

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

INTRODUCTION

This management's discussion and analysis ("MD&A"), dated April 30, 2014, should be read in conjunction with Urbanfund Corp.'s (the "Company") audited consolidated financial statements for the years ended December 31, 2014 and 2013 and the notes thereto (collectively, the "Consolidated Statements") prepared in accordance with International Financial Reporting Standards ("IFRS"). Please refer to the notes of the Consolidated Statements for disclosure of the Company's significant accounting policies. All dollar amounts are presented in Canadian dollars.

CORPORATE PROFILE

Urbanfund Corp. is a Toronto-based real estate development and operating company. The Company's focus is to identify, evaluate and invest in real estate or real estate related projects. The Company's assets are located in Toronto, Belleville and London, Ontario and Montreal and Quebec City, Quebec. The Company is a reporting issuer in Alberta, British Columbia and Ontario. The Company's common shares trade on the TSX Venture Exchange under the symbol UFC.

CAUTIONARY NOTE REGARDING FORWARD LOOKING STATEMENTS

This MD&A contains certain forward-looking statements, which reflect management's expectations regarding the Company's growth, results of operations, performance, business prospects and opportunities, access to capital, and repayment of indebtedness and cash-flow.

Such statements, including statements about the Company's future plans and intentions, results, levels of activity, performance, goals or achievements or other future events, repayment of indebtedness, satisfaction of contractual obligations and estimated completion date of the One Bloor Street East Real Estate Project constitute forward-looking statements. Wherever possible, words such as "may", "will", "should", "could", "expect", "plan", "intend", "anticipate", "believe", "estimate", "predict", or "potential" or the negative or other variations of these words, or similar words or phrases, have been used to identify these forward-looking statements. These statements reflect management's current beliefs and are based on information currently available to management as at the date hereof.

Forward-looking statements involve significant risk, uncertainties and assumptions. Many factors could cause actual results, performance or achievements to differ materially from the results discussed or implied in the forward-looking statements. These factors should be considered carefully and readers should not place undue reliance on the forward-looking statements. Although the forward-looking statements contained in this MD&A are based upon what management believes to be reasonable assumptions, the Company cannot assure readers that actual results will be consistent with these forward-looking statements. These forward-looking statements are made as of the date of this MD&A, and the Company assumes no obligation to update or revise them to reflect new events or circumstances, except as required by law. Many factors could cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements, including: general economic and market segment conditions, interest rates, costs outside of the Company's control such as real estate taxes and utilities, the ability of tenants to satisfy their contractual rent obligations and any unforeseen repair, maintenance or replacement of the Company's assets. More detailed assessment of the risks that could cause actual results to materially differ than current expectations is contained in the "Risks and Uncertainties" section of this MD&A.

INTERNATIONAL FINANCIAL REPORTING STANDARDS

The Consolidated Statements have been prepared in accordance with IFRS as issued by the International Accounting Standards Board ("IASB") and interpretations of the IFRS Interpretations Committee ("IFIRC").

INCOME PRODUCING PROPERTIES

The Company's income-producing properties during fiscal 2014 were comprised of the following:

1. An 84 suite townhouse complex located at the corner of Don Mills Road and Van Horne Avenue, in Toronto, Ontario (the "Don Mills Property");
2. A 72,761 square foot one-storey commercial shopping centre located at 305 North Front Street, Belleville, Ontario (the "Belleville Property");
3. A 16,000 square foot one-storey commercial shopping centre located 476-480 Wonderland Road South, London, Ontario (the "London Property"); and
4. A 10% interest in a portfolio of 10 residential projects consisting of 1,870 residential suites located in Quebec City and Montreal (the "Quebec Properties").

EQUITY INTEREST IN REAL ESTATE PROJECT (One Bloor East)

In September 2009, the Company invested \$2,000,000 (a purchase price of \$1,233,333 and a deposit of \$766,667 for future development costs) for a 10% interest in a limited partnership which in turn has a 33.3% interest in the One Bloor Street East Real Estate Project. The Company does not have significant influence, control or joint control over the limited partnership holding the 33.3% share of the One Bloor Street East Real Estate Project, and accordingly the equity investment is categorized as an available for sale financial instrument. Since there is no quoted market price in an active market for this investment, it is carried at cost, with impairment losses recognized in net income when there is a permanent impairment in the value of the investment. As at December 31, 2014, no events or changes in circumstances have occurred that could lead to impairment in the value of the investment. During 2014, the Company received a cost recovery in the amount of \$248,667 related to the project.

The real estate project is a high density residential and commercial re-development site located at the southeast corner of Yonge and Bloor Streets in Toronto, Ontario. Construction began in late 2011 and it is expected to be completed in late 2017 or early 2018. Residential unit sales are over 95% complete.

RESULTS FROM OPERATIONS

Statement of Comprehensive Income

For the year ended December 31, 2014 the Company reported Earnings before income taxes of \$2,875,821 on Revenue of \$4,739,344 compared to Earnings before income taxes of \$2,991,739 on Revenue of \$4,405,761 for the corresponding year in 2013. The decrease in Earnings is due to an increase in rental expenses as the Quebec Properties are now reporting a full year of operation.

Rental income increased to \$4,739,344 for the period ended December 31, 2014 from \$4,405,761 for the corresponding period ended 2013. This is a result of the Quebec Properties reporting full year of operations and increased rentals on expanded premises at the Belleville Property. Rental expenses for the year ended December 31, 2014 increased to \$2,374,641 compared with \$2,094,991 for the corresponding period in 2013.

FUNDS FROM OPERATIONS

Statement of Cash Flows

Funds from Operations (“FFO”) is a non-IFRS measure and should not be construed as an alternative to net income determined in accordance with IFRS. However, FFO is an operating performance measure which is widely used by the real estate industry and the Company has calculated FFO in accordance with the recommendations of the Real Property Association of Canada (“REALpac”).

FFO, or any other non-IFRS performance measure, is not intended to represent operating profits for the period or from a property. Furthermore, it should not be viewed as an alternative to net income, cash flow from operating activities or similar measures of financial performance calculated in accordance with IFRS.

FFO is a widely accepted supplemental measure of financial performance for real estate entities; however, it does not represent amounts available for capital programs, debt service obligations, commitments or uncertainties. FFO should not be interpreted as an indicator of cash generated from operating activities and is not indicative of cash available to fund operating expenditures, or for the payment of cash distributions. FFO is simply one measure of operating performance.

FFO for the years ended December 31, 2014 and 2013 are as follows:

	Year Ended December 31, 2014	Year Ended December 31, 2013
Net Earnings Before Income Taxes	\$2,875,821	\$2,991,739
Adjust for:		
Interest Income	(\$31,310)	(\$34,587)
Dividend Income	-	(\$9,769)
Realized Gain on Marketable Securities	(\$17,244)	(\$110,533)
Unrealized Loss on Marketable Securities	-	\$72,424
Fair Value Adjustment on Investment Properties	(\$1,545,326)	(\$1,746,366)
Funds From Operations (FFO)	\$1,281,941	\$1,162,908

LIQUIDITY AND CAPITAL STRUCTURE

As of December 31, 2014, the Company had cash on hand in the amount of \$2,049,967 (2013 - \$1,838,261), marketable securities of \$320,518 (2013 - \$314,908) and short term investments in the amount of \$2,691,563 (2013 - \$2,659,648). As at the date hereof, liquidity has improved since December 31, 2014 as a result of the refinancing of the Don Mills Property in April 2015. See “Subsequent Events”.

As at December 31, 2014, the Company had mortgages payable in the amount of \$19,637,737 which was comprised of: (i) \$7,830,136 representing a mortgage payable for the Don Mills Property; (ii) \$5,526,442 representing a mortgage payable for the Belleville Property and London Property; and (iii) \$6,281,159 representing mortgages payable on the Quebec Properties. With continuing increases in the Company’s rental income from its properties, cash flow is expected to remain consistent and the Company is projected to continue to satisfy its debt obligations.

ASSETS / LIABILITIES

Statement of Financial Position

As of December 31, 2014, total assets were \$47,211,558 as compared to \$45,091,043 as of December 31, 2013. The increase of \$2,120,515 in total assets as at December 31, 2014 is mainly due to fair value adjustments to investment properties.

DIVIDENDS

The Company has not declared or paid a dividend in its history. Other than restrictions which may be imposed by the Company's mortgage facility, there are no restrictions on the Company that would prevent it from paying a dividend. The Company's dividend policy will be reviewed from time to time in the context of the Company's earnings, financial condition and other relevant factors.

SUMMARY OF QUARTERLY RESULTS

The following selected financial data is derived from the unaudited quarterly financial statements of the Company:

Quarter ended	Revenue	Net Income (Loss)	Net Income Per Share (Basic) ¹
December 31, 2014	\$1,192,556	\$2,462,190	0.057
September 30, 2014	\$1,203,021	\$315,922	0.007
June 30, 2014	\$1,185,504	\$119,301	0.003
March 31, 2014	\$1,158,263	\$165,087	0.004
December 31, 2013	\$1,330,217	\$1,418,536	0.033
September 31, 2013	\$686,670	\$441,974	0.010
June 30, 2013	\$1,684,854	\$342,741	0.010
March 31, 2013	\$704,020	\$182,202	0.004

SELECTED CONSOLIDATED FINANCIAL INFORMATION

The following table highlights selected financial information for the Company's past two years:

	Year ended December 31, 2014	Year ended December 31, 2013
Revenue	\$4,739,344	\$4,405,761
Net Income (Loss)	\$3,062,500	\$2,385,453
Net Income (Loss) per Share		
- Basic ¹	\$0.07	\$0.05
- Diluted	\$0.06	\$0.05
Total Assets	\$47,211,558	\$45,091,043
Mortgages Payable	\$19,637,737	\$20,377,807
Cash Dividends Declared per Share	Nil	Nil

Notes:

¹ Basic net income or loss per common share is calculated by dividing the net income or loss by the weighted average number of common shares outstanding during the period. Diluted net income or loss per common share is calculated by dividing the applicable net income or loss by the sum of the weighted average number of common shares outstanding and all additional shares that would have been outstanding if potentially dilutive common shares had been issued during the period. The dilutive effect of outstanding stock options on net income per share is calculated by determining the proceeds for the exercise of such securities which are then assumed to be used to purchase common shares of the Company.

RELATED PARTY TRANSACTIONS

Property management for the Company's income-producing properties are provided on a fee-basis by Westdale Construction Co. Limited ("Westdale") the Company's largest shareholder. Ronald Kimel, the Company's Chairman, is also a director and officer of Westdale.

All services provided to the Company by Westdale are provided on customary market terms and conditions. During the years ended December 31, 2014 and 2013, the Company paid or accrued for \$88,561 and \$69,701 respectively, for these services. In addition, salary reimbursements of \$193,906 were paid or payable to this corporation in 2014 (2013 - \$174,341). See Note 16 in the Consolidated Statements.

FOURTH QUARTER RESULTS

For the quarter ended December 31, 2014, the Company reported net income of \$2,462,190 (\$0.057 per common share) compared with a net income of \$1,418,536 (\$0.033 per common share) for the corresponding quarter in 2013. The Company's revenues decreased in the quarter ended December 31, 2014 to \$1,192,556 compared with revenues of \$1,330,217 for the corresponding period in 2013. Revenues decreased due to the final determination in the estimate of the amount of net operating activity recorded prior to the effective closing date of the purchase of the company's 10% interest in the Quebec Properties. The increase in net income for the three month period ended December 31, 2014 compared with the corresponding period ended December 31, 2013 is principally due to the fair value adjustment to the investment properties.

RISKS AND UNCERTAINTIES

The Company is exposed to a number of risks and uncertainties that could impact future results. The nature of the Company's business, especially in the real estate sector, means that it is affected by general economic conditions and competitive factors. The Company operates in a capital intensive

business environment. The Company faces several areas of risk. The Company's real estate investments are subject to the normal operating risks common to the industry, including seasonal and cyclical fluctuations, costs for construction materials and labour and changes in interest rates. The Company is reviewing its current debt position in an effort to take advantage of the favourable interest rate environment.

The following are specific and general risks that could affect the Company and that each reader should carefully consider. Additional risks and uncertainties not presently known to the Company or that the Company does not currently believe to be material, could impair the Company's business operations and its operating results and as a result could materially impact its business, results of operations, prospects and financial condition.

a. Economic Risks

Any deterioration in the North American and global economies, including the North American credit markets, represents a significant risk to the Company and its ability to grow the portfolio. The Company may require mortgage funds for future acquisitions and there is no assurance that the Company will be able to secure such funds on commercially beneficial basis, or at all. The failure to raise sufficient funds could have a material adverse effect on the business of the Company and the market value of its securities.

b. Real Estate Industry Risk

All real estate investments are subject to a degree of risk. They are affected by various factors including changes in general economic conditions (such as the availability of long term mortgage funds) and in local conditions (such as an oversupply of space or a reduction in demand for real estate in the area), the attractiveness of the properties to tenants, competition from other available space, the ability of the owner to provide adequate maintenance at an economic cost and various other factors. In addition, fluctuations in interest rates may affect the Company.

The value of real property and any improvements thereto may also depend on the credit and financial stability of the tenants. Tenants may default in performing their obligations under their leases. No assurance can be given that the Company will be able to quickly re-lease space vacated by a tenant on favorable terms, if at all.

In addition, although certain, but not all, leases contain a provision requiring tenants to maintain continuous occupancy of leased premises, there can be no assurance that tenants will continue to occupy the Company's premises. The Company's income and funds from operations would be adversely affected if a number of tenants were to become unable or unwilling to meet their obligations to the Company or if the Company were unable to lease a significant amount of available space in its properties on economically favourable lease terms. Furthermore, the Company may experience delays and incur substantial costs in enforcing its rights as lessor. The Company may also incur costs in making improvements or repairs to a property required by a new tenant.

Certain significant expenditures involved in real property investments, such as real estate taxes, maintenance costs and mortgage payments, represent liabilities which must be met regardless of whether the property is producing any income. If the Company is unable to meet mortgage payments on any property, losses could be sustained as a result of the mortgagee's exercise of its rights of foreclosure or power of sale.

Real property investments are relatively illiquid. This illiquidity will tend to limit the ability of the Company to vary its property portfolio promptly in response to changed economic or investment conditions. If the Company were required to quickly liquidate its assets, there is a risk that the Company would realize sale proceeds of less than the stated value of the properties of the Company. The Company's property portfolio is concentrated in Ontario and Quebec. As a result, economic and real estate conditions in Ontario and Quebec will significantly affect the Company's revenues and the value of its properties.

c. Lease Renewal and Rental Increase Risks

Income producing properties generate income through rent payments made by tenants of the properties. Upon the expiry of any lease, there can be no assurance that the lease will be renewed or the tenant replaced. The terms of any subsequent lease may be less favourable to the Company than the existing lease. The Company is dependent on leasing markets to ensure vacant residential space is leased, expiring leases are renewed and new tenants are found to fill vacancies. A disruption in the economy could have a significant impact on how much space tenants will lease and the rental rates paid by tenants. This would affect the income produced by the Company's properties as a result of downward pressure on rents.

d. Environmental Risks

As an owner and manager of real property, the Company is subject to various Canadian federal, provincial, and municipal laws relating to environmental matters. These laws could encumber the Company with liability for the costs of removal and remediation of certain hazardous substances or wastes released or deposited on or in its properties or disposed of at other locations. The failure to remove or remediate such substances, if any, could adversely affect the Company's ability to sell its real estate, or to borrow using real estate as collateral, and could potentially also result in claims or other proceedings against the Company. The Company has formal policies and procedures to review and monitor environmental exposure. The Company has made and will continue to make, the necessary capital expenditures for compliance with environmental laws and regulations. Although the Company is not aware of any material non-compliance with environmental laws at any of its properties nor is it aware of any pending or threatened investigations or actions by environmental regulatory authorities in connection with any of its properties or any material pending or threatened claims relating to environmental conditions at its properties, no assurance can be given that environmental laws will not result in significant liability to the Company in the future or otherwise adversely affect the Company's business, financial condition or results of operations. The Company has formal policies and procedures to review and monitor environmental exposure. The Company has made, and will continue to make, the necessary capital expenditures for compliance with environmental laws and regulations. Environmental laws and regulations can change rapidly and the Company may become subject to more stringent environmental laws and regulations in the future. Compliance with more stringent environmental laws and regulations could have a material adverse effect on the Company's business, financial condition or results of operation.

e. Competition Risk

The real estate business is extremely competitive. Numerous other developers, acquirers, managers and owners of residential, office, industrial and retail properties will compete with the Company in seeking properties. The existence of competing developers and owners could have an adverse effect on the Company's ability to acquire properties and on the rents charged or concessions granted. There can be no guarantee that additional properties will be available to the Company at fair prices or at all.

f. General Uninsured Losses

The Company carries comprehensive general liability, fire, flood, extended coverage and rental loss insurance with policy specifications, limits and deductibles customarily carried for similar properties. There are, however, certain types of risk (generally of a catastrophic nature 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, the Company could lose its investment in, and anticipated profit and cash flows from, one or more of its properties, and the Company would continue to be obligated to repay any recourse mortgage indebtedness on such properties.

g. Credit Risk – Leases

The key credit risk to the Company is the possibility that its tenants will be unable or unwilling to fulfill their lease term commitments. Key drivers of demand include employment levels, population growth, demographic trends and consumer confidence. The failure by tenants to fulfill their lease commitments could have a material adverse effect upon financial position of the Company.

h. Local Real Estate Market Risk and Asset Concentration

There is a risk that the Company would be negatively affected by the new supply of, and demand for, multi-unit residential suites in its local market areas. Any significant amount of new construction will typically result in an imbalance in supply and cause downward price pressure on rents.

i. Rent Control Legislation Risk

Rent control legislation, the risk of the implementation of new legislative rent controls or the amendment to existing legislative rent controls in the markets the Company operates may have an adverse impact on the Company's operations. (Don Mills Property and Quebec Properties) The *Residential Tenancies Act in Ontario* and the *Regie du logement in Quebec* are responsible for providing criteria and restrictions for the ability of a landlord to increase rents above an annually prescribed guideline. In Ontario, a rental increase guideline has been established and was 0.8% for 2014 and is 1.6% for 2015.

In Quebec, landlords and tenants are free to negotiate a rental increase that they deem just and reasonable. If the landlord and tenant have difficulty in reaching an agreement, the *Régie du logement* offers assistance in fixing the rent increase based on approved *Regie du logement* indexes published annually.

j. Utility and Property Tax Risk

Utility and property tax risk relates to the potential loss the Company may experience as a result of higher resource prices and well as its exposure to significant increases in property taxes. Over the past few years, property taxes have increased as a result of revaluations of municipal properties and their adherent tax rates. For the Company, these revaluations have resulted in significant increases in some property assessments due to enhancements. Utility expenses, mainly consisting of natural gas and electricity service charges, have been subject to considerable price fluctuations over the past several years. Any significant increase in these resource costs that the Company cannot pass on to the tenant may have a negative material impact on the Company.

k. Public Market Risk

It is not possible to predict the price at which the Company's common shares will trade and there can be no assurance that an active trading market for the common shares will be sustained. The common shares will not necessarily trade at values determined solely by reference to the value of the properties of the Company. Accordingly, the common shares may trade at a premium or a discount to the value implied by the value of the Company's properties. The market price for the common shares may be affected by changes in general market conditions, fluctuations in the markets for equity securities and numerous other factors beyond the control of the Company.

l. Significant Shareholders

As at December 31, 2014, directors and officers held, directly or indirectly, approximately 76.5% of the outstanding common shares and 100% of the preferred shares. The market price of the common shares could be significantly affected if the holders of these shares sell them or are perceived by the market as intending to sell them.

m. Co-ownership and Joint Venture Interests in Real Estate Investments

From time to time the Company owns or may own property or properties with other joint venture partners. The Company could be adversely affected by a default by a joint venturer of a property under the terms of a mortgage, lease or other agreement.

n. Financing and Repayment of Indebtedness

The Company has outstanding indebtedness in the form of mortgages and, as such, is subject to the risks normally associated with debt financing, including the risk that the Company's cash flow will be insufficient to meet required payments of principal and interest.

There is a possibility that the Company's internally generated cash may not be sufficient to repay all of its outstanding indebtedness. However, the Company may elect to repay indebtedness through refinancing or through the issuance of equity securities. Upon the expiry of the term of the financing on any particular property owned by the Company, refinancing on a conventional mortgage loan basis may not be available in the amount required or may be available only on terms less favourable to the Company than the existing financing. This will be dependent upon the economic circumstances prevailing at such time. Also, a credit disruption in the capital markets could have an adverse impact on the Company's ability to meet its obligations and grow its business.

The real estate industry is highly capital-intensive. The Company will require access to capital to maintain its properties, as well as to fund its development, redevelopment and renovation initiatives and significant capital expenditures from time to time. There is no assurance that capital will be available when needed or on favourable terms. The Company's financing may include indebtedness with interest rates based on variable lending rates that will result in fluctuations in the Company's cost of borrowing. In addition, interest rates affect the profitability of commercial properties as interest paid on mortgages secured by commercial properties represents a significant cost in the ownership of properties.

o. Dependence on Key Personnel

The management of the Company depends on the services of certain key personnel. The termination of employment by any of these key personnel or the cessation of involvement in the Company by such personnel could have a material adverse effect on the Company and its operations.

p. Potential Conflicts of Interest

The Company may be subject to various conflicts of interest because of the fact that directors and officers of the Company are engaged in other real estate-related business activities. The Company may become involved in transactions which conflict with the interests of the foregoing. Directors may from time to time deal with persons, firms, institutions or corporations with which the Company may be dealing, or which may be seeking investments similar to those desired by the Company. The interests of these persons could conflict with those of the Company. In addition, from time to time, these persons may be competing with the Company for available investment opportunities. Directors and officers of the Company are required to disclose material interests in material contracts and transactions and to refrain from voting thereon.

q. Acquisition and Growth Risks

The Company's external growth prospects will depend in large part on identifying suitable development and acquisition opportunities, pursuing such opportunities, conducting necessary due diligence, consummating acquisitions (including obtaining necessary consents) and effectively operating the properties acquired by the Company. If the Company is unable to manage its growth and integrate its acquisitions effectively, its business, operating results and financial conditions could be adversely affected. Developments and acquisitions may not meet operational or financial expectations due to unexpected costs or market conditions, which could impact the Company's performance.

The Company's business plan includes growth through identification of suitable acquisition opportunities, pursuing such opportunities, consummating acquisitions and effectively operating and leasing such properties. If the Company is unable to find suitable growth opportunities or manage its growth effectively, its business, operating results and financial conditions may be adversely affected. There can be no assurance that the Company will consistently be able to acquire assets on an accretive basis.

r. Proposed Acquisitions

There can be no assurance that the Company will complete any proposed acquisitions described herein on the basis described or on expected closing dates, if at all. In the event the Company does not complete proposed acquisitions, the Company's financial performance may be negatively impacted until suitable acquisitions with appropriate investment returns can be made. There is no assurance that such suitable investments will be available to the Company in the near future or at all.

s. Interest Risk

Interest risk is the combined risk that the Company would experience a loss as a result of its exposure to a higher interest rate environment (interest rate risk) and the possibility that at the term end of a mortgage the Company would be unable to renew the maturing debt either with the existing or an additional lender (renewal risk). The Company attempts to manage its interest rate risk by maintaining a balanced, maturing portfolio with mortgage debt being financed for periods ranging between 5 and 10 years. There can however, be no assurance that the renewal of debt will be on as favourable of terms as the Company's existing debt.

t. Appraisals of Properties

An appraisal is an estimate of market value and caution should be used in evaluating data with respect to appraisals. It is a measure of value based on information gathered in the investigation, appraisal techniques employed and reasoning quantitative and qualitative, leading to an opinion of value. The analysis, opinions, and conclusions in an appraisal are typically developed based on, and in conformity with, or interpretation of the guidelines and recommendations set forth in the Canadian Uniform Standards of Appraisal Practice. Appraisals are based on various assumptions of future expectations of property performance and while the appraiser's internal forecast of net income for the properties appraised are considered to be reasonable at that time, some of the assumptions may not materialize or may differ materially from actual experience in the future.

Equity markets for small capitalized public companies are subject to varying degrees of risk and may not always be available to access additional capital. As a result, capital may not be available for future growth when and if required. Management, however, believes that additional capital will be forthcoming for new projects based on their merit. Further, management utilizes the Company's asset base to take advantage of capital raising initiatives when opportunities arise. It is the intention that upon favourable changes in the capital markets for publicly traded real estate companies, the Company intends to, on an as required basis, access additional capital through share issues.

SIGNIFICANT ACCOUNTING POLICIES

The Company's financial statements are prepared by management in accordance with IFRS and are generally in accordance with the recommendations of the Real Property Association of Canada. The Company's significant accounting policies have been applied on a consistent basis and are detailed in its Consolidated Statements.

CRITICAL ACCOUNTING POLICIES

Preparing the Consolidated Statements requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses, and the disclosures of contingent liabilities. Management bases its judgments and estimates on historical

experience and other factors it believes to be reasonable under the circumstances, but that are inherently uncertain and unpredictable, the result of which forms the basis of the carrying amounts of assets and liabilities. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment in the future to the carrying amounts of the asset or liability affected. The Company's critical accounting judgments, estimates and assumptions in applying accounting policies are described in Notes 2, 3, 4 and 5 of the Consolidated Statements.

INVESTOR RELATIONS

No investor relations activities were undertaken by or on behalf of the Company during 2014. No investor relations arrangements or contracts were entered into by the Company during 2014.

SUBSEQUENT EVENTS

In April 2015 the Company completed a refinancing of its Don Mills Property. The mortgage financing, provided by a large Canadian financial institution, was in the amount of \$12,282,600 and is for a term of 10 years with a fixed interest rate of 2.51%. The proceeds raised from the mortgage financing, net of transaction costs, were used to retire an existing \$7,760,500 first mortgage and the balance will be used to evaluate and pursue further real estate or real estate-related opportunities and for working capital and general corporate purposes.

On January 22, 2015, the proposed transaction pursuant to which the Company was considering acquiring a 25% interest in a multi-residential real estate portfolio, as more particularly disclosed in the Company's Management's Discussion and Analysis dated November 28, 2014, was terminated.

OUTLOOK

Management expects slightly improved results for fiscal 2015 as compared to fiscal 2014. The Company's strategy going forward is to continue to seek out real estate or real estate related investment opportunities.

DISCLOSURE OF OUTSTANDING SHARE DATA

Details of the Company's outstanding share data as of December 31, 2014 and the date hereof are as follows:

Common shares – 43,572,684
Series A, First Preferred Shares – 7,425,000

ADDITIONAL INFORMATION CONCERNING THE COMPANY

Additional information regarding the Company can be found on SEDAR at www.sedar.com.

Additional information, including directors' and officers' remuneration and indebtedness, principal holders of the Company's securities, and options to purchase the Company's securities authorized for issuance under equity compensation plans, all as of December 31, 2014, will be contained in the Company's Management Information Circular to be furnished in connection with the Company's annual and special meeting of shareholders to be held on June 16, 2015. Additional information is provided in the Consolidated Statements.