



REPORT ON FINANCIAL RESULTS FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2018

August 22, 2018 – For Immediate Release

Toronto, Ontario – Mitchell Cohen, Chief Executive Officer and President of Urbanfund Corp. (TSX-V: UFC) ("Urbanfund" or the "Company"), confirmed today that the Company has filed its financial statements for the three and six months ended June 30, 2018 (the "Consolidated Financial Statements") and corresponding Management's Discussion and Analysis ("MD&A").

BUSINESS OVERVIEW AND STRATEGY

Business Overview

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

Operational Highlights

Part of Urbanfund's strength is the ability to attract partners with proven track records with both residential and commercial development expertise. Urbanfund continues to build alliances with its strategic partners:

- **One Bloor Project** – Up to June 30, 2018 and subsequent to period end, Urbanfund received distributions relating to profit on the sales of real estate of \$500,000 and \$300,000, respectively. Total profits received as of the date of this press release was \$4,966,667.
- **Edvac** – Through June 30, 2018, the Company sold 39 of the 40 units it owned in 11-13 Edvac Drive, Brampton, Ontario project. The Company has received distributions of \$3,020,000 which included a return of capital of \$1,625,000 and a distribution of income of \$1,395,000 on the sale of those units.
- **Weber Limited Partnerships** – On July 16, 2018, Urbanfund sold 48 Weber Street, 61 Roy Street and 65 Roy Street for \$7,300,000, less closing costs of \$206,225. On the date of closing, the Company extinguished the mortgage payable related to 48 Weber Street and 65 Roy Street of \$4,568,918.
- **La Corporation Headway ("Quebec Headway")** - With the scheduled completion of renovations of Domaine Anjou, Versant Nord and Complexe Renaissance, Quebec Headway is experiencing a higher tenant occupancy. Quebec Headway plans to continue with the renovation of its Quebec City investment properties with anticipation of higher tenant occupancy and NOI.
- **Highfield Park Portfolio** - In 2017, the Company invested \$7,569,980 for a 20% interest in Highfield Park Residential Inc. In turn Highfield Park Residential Inc. purchased the Highfield Park portfolio for \$113,000,000 plus customary closing costs, funded by way of a \$77,000,000 mortgage and \$36,000,000 in equity contributions. During the six month period June 30, 2018, Urbanfund recognized \$186,221 of income related to its equity investment.

Dividend Reinvestment Plan Extension

Urbanfund amended the number of shares available for issuance pursuant to its dividend reinvestment plans for holders of its common shares and Series A, first preferred shares, increasing the aggregate number of common shares available for issuance to 2,272,663 as at June 30, 2018.

PRESENTATION OF FINANCIAL INFORMATION AND NON-IFRS MEASURES

Presentation of Financial Information

Unless otherwise specified herein, financial results, including historical comparatives, contained in this Press Release are based on Urbanfund's Consolidated Financial Statements and 2017 Annual Consolidated Financial Statements, which have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the IFRS Interpretations Committee ("IFRIC"). Unless otherwise specified, amounts are in Canadian dollars and percentage changes are calculated using whole numbers.

RESULTS FROM OPERATIONS

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

Select Quarterly Information

	Three months ended June 30,		Six months ended June 30,	
	2018	2017	2018	2017
Operating results				
Revenue	\$ 1,426,298	\$ 1,406,358	\$ 2,837,984	\$ 2,811,250
Income before taxes	1,554,629	2,071,344	3,991,233	2,462,823
Net income and comprehensive income	1,410,629	1,775,344	3,028,233	2,201,823
Per share basis, attributable to shareholders				
Basic income per share	\$ 0.031	\$ 0.040	\$ 0.067	\$ 0.049
Diluted income per share	\$ 0.027	\$ 0.034	\$ 0.057	\$ 0.042
Non-IFRS measures (i)				
FFO	\$ 532,976	\$ 1,778,283	\$ 2,091,419	\$ 2,120,866
ACFO	(1,659,026)	2,136,694	3,404,185	1,865,832
As at	June 30, 2018		December 31, 2017	June 30, 2017
Financial position				
Total assets	\$ 83,569,155	\$ 84,332,317	\$ 68,709,616	
Total investment properties	\$ 63,213,569	\$ 61,427,685	\$ 58,386,471	
Total debt	\$ 33,573,842	\$ 36,584,854	\$ 29,165,620	
Non-IFRS measures (i)				
Debt to total assets	40%	43%	42%	
Debt to Adjusted EBITDA (ii)	3.95	4.80	9.22	
Interest coverage ratio (ii)	3.35	5.83	2.10	
Debt service ratio (ii)	1.95	2.57	0.55	

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

(ii) Calculated on a trailing twelve month basis.

Summary of Quarterly Results

For the three months ended,	Revenue	Net income attributable to shareholders	Basic income per share	Diluted income per share
June 30, 2018	\$ 2,335,133	\$ 1,412,797	\$ 0.031	\$ 0.027
March 31, 2018	5,641,214	1,617,596	0.036	0.031
December 31, 2017	1,387,165	4,559,257	0.101	0.087
September 30, 2017	1,307,855	507,198	0.011	0.010
June 30, 2017	1,406,358	1,772,792	0.040	0.034
March 31, 2017	1,404,892	418,127	0.009	0.008
December 31, 2016	1,280,138	1,728,996	0.039	0.033
September 30, 2016	1,254,331	191,822	0.004	0.004

Funds from Operations ("FFO")

	Three months ended June 30,		Six months ended June 30,	
	2018	2017	2018	2017
Net income attributable to shareholders	\$ 1,412,797	\$ 1,772,792	\$ 3,030,393	\$ 2,190,919
<i>Add back / (deduct):</i>				
Interest income	(34,858)	(52,885)	(57,881)	(67,939)
Income from equity accounted investment	(98,527)	-	(186,221)	-
Deferred income tax expense	29,000	106,000	370,000	71,000
Fair value adjustment on marketable securities	(10,959)	(47,265)	(80,060)	(71,841)
Fair value adjustment on investment properties	(762,300)	-	(980,651)	-
Straight-line of rental revenue	(2,177)	(359)	(4,161)	(1,273)
FFO	\$ 532,976	\$ 1,778,283	\$ 2,091,419	\$ 2,120,866
Weighted average number of shares - basic	45,453,260	44,568,047	45,332,561	44,625,775
Weighted average number of shares - diluted	52,878,260	51,813,047	52,757,561	52,050,775
FFO per share - basic	\$ 0.012	\$ 0.040	\$ 0.046	\$ 0.048
FFO per share - diluted	\$ 0.010	\$ 0.034	\$ 0.040	\$ 0.041

Adjusted Cash Flows from Operations ("ACFO")

	Three months ended June 30,		Six months ended June 30,	
	2018	2017	2018	2017
Cash provided by (used in) operating activities	\$ (589,353)	\$ 2,279,418	\$ 4,148,149	\$ 2,350,063
Adjustments to working capital changes for ACFO (i)	(621,833)	224,828	103,876	276,673
Normalized capital expenditures (ii)	(450,000)	(365,000)	(850,000)	(750,000)
Non-controlling interests	2,160	(2,552)	2,160	(10,904)
ACFO	\$ (1,659,026)	\$ 2,136,694	\$ 3,404,185	\$ 1,865,832

- (i) Includes working capital changes that based on REALpac February 2017 whitepaper, are not indicative of sustainable cash flow for distribution. Includes income taxes not relating to operating activities, tenant deposits and deferred financing charges.
- (ii) Normalized capital expenditures are management's estimate of ongoing capital investment required to maintain the condition of the property and current rental revenues. Refer to *Non-IFRS Measures* section below.

LIQUIDITY AND CAPITAL RESOURCES

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

The following table presents liquidity as a percentage of debt:

As at	June 30, 2018	December 31, 2017
Cash	\$ 7,912,389	\$ 8,002,475
Accounts receivable (i)	464,716	344,596
Marketable securities	537,064	446,825
Liquidity	\$ 8,914,169	\$ 8,793,896
Mortgages payable	33,573,842	36,584,854
Debt	\$ 33,573,842	\$ 36,584,854
Liquidity expressed as a percentage of debt	26.6%	24.0%

- (i) As of the date of this press release, Urbanfund has collected its outstanding amounts due as at June 30, 2018, and therefore accounts receivable have been factored in Liquidity.

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

DIVIDEND REINVESTMENT PLAN (“DRIP”)

On June 17, 2015, the Company adopted a dividend policy (the “Dividend Policy”) and implemented dividend reinvestment plans for the Company’s common and preferred shareholders (collectively, the “DRIP”). The DRIP is a voluntary program permitting holders of our common and preferred shares to automatically, and without charge, reinvest quarterly dividends to acquire additional common shares at a discount to the volume-weighted average market price as of the date of payment.

On June 17, 2017, Urbanfund amended its Dividend Policy to increase the annual dividend to a rate of \$0.01 per common share and \$0.01 per preferred share, payable quarterly in the amount of \$0.0025 per common and preferred share.

During the six months ended June 30, 2018, 355,120 common shares were issued pursuant to our DRIP resulting in additional equity of \$213,139 (June 30, 2017 – 245,431 and \$104,949). The average participant rate of the DRIP was 78.6%.

The Company previously reserved an aggregate of 2,000,000 common shares for issuance to participants in the DRIP. Given the Company’s determination to afford shareholders the opportunity to participate in the DRIP, the Board of Directors has amended the DRIP policy to increase the number of common shares reserved for issuance pursuant thereto. On June 13, 2018, Urbanfund received TSX-V approval. Notwithstanding the forgoing, the maximum number of common shares reserved for issuance pursuant to the DRIP may not exceed 5% of the Company’s issued and outstanding common shares. As at June 30, 2018, the maximum number of additional common shares that may be issued pursuant to the DRIP (including unissued common shares under the current DRIP) is 2,272,663.

The record date for dividends is 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 June 30, 2018.

	Payment date	Shareholders of record
2017, quarter 4 distribution	Jan. 16, 2018	Dec. 31, 2017
2018, quarter 1 distribution	Apr. 16, 2018	Mar. 31, 2018
2018, quarter 2 distribution	Jul. 16, 2018	Jun. 30, 2018

EVENTS AFTER THE BALANCE SHEET DATE

On July 16, 2018, Urbanfund, through its limited partnership, Weber Investments LP, sold its 48 Weber Street, 61 Roy Street and 65 Roy Street, Kitchener, Ontario for an aggregate purchase price of \$7,300,000, less closing costs of \$206,225. On the date of closing, Urbanfund extinguished the mortgage payable related to 48 Weber Street and 65 Roy Street of \$4,568,918. The general partner of Weber Investments LP, at its discretion, will distribute net proceeds in accordance with the limited partnership agreement.

On July 24, 2018, Urbanfund received a distribution on the sale of real estate related to the investment in real estate project of \$300,000.

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. In addition, Urbanfund’s method of calculating non-IFRS may differ from other reporting issuers, and, accordingly, may not be comparable.

The Real Property Association of Canada (“REALpac”) issued a white paper in February 2017 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.

NON-IFRS MEASURES (CONT'D)

Funds From Operations ("FFO")

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 2017. In the view of management, FFO better presents operating performance over IFRS net income and comprehensive income, which does not necessarily provide a complete view on performance. IFRS's net income and comprehensive income includes items such as fair value adjustments on investment properties which are subject to market fluctuations, which is not representative of the Company's year-over-year operating performance.

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

Adjusted Cash Flows from Operations ("ACFO")

In February 2017, 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 flow from or used in operating activities is presented under *Results from Operations* above.

Normalized Capital Expenditures

Normalized capital expenditures are an estimate made by management of the amount of ongoing capital investment required to maintain the condition of the physical property and the current rental revenues. Management will consider a number of items in estimating normalized capital expenditures given the age and size of the property portfolio, such as a review of historical capital expenditures and comparison of budgeted to actual 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 have extensive experience in residential and commercial real estate and an in-depth knowledge of the property portfolio.

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

Net Operating Income ("NOI")

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

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

Adjusted EBITDA is a non-IFRS measure used by management as 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 either non-operating in nature. A reconciliation of Adjusted EBITDA to IFRS net income is presented under *Debt Profile* section of the MD&A.

NON-IFRS MEASURES (CONT'D)

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 calculated under *Debt Profile* section of the MD&A.

Debt Service Ratio

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

Interest Coverage Ratio

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

ADDITIONAL INFORMATION

For comprehensive disclosure of Urbanfund's performance reference should be made to the Company's Consolidated Financial Statements and notes thereto and Management's Discussion and Analysis for the three and six months ended June 30, 2018, which have been filed electronically with the Canadian securities regulators through the System for Electronic Document Analysis and Retrieval ("SEDAR") and may be accessed through the SEDAR website at www.sedar.com.

FORWARD-LOOKING INFORMATION

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

Forward-looking information necessarily involve 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 cause actual results to differ materially from current expectations of estimated or anticipated events or results.

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

A more detailed assessment of the risks that could cause actual results to materially differ than current expectations is contained in *Risks and Uncertainties* section of Urbanfund's Management Discussion and Analysis for the three and six months ended June 30, 2018.

For further information, please contact:

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