	6.00%	8.00%	6.21%
Residential properties	3.50%	4.50%	4.05%	3.50%	4.75%	3.94%

INVENTORY PROPERTIES

Inventory properties are investment properties acquired or under development for which the Company intends to dispose all or part of such properties in the ordinary course of business, rather than to hold on a long-term basis for capital appreciation or for rental income

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purposes or both. It is expected that Urbanfund will earn a return on these assets through a combination of NOI during development, which will be included in net income and sales of inventory properties.

Transfers into inventory properties are based on a change in use evidenced by the commencement of development expenditures with the view to sell, at which point an investment property would be transferred to inventory. Transfers from inventory property to investment property are based on a change in use evidenced by management's commitment to use a property for rental purposes or the commencement of an operating lease to another party.

As at December 31, 2024 and 2023, the movements in inventory properties are as follows:

As at,	December 31, 2024	December 31, 2023
Balance, beginning of year	\$ 11,048,071	\$ 10,520,124
Development expenditures	891,302	527,947
Disposition of inventory properties	(8,923,376)	-
Balance, end of year	\$ 3,015,997	\$ 11,048,071

- (i) **67-69 Westmore Drive** – During the year ended December 31, 2024, the Company, together with Kolt Investment Inc. and two private real estate investors, sold 24 commercial units located on 67-69 Westmore Drive, Etobicoke, Ontario for sale proceeds of \$13,366,224. To date, the Company's capital contribution of \$3,120,000 has been fully returned, and an additional profit distribution of \$782,120 has been received to date.

JOINT OPERATIONS AND LIMITED PARTNERSHIPS

Urbanfund operates some of its real estate investments with its partners through joint operations or limited partnerships. A joint operation is a type of joint arrangement where Urbanfund has joint control of the rights to the assets and the obligations for the liabilities. Urbanfund utilizes limited partnerships whereby the Company does not own all the equity in its subsidiary, and therefore the non-controlling equity interest is presented as a separate component of equity in the Annual Consolidated Financial Statements.

Select Financial Information of Joint Operations and Limited Partnerships

As at December 31, 2024	Method of consolidation under IFRS	Number of investment properties ⁽ⁱ⁾	Investment properties	Inventory properties	Mortgages payable	Rental revenues	NOI
Quebec Headway	Proportionately consolidate	9	\$ 17,433,000	\$ -	\$ 5,327,575	\$ 1,717,426	\$ 681,902
Westmore Drive	Proportionately consolidate	2	-	3,015,997	-	342,800	135,886
Weber LP	Consolidate with NCI ⁽ⁱⁱ⁾	1	40,850,000	-	29,780,200	2,645,021	1,749,144

(i) Number of properties includes income properties, or inventory properties for the purpose of this table.

(ii) NCI means non-controlling interest in accordance with IFRS.

Distributions from Limited Partnerships

Distributions by Weber LP are allocated to the limited partner, first by their initial capital contributions, and then to limited partners who have contributed capital in excess of their pro-rata share. A return is then provided such that each limited partner achieves an annualized internal rate of return of 6% on their excess contribution. Thereafter, Weber LP's distributions will be 86.7% to Urbanfund and 13.3% to the non-controlling interests. An officer of Urbanfund is also an officer of the general partners.

OTHER REAL ESTATE INVESTMENTS

Equity accounted investments

On August 21, 2017, Urbanfund invested \$7,569,980 for a 20% interest in Highfield Park Residential Inc., with the remaining 80% interest retained by Westdale Construction Co. Limited ("Westdale"), which in turn purchased the Highfield Park portfolio ("Highfield Park") for \$113,000,000 plus customary closing costs, funded by way of a \$77,000,000 mortgage and \$36,000,000 in equity contributions.

Highfield Park owns 1,354 units within 20 buildings spanning approximately 37 acres in Dartmouth, Nova Scotia. In the opinion of management, Highfield Park represented a competitive acquisition for Urbanfund to establish an immediate scale and presence in the Halifax residential market at an attractive price of approximately \$83,456 per unit.

On November 16, 2019, Urbanfund invested \$2,000,000 for a 20% interest in Bellbrook Residential Inc., with the remaining 80% interest retained by Westdale, which in turn purchased the Bellbrook and Regal Luxury Apartment portfolio ("Bellbrook") for \$33,350,000 plus customary closing costs, funded by a \$24,000,000 mortgage and \$9,350,000 in equity contributions. This acquisition

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is a 3-building luxury portfolio in a highly desired location augmenting the Company's current Dartmouth holdings with 145 "condo quality" units.

On November 10, 2020, Urbanfund acquired a 20% interest in West Mic Mac Properties Inc., with the remaining 80% interest retained by Westdale. In turn, West Mic Mac Properties Inc. purchased 10 Mic Mac Boulevard and 27 Brookdale Crescent, Dartmouth, Nova Scotia ("Mic Mac") 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.

In April 2023, Urbanfund invested \$1,870,000 into TREI (1040) LP which holds a 50% interest in 1040 LP that owns an industrial complex located at 1040 Martin Grove Road, Toronto, Ontario. Urbanfund owns 56.7% of TREI (1040) LP, reflecting an indirect 28.4% ownership in 1040 LP. During the year ended December 31, 2024, six commercial units were sold for sale proceeds of \$2,704,390 (December 31, 2023 - \$Nil).

In June 2023, Urbanfund invested \$1,660,000 into TREI (270-330 Esna Park) LP which holds a 20% interest in Esna Park LP that owns an industrial complex located at 270-330 Esna Park Drive, Markham, Ontario. Urbanfund owns 76.9% of TREI (270-330 Esna Park) LP, reflecting an indirect 15.4% ownership in Esna Park LP. During the year ended December 31, 2024, five commercial units were sold for sale proceeds of \$1,033,374 (December 31, 2023 - \$Nil).

The following table presents the financial position of Urbanfund's equity accounted investments:

As at December, 2024	Highfield	Bellbrook	Mic Mac	1040 LP	Esna Park LP	Total
Balance, beginning of year	\$ 19,436,410	\$ 2,847,000	\$ 1,818,020	\$ 1,843,000	\$ 1,657,000	\$ 27,601,430
Distributions	(180,000)	(80,000)	(140,000)	(885,224)	-	(1,285,224)
Share of net income	2,576,638	352,371	339,657	689,207	154,942	4,112,815
Balance, end of year	\$ 21,833,048	\$ 3,119,371	\$ 2,017,677	\$ 1,646,983	\$ 1,811,942	\$ 30,429,021

As at December 31, 2023	Highfield	Bellbrook	Mic Mac	1040 LP	Esna Park LP	Total
Balance, beginning of year	\$ 17,042,410	\$ 2,609,000	\$ 1,695,020	\$ -	\$ -	\$ 21,346,430
Contributions (distributions)	(200,000)	(60,000)	(100,000)	1,870,000	1,660,000	3,170,000
Share of net income (loss)	2,594,000	298,000	223,000	(27,000)	(3,000)	3,085,000
Balance, end of year	\$ 19,436,410	\$ 2,847,000	\$ 1,818,020	\$ 1,843,000	\$ 1,657,000	\$ 27,601,430

Three months ended December 31,	Highfield	Bellbrook	Mic Mac	1040 LP	Esna Park LP	2024 Total
Revenue	\$ 4,158,418	\$ 722,611	\$ 444,795	\$ (5,001,294)	\$ (2,337,494)	\$ (2,012,964)
Operating expenses	(2,291,525)	(309,855)	(245,262)	5,511,349	2,784,478	5,449,185
Interest expense	(598,133)	(139,613)	(58,259)	(153,430)	(183,666)	(1,133,101)
Fair value adjustment on income properties	7,367,430	35,714	121,012	-	-	7,524,156
Net income (loss)	\$ 8,636,190	\$ 308,857	\$ 262,286	\$ 356,625	\$ 263,318	\$ 9,827,276
Income from equity accounted investments	\$ 1,727,238	\$ 61,771	\$ 52,457	\$ 101,103	\$ 40,498	\$ 1,983,067

Three months ended December 31,	Highfield	Bellbrook	Mic Mac	1040 LP	Esna Park LP	2023 Total
Revenue	\$ 3,811,000	\$ 676,000	\$ 419,000	\$ 757,000	\$ 947,000	\$ 6,610,000
Operating expenses	(2,204,000)	(313,000)	(229,000)	(265,000)	(305,000)	(3,316,000)
Interest expense	(587,000)	(135,000)	(48,000)	(586,000)	(662,000)	(2,018,000)
Fair value adjustment on income properties	4,342,000	1,711,000	106,000	-	-	6,159,000
Net income (loss)	\$ 5,362,000	\$ 1,939,000	\$ 248,000	\$ (94,000)	\$ (20,000)	\$ 7,435,000
Income from equity accounted investments	\$ 1,072,000	\$ 388,000	\$ 50,000	\$ (27,000)	\$ (3,000)	\$ 1,480,000

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Year ended December 31,	Highfield	Bellbrook	Mic Mac	1040 LP	Esna Park LP	2024 Total
Revenue	\$ 15,935,418	\$ 2,801,611	\$ 1,777,795	\$ 3,737,706	\$ 3,493,731	\$ 27,746,261
Operating expenses	(8,280,525)	(1,183,855)	(808,262)	\$ (640,211)	(925,641)	(11,838,494)
Interest expense	(2,341,133)	(544,613)	(217,259)	\$ (666,430)	(1,560,666)	(5,330,101)
Fair value adjustment on income properties	7,569,430	688,714	946,012	-	-	9,204,156
Net income	\$ 12,883,190	\$ 1,761,857	\$ 1,698,286	\$ 2,431,065	\$ 1,007,424	\$ 19,781,822
Income from equity accounted investments	\$ 2,576,638	\$ 352,371	\$ 339,657	\$ 689,207	\$ 154,942	\$ 4,112,815

Year ended December 31,	Highfield	Bellbrook	Mic Mac	1040 LP	Esna Park LP	2023 Total
Revenue	\$ 14,971,000	\$ 2,674,000	\$ 1,650,000	\$ 757,000	\$ 947,000	\$ 20,999,000
Operating expenses	(8,021,000)	(1,146,000)	(796,000)	(265,000)	(305,000)	(10,533,000)
Interest expense	(2,391,000)	(554,000)	(204,000)	(586,000)	(662,000)	(4,397,000)
Fair value adjustment on income properties	8,409,000	518,000	464,000	-	-	9,391,000
Net income (loss)	\$ 12,968,000	\$ 1,492,000	\$ 1,114,000	\$ (94,000)	\$ (20,000)	\$ 15,460,000
Income from equity accounted investments	\$ 2,594,000	\$ 298,000	\$ 223,000	\$ (27,000)	\$ (3,000)	\$ 3,085,000

LIQUIDITY AND CAPITAL RESOURCES

Liquidity and Cash Flow Management

We expect to meet all of our 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. See *Risks and Uncertainties*.

The following table presents liquidity as a percentage of debt:

As at	December 31, 2024	December 31, 2023
Cash	\$ 12,279,522	\$ 3,567,974
Accounts receivable (i)	370,384	5,293,041
Liquidity	\$ 12,649,906	\$ 8,861,015
Mortgages payable	55,574,134	65,194,379
Debt	\$ 55,574,134	\$ 65,194,379
Liquidity expressed as a percentage of debt	22.8%	13.6%

(i) As of the date of this MD&A, Urbanfund has collected its outstanding amount due as at December 31, 2024 and therefore accounts receivable have been factored in Liquidity.

The Company's liquidity will be impacted by contractual commitments as outlined in the *Debt Profile*. Urbanfund's debt obligations can be funded by the Company's cash and cash equivalents, and rental revenue from property operations.

DEBT PROFILE

Mortgages Payable

The following table presents mortgages payable, net of unamortized financing costs:

As at	December 31, 2024	December 31, 2023
Current	\$ 10,298,794	\$ 10,103,289
Non-current	45,207,297	55,000,099
	\$ 55,506,091	\$ 65,103,388

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The following table sets out the principal payments of our mortgages payable:

2025	\$	10,298,794
2026		5,395,178
2027		1,002,095
2028		11,161,970
2029		550,758
Thereafter		27,165,339
		55,574,134
Unamortized mortgage financing costs		(68,043)
	\$	55,506,091

As at December 31, 2024, total mortgages payable was \$55,506,091 in comparison to \$65,103,388 as at December 31, 2023, representing a decrease of \$9,597,297. The decrease is a result of:

- repayment of mortgage and construction advances for 67-69 Westmore Drive, totaling \$8,030,891; and
- scheduled principal repayments of \$1,589,354.

Offset by,

- amortization of deferred financing costs of \$22,948.

Other Metrics

Other metrics are tracked and disclosed to help facilitate financial statement users' understanding of Urbanfund's ability to service debt and fixed charges, these metrics include debt to Adjusted EBITDA, interest coverage, and debt service coverage.

The following table presents the interest coverage and debt service coverage calculation:

12 months ended	December 31, 2024	December 31, 2023
Interest coverage	5.68	2.36
Debt service coverage	3.22	1.44

Urbanfund's goal is to reduce leverage and further improve our interest and debt service coverage. As at December 31, 2024, the interest coverage and debt service coverage ratios increased compared to December 31, 2023 due to higher EBITDA resulting from the sale of commercial units on 67-69 Westmore Drive, Etobicoke, Ontario.

The following table presents a reconciliation of consolidated net income attributable to shareholders to Adjusted EBITDA:

12 months ended	December 31, 2024	December 31, 2023
Net income attributable to shareholders	\$ 9,619,270	\$ 6,380,612
<i>Add (deduct):</i>		
Current income tax expense	1,484,000	96,645
Deferred income tax expense	1,237,000	1,077,000
Finance costs	2,041,471	2,423,176
Fair value adjustment on equity accounted investments	(1,840,831)	(1,878,200)
Fair value adjustment on investment properties	(959,588)	(2,087,919)
Fair value adjustment on non controlling interest	23,746	(292,921)
Adjusted EBITDA	\$ 11,605,068	\$ 5,718,393
Debt outstanding	\$ 55,574,134	\$ 65,194,379
Less: cash	(12,279,522)	(3,567,974)
Debt, net of cash	\$ 43,294,612	\$ 61,626,405
Debt to Adjusted EBITDA	3.73	10.78

As at December 31, 2024, Debt to Adjusted EBITDA decreased from 10.78 to 3.73 due to sale of commercial units on 67-69 Westmore Drive, Etobicoke, Ontario.

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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 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 year ended December 31, 2024, Urbanfund issued 799,358 common shares valued at \$645,565 to participants enrolled in the DRIP (December 31, 2023 – 988,816 and \$840,834). The average participant rate of the DRIP was 18.55% (December 31, 2023 – 31.54%).

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, 2024:

	Payment date	Shareholders of record
2023, quarter 4 distribution	Jan. 15, 2024	Dec. 31, 2023
2024, quarter 1 distribution	Apr. 25, 2024	Mar. 31, 2024
2024, quarter 2 distribution	Jul. 15, 2024	Jun. 28, 2024
2024, quarter 3 distribution	Oct. 15, 2024	Sep. 30, 2024

OUTSTANDING SHARE DATA

The following table details Urbanfund's outstanding share data as of December 31, 2024 and the date of this MD&A:

	December 31, 2024	Date of this MD&A
Common shares	53,602,915	53,706,321
Preferred shares (Series A)	7,425,000	7,425,000

MATERIAL ACCOUNTING POLICIES AND ESTIMATES

The Company's material accounting policies are described in note 3 of the Annual Consolidated Financial Statements. The preparation of financial statements requires management to make estimates and judgments that affect the reported amounts of assets, liabilities, revenue, expenses and the related disclosures as of the date of the Annual Consolidated Financial Statements. Actual results may differ from estimates under different assumptions and conditions.

Our material judgments include: (i) capitalization of tenant incentives and capital improvements to investment properties; (ii) lessor accounting; (iii) acquisitions of investment properties; (iv) joint arrangements; (v) significant influence investees; and (vi) classification of assets and liabilities as held for sale. Our material estimates include: (i) capitalization rates and stabilized net operating income used in the fair value of investment properties; and (ii) fair value of marketable securities. Our material judgments and estimates have been reviewed and approved by the Audit Committee for completeness of disclosure on what management believes would be relevant and useful to investors in interpreting the amounts and disclosures in our Annual Consolidated Financial Statements.

DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

The Chief Executive Officer and Chief Financial Officer have designed controls to provide reasonable assurance that (i) material information relating to the Company is made known to management by others, particularly during the period in which the annual and interim filings are being prepared; and (ii) information required to be disclosed by the Company in its annual and interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time frame specified in the securities legislation. Based on the evaluations, the Chief Executive Officer and Chief Financial Officer have concluded that the Company's disclosure controls and procedures were adequate and effective.

Urbanfund has established internal controls over financial reporting to provide reasonable assurance regarding the reliability of the Company's financial reporting and the preparation of the financial statements for external purposes in accordance with IFRS.

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Management, including the Company's Chief Executive Officer and Chief Financial Officer have determined that as at December 31, 2024, the internal controls over financial reporting were effective.

Due to the inherent limitation in all control systems, including well-designed and operated systems, no control can provide absolute assurance that the objectives of the control system will be met. Furthermore, no evaluation of controls can provide absolute assurance that all control issues, including instances of fraud, if any, have been detected or prevented. These inherent limitations include, but are not limited to: (i) management's assumptions and judgments could be incorrect under varying conditions and circumstances; (ii) the impact of any undetected errors; and (iii) controls may be circumvented by the unauthorized acts of individuals, by collusion of two or more people or management override.

RELATED PARTY TRANSACTIONS

In the ordinary course of business, we may enter into transactions with entities whose directors are also Urbanfund's directors and/or part of Urbanfund's senior management. All such transactions are in the normal course of operations and are measured at market-based exchange amounts.

The Company engages Westdale, a controlling entity and a related party, to perform management services. Ronald Kimel, Chairman of Urbanfund, is also a shareholder, director and officer of Westdale. Mitchell Cohen, President and Chief Executive Officer and a director of Urbanfund, is also an officer of Westdale.

Key management personnel are those individuals that have the authority and responsibility for planning, directing and controlling the Company's activities, directly or indirectly. The Company's key management personnel include the Chief Executive Officer and the Chief Financial Officer (collectively, "Key Management"). No compensation is paid to Key Management. Westdale, however, charges the Company pursuant to an agreement to provide property management services equal to 4% on wholly-owned residential properties and 3% on wholly-owned commercial properties.

Included in amounts receivable within receivables and other assets as at December 31, 2024 is \$128,087 (December 31, 2023 - \$128,087) of amounts receivable and \$Nil (December 31, 2023 - \$5,000,000) loan receivable due from Westdale bearing interest at 8.2%.

On March 27, 2024, the Company issued a \$6,000,000 loan to Westdale bearing interest at 8.2%, the loan was repaid in full with interest on April 3, 2024.

On May 7, 2024, the Company issued a \$6,000,000 loan to Westdale bearing interest at 8.2%, the loan was repaid in full with interest on June 13, 2024.

On October 30, 2024, the Company issued a \$5,000,000 loan to Westdale bearing interest at 8%, the loan was repaid in full with interest on December 17, 2024.

The loan constituted a "related party transaction" pursuant to Multilateral Instrument 61-101 - *Protection of Minority Security Holders in Special Transactions* ("MI 61-101"). The loan was exempt from the formal valuation and minority shareholder approval requirements of 61-101. The Company is exempt from the formal valuation requirement contained in section 5.5(b) of MI 61-101 as the Company does not have securities listed on a specified stock exchange. The loan was further exempt from the minority shareholder approval requirement pursuant to section 5.7(1)(a) of MI 61-101 as the fair market value of the loan was less than 25% of the Company's market capitalization.

For the year ended December 31, 2024, Urbanfund issued dividends of \$2,036,058 (December 31, 2023- \$1,656,892) to Westdale.

During the year ended December 31, 2024, the Company incurred property management fees and cost reimbursements of \$123,266 and \$243,034, respectively (year ended December 31, 2023 - \$119,775 and \$237,857 respectively). For further details on related party transactions, refer to note 17 of our Annual Consolidated Financial Statements.

RISKS AND UNCERTAINTIES

The achievement of Urbanfund's objectives is, in part, dependent on the successful mitigation of business risks identified. Real estate investments are subject to a degree of risk. They are affected by various factors including changes in general economic and local market conditions, equity and credit markets, fluctuations in financing costs, attractiveness of investment properties to tenants, competition, credit ratings of existing tenants and other factors.

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Significant risk factors and the corresponding management's plan to mitigate these risks are as follow. Additional risks and uncertainties may not be presently known to management, or that management believes is not material, could adversely impact the results of our operations.

Supply Chain Disruptions

Any significant interruption or negative change in the availability or economics of the supply chain for renovation or construction projects could materially impact the financial condition and operating results of Urbanfund. Any inability to secure required supplies and services or to do so on appropriate terms could have a materially adverse impact on the business, financial condition and operating results of Urbanfund.

Interest Rates

Urbanfund's business is subject to interest rate volatility given that Urbanfund has and will continue to have substantial outstanding consolidated indebtedness, principally comprised of mortgage debt. Fluctuations in applicable interest rates may have a material effect on the business, financial condition and operating results of Urbanfund.

Tariffs and Trade Policies

Urbanfund's business may be adversely affected by changes in trade policies, including the imposition of tariffs or other trade barriers. Such measures could lead to increased costs, disrupt supply chains and create economic uncertainty. These factors could impact the overall economic environment in which we operate and could have a material effect on the business, financial condition and operating results of Urbanfund.

Rising Inflation

Rising inflation can adversely affect the business of Urbanfund by generating increases in the operational costs. Urbanfund's operations could also be affected should inflation reach levels that influence consumer trends and spending and, consequently, impact Urbanfund's sales and profitability.

Market Conditions

Urbanfund faces risks associated with general market conditions and their potential effects. Current general market conditions may include, among other things, insolvency of tenants and market participants, tightening of lending standards, decreased availability of cash and changes in unemployment levels, retail sales levels and real estate values. These market conditions may affect occupancy levels and Urbanfund's ability to obtain credit on favorable terms.

Real Estate Ownership

All real property is subject to a degree of risk and uncertainty. The value of real property and any improvement thereto depend on the credit and financial stability of tenants and vacancy rates of such properties. The value of some of our properties could be adversely affected if tenants fail to comply with their contractual obligations, experience credit or financial instability. If a significant number of tenants are unable to meet their obligations under their leases or of a significant amount of available space in Urbanfund's property portfolio becomes vacant and cannot be re-leased on economically favorable terms, the properties may not generate sufficient rental revenues to meet operating expenses, including debt service, capital expenditures and dividend payments.

Certain significant expenditures involved with real estate ownership, such as property taxes, insurance costs, maintenance costs and mortgage payments represent liabilities which must be met, regardless of whether the property is generating rental revenue through tenant occupancy. Urbanfund continually seeks to re-lease vacant space resulting from tenant terminations.

Illiquidity of Investment Properties

Real estate investments are relatively illiquid. A significant proportion of Urbanfund's capital is invested in physical assets, which can be difficult to sell, especially if local market conditions are poor. A lack of liquidity could limit Urbanfund's ability to sell components of the portfolio promptly in response to changing economic or investment conditions. If the Company were required to quickly liquidate its assets, there is a risk that we would realize proceeds less than the current value of our real estate investments.

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Additional Costs Related to Acquisitions

There is a risk associated with any real estate acquisition or project, that there may be undisclosed or unknown liabilities and that Urbanfund may not be insured for some or all of these liabilities. These undisclosed or unknown liabilities may be material and have an adverse impact on the Company. Urbanfund ensures an appropriate level of due diligence prior to any real estate acquisition or project.

Additional Costs Related to Real Estate Projects

There is a risk associated with the possibility that completed developments will not be leased or sold, or that the costs to complete the development will exceed the initial estimates, resulting in a lower or less favorable return on investment. Urbanfund's real estate projects are subject to risks ordinarily attributable to construction projects, including: (i) delays in construction due to lack of municipal approvals; (ii) unfavorable cost variances in comparison to budget; and (iii) the subsequent failure to lease or sell the investment property.

Lease Renewals and Rental Increases

Growth of rental income is dependent on strong rental markets to ensure expiring leases are renewed and new tenants are found in a timely manner to fill vacancies. It is possible that we may face a disproportionate amount of space expiring in any one period. Upon lease expiry, there can be no assurance that the lease will be renewed, or the tenant replaced. The terms of any subsequent lease may also be less favorable. Additionally, rental rates could decline, tenant bankruptcies could increase, particularly in the event of a protracted disruption in the economy, such as a recession.

Rent Control Legislation

Rent control legislation and the risk of implementation of legislative rent controls or amendments in the markets Urbanfund operates may have an adverse impact. The *Residential Tenancies Act* in Ontario, the *Residential Tenancies Act* in Nova Scotia and the *Régie du Logement* in Quebec are responsible for providing the criteria for the ability to increase rents annually above a prescribed guideline. In Ontario, the rental increase guideline for 2024 is 2.5%. Nova Scotia, the allowable rent increase for 2024 is 5%. In Quebec, Urbanfund is free to negotiate the rental increase with its tenants as deemed just and reasonable, however, if there is difficulty reaching an agreement, the *Régie du Logement* provides guidelines on annual indexed rent increases.

Joint Arrangements and Co-ownerships

Urbanfund participates in joint arrangements, partnerships and other similar arrangements (hereinafter "partners") that may involve risks and uncertainties not present absent third-party involvement, including, but not limited to: (i) dependency on the partners that are not under our control; (ii) the partners may have economic or business interests inconsistent with the Company; (iii) the partners could experience financial difficulties or seek the protection of bankruptcy, insolvency or other laws, which could result in additional financial demands to maintain and operate such properties or repay the partners' share of obligations; (iv) whereby Urbanfund does not have control, the partners may enter into activities which may expose or subject Urbanfund or its subsidiaries to liability; and (v) the need to obtain the partners consent with respect to major decisions. Accordingly, we may not be able to favorably resolve issues with respect to such decisions, or we may become engaged in a dispute with the partners which may affect our ability to operate the joint arrangement, partnerships or other arrangements in question.

Mortgage Financing Risks

The real estate industry is highly capital intensive. Urbanfund will continue to require access to capital to maintain its properties, fund the development of its properties and invest in other real estate related projects. Given the relatively small size of the Canadian market place in comparison to global markets, there is a limited number of lenders from which Urbanfund can borrow, and there is no assurance that capital will be available when needed.

Urbanfund has outstanding indebtedness in the form of mortgages payable and is subject to the risks normally associated with debt financing, including the risk of rising interest rates (see "*Interest Rates*" above), the risk that we may not generate sufficient cash flow to meet the scheduled terms of repayment. Additionally, upon expiry of the financing, there is risk that the terms and conditions may be less favorable than the existing financing. Urbanfund's financial condition and results would be adversely affected if it were unable to obtain financing or cost-effective financing.

Equity Financing Risks

Equity markets for small capitalized public companies are subject to varying degrees of risk. The Company may not always have access to additional capital via equity offerings. As a result, in the absence of obtaining mortgage financing as identified in *Mortgage Financing Risks*, additional capital may not be available. In management's opinion, the risk of lack of financing is not significant, as the

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Company continues to leverage its existing asset base, as well as mortgage financing to take advantage of real estate opportunities, as they arise.

General Uninsured Losses

Urbanfund carries comprehensive general liability insurance for fire, flood and extended coverage for rental loss with policy specific limits and deductibles depending on the property. However, there are certain risks (generally catastrophic, such as war, terrorist acts or environmental contamination) which may be either uninsurable, in whole or in part, or in the opinion of management, not economically insurable. Should an uninsured or underinsured loss occur, Urbanfund could be negatively impacted through loss of the investment, anticipated profits and cash flows from one or more of its investment properties. In addition, the Company would continue to be obligated to repay any balance of mortgages outstanding on such properties.

Environmental Matters

Under various environmental and ecological laws, Urbanfund could become liable for the costs of removal or remediation of certain hazardous or toxic substances released on or in its properties or disposed of at other locations. The failure to remove or remediate such substances may adversely affect the Company's ability to sell such property or to borrow or use the property as collateral and could also result in claims against the Company by third parties. Urbanfund is not currently aware of any material non-compliance, liability or claim with respect to any of its properties that it believes would involve material expenditures to the Company.

Climate Change

Climate change presents a multi-faceted risk for Urbanfund considering its investment in and management of real estate assets in multiple geographical territories. Climate-related risks refer to the potential for climate change to create adverse consequences for human or ecological systems, including impacts on people, livelihoods, health and well-being, economic, social, and cultural assets and investments, infrastructure, services provision, ecosystems and species. An increase in the frequency and magnitude of climate-related risks such as floods, fires, windstorms, and ice storms in certain locales can lead to a surge in capital expenditure, repairs and maintenance and interruptions to business operations. Ongoing operating expenses such as energy costs can potentially be impacted more by extreme weather, and anticipation of more frequent and severe weather events may have an adverse effect on insurance premiums. Investment properties located in areas with higher climate-related vulnerabilities could experience negative pressure on their valuations.

In addition, transitioning to a low-carbon economy will drive extensive regulatory market and technology changes to address mitigation and adaptation requirements related to climate change. Urbanfund's approach to meeting these challenges will also have an impact on its reputation. Regulatory changes may include those related to carbon pricing, a shift to low emission energy sources, the adoption of energy efficiency measures and technology, and changes to building codes to allow for climate resiliency and mitigation. Market changes may include adjustments in the goods and services purchased by Urbanfund as well as shifts in the preferences of occupants. Technology is moving towards more climate-friendly options including renewable energy, battery storage and energy efficiency equipment. Urbanfund may incur increased costs as part of its compliance with such changes, which may have an adverse impact on the Company.

Key Personnel

Urbanfund's executive and other senior officers have a significant role in the success of our operations. Our ability to retain our current management team or ensure suitable replacements could have an adverse effect on the Company and its operations.

We rely on the services of key personnel on our executive including the Chief Executive Officer and Chief Financial Officer and the loss of their services could have an adverse effect on the Company. We are mitigating this risk through implementation of succession planning.

Potential Conflicts of Interest

Urbanfund is subject to various conflicts of interest due to the directors and officers being engaged in other real estate related activities. The Company is, and may become, involved in transactions which may conflict with our overall business objectives. The directors, from time to time may enter into arrangements with individuals or companies with which may also be desirable to Urbanfund. The interests of these persons and/or companies could conflict with those of Urbanfund. In addition, the individuals or companies may be competing with Urbanfund for available investment opportunities.

Our directors or officers who are identified to be in conflict are required to disclose material interests in material contracts and transactions and are refrained from voting on a resolution to approve a material contract or transaction.

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Significant Shareholders

As of the date of this MD&A, our directors and officers hold, directly or indirectly, a majority of the outstanding common shares and 100% of the preferred shares. The market price of our common shares could be significantly affected if our directors or officers intend or are perceived to be selling their holdings in Urbanfund.

Dividends

The declaration and payment of future dividends and the quantum of any such dividends will be subject to the approval of Urbanfund's Board of Directors, in its discretion, considering, among other things, operating performance, financial condition, future growth plans, expected capital requirements, statutory solvency tests, as well as any contractual restrictions on such dividends, including any agreements entered into with lenders to the Company or its subsidiaries. There can be no assurance that dividends will be paid at the intended rate or at any rate in the future.

Cyber Security Threats

A cyber incident is an intentional or unintentional event that could threaten the integrity, confidentiality or availability of the Company's information resources. These events include, but are not limited to, unauthorized access to information systems, a disruption to our information systems, or loss of confidential information. Urbanfund's primary risks that could result directly from the occurrence of a cyber incident include operational interruption, damage to our public image and reputation, and/or potentially impact the relationships with our tenants.

We have implemented processes, procedures and controls to mitigate these risks, including, but not limited to, firewalls and antivirus programs and training and awareness programs on the risks of cyber incidents. These procedures and controls do not guarantee that the financial results may not be negatively impacted by such an incident.

ADDITIONAL INFORMATION

These documents, as well as additional information relating to Urbanfund, 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 <http://www.sedarplus.ca/>.

Additional information, including directors' and officers' remuneration and indebtedness, principal holders of Urbanfund's securities, common share issuances pursuant to the DRIPs and options to purchase the Company's securities authorized for issuance under equity compensation plans, as of December 31, 2024, will be contained in Urbanfund's Management Information Circular which will be furnished in connection with the annual and special meeting of the shareholders that is anticipated to be held on June 17, 2025.