



REPORT ON FINANCIAL RESULTS FOR THE THREE MONTHS ENDED MARCH 31, 2023

May 25, 2023 – 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 months ended March 31, 2023 (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 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:

- Weber Investments LP ("Weber LP") - the general partners of Weber LP, issued a return of capital to the Company in the amount of \$1,343,333, as a result of excess cashflow generated from the operations at 63 Scott Street.
- 1040 Martin Grove – Urbanfund invested a total of \$1,870,000 into a limited partnership that holds 50% interest in the purchase of an industrial complex located on 1040 Martin Grove Road, Toronto, Ontario.
- One Bloor Project – In January 2023, Urbanfund received distributions relating to profit on sales of One Bloor Street of \$128,000. Total profits received as of the date of this MD&A were \$4,744,667.
- Steeles Avenue East – In December 2022, Urbanfund, along with its joint venture partners, completed the sale of 36 units within the industrial complex and received a total distribution of \$7,250,000, which included a return of capital of \$2,375,000.
- 67-69 Westmore - In January 2022, Urbanfund formed a joint venture Takol 67-69 Westmore Inc., which acquired an industrial complex located at 67-69 Westmore Drive, Etobicoke, Ontario. The joint venture intends to renovate, change to condominium title and sell units in the complex. Urbanfund holds a 40% interest and its joint venture partner, Takol Real Estate Inc. and two private investors hold the remainder. The purchase price was \$23,425,000 plus customary closing costs, funded by a \$17,568,750 mortgage and \$5,856,250 in equity contributions.

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 2022 Annual Consolidated Financial Statements, which have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the IFRS Interpretations Committee ("IFRIC"). Unless otherwise specified, amounts are in Canadian dollars and percentage changes are calculated using whole numbers.

RESULTS FROM OPERATIONS

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

Selected Quarterly Information

Three months ended March 31,	2023	2022
Operating results		
Rental Revenue	\$ 2,070,390	\$ 1,979,543
Income before taxes	1,519,091	1,061,105
Net income and comprehensive income	1,264,591	863,105
Per share basis, attributable to shareholders		
Basic income per share	\$ 0.023	\$ 0.017
Diluted income per share	\$ 0.021	\$ 0.014
Non-IFRS measures (i)		
FFO	\$ 934,866	\$ 652,596
ACFO	(1,003,269)	(1,736,835)
As at,	March 31, 2023	December 31, 2022
Financial position		
Total assets	\$ 151,512,615	\$ 150,775,195
Total investment properties	104,597,000	104,437,000
Total mortgages payable	65,976,597	65,073,329
Non-IFRS measures (i)		
Debt to total assets	44%	46%
Debt to Adjusted EBITDA (ii)	4.92	4.98
Interest coverage ratio (ii)	4.40	4.30
Debt service ratio (ii)	2.67	2.59

(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 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
March 31, 2023	\$ 2,070,390	\$ 1,219,047	\$ 0.023	\$ 0.021
December 31, 2022	2,167,779	5,097,851	0.098	0.086
September 30, 2022	2,179,616	735,796	0.014	0.012
June 30, 2022	2,157,990	662,847	0.013	0.011
March 31, 2022	1,979,543	846,801	0.017	0.014
December 31, 2021	1,842,914	5,263,413	0.103	0.090
September 30, 2021	1,626,044	2,297,573	0.045	0.040
June 30, 2021	1,564,591	1,316,475	0.026	0.023

Funds from Operations ("FFO")

Three months ended March 31,	2023	2022
Net income attributable to shareholders	\$ 1,219,047	\$ 846,801
<i>Add back / (deduct):</i>		
Deferred income tax expense	178,000	220,000
Fair value adjustment on equity accounted investments	(266,400)	(388,600)
Fair value adjustment on investment properties	(201,769)	(15,490)
Fair value adjustment on non-controlling interest	12,488	(3,615)
Straight-line of rental revenue	(6,500)	(6,500)
FFO	\$ 934,866	\$ 652,596
Weighted average number of shares - basic	52,040,030	51,131,619
Weighted average number of shares - diluted	59,465,030	58,556,619
FFO per share - basic	\$ 0.018	\$ 0.013
FFO per share - diluted	\$ 0.016	\$ 0.011

Adjusted Cash Flows from Operations ("ACFO")

Three months ended March 31,	2023	2022
Cash provided by (used in) operating activities	\$ (682,110)	\$ (1,570,656)
Adjustments to working capital changes for ACFO (i)	(131,159)	23,821
Normalized capital expenditures (ii)	(190,000)	(190,000)
ACFO	\$ (1,003,269)	\$ (1,736,835)

- (i) Includes working capital changes that based on REALpac February 2019 whitepaper, are not indicative of sustainable cash flow for distribution. Also includes income taxes not relating to operating activities, tenant deposits, and deferred financing charges.
- (ii) Normalized capital expenditures are management's estimate of ongoing capital investment required to maintain the condition of the property and current rental revenues. Refer to *Non-IFRS Measures* section below.

LIQUIDITY AND CAPITAL RESOURCES

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

The following table presents liquidity as a percentage of debt:

As at	March 31, 2023	December 31, 2022
Cash	\$ 12,570,538	\$ 12,992,706
Accounts receivable (i)	521,988	460,784
Liquidity	\$ 13,092,526	\$ 13,453,490
Mortgages payable	66,113,190	65,181,642
Debt	\$ 66,113,190	\$ 65,181,642
Liquidity expressed as a percentage of debt	19.8%	20.6%

- (i) As of the date of this press release, Urbanfund has collected its outstanding amounts due as at March 31, 2023 and therefore accounts receivable has 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 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 three months ended March 31, 2023, Urbanfund issued 270,347 common shares valued at \$205,924 to participants enrolled in the DRIP (March 31, 2022 – 174,167 and \$192,473). The average participant rate of the DRIP was 32.03% (December 31, 2022 – 31.44%).

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 March 31, 2023:

	Payment date	Shareholders of record
2022, quarter 1 distribution	Apr. 18, 2022	Mar. 31, 2022
2022, quarter 2 distribution	Jul. 15, 2022	Jun. 30, 2022
2022, quarter 3 distribution	Oct. 17, 2022	Sep. 30, 2022
2022, quarter 4 distribution	Jan. 16, 2023	Dec. 31, 2022

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 results 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 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 ("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 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 above.

Adjusted Cash Flows from Operations ("ACFO")

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 flow from or used in operating activities is presented under the *Results from Operations* section above.

Normalized Capital Expenditures

Normalized capital expenditures are an estimate made by management of the amount of ongoing capital investment required to maintain the condition of the physical property and the current rental revenues. Management will consider a number of items in estimating normalized capital expenditures given the age and size of the property portfolio, such as a review of historical capital expenditures and 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 of the Company have extensive experience in residential and commercial real estate and 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 are a more relevant input than actual capital expenditures in assessing the Company's ACFO and for determining appropriate levels of dividends over time. A number of factors affect variations in capital expenditures, including, lease expiries, tenant vacancies, age and location of the properties, and market conditions.

Net Operating Income ("NOI")

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

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

Adjusted EBITDA is a non-IFRS measure used by management as 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* of the MD&A.

Debt to Adjusted EBITDA

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

Debt Service Ratio

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

Interest Coverage Ratio

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

FORWARD-LOOKING INFORMATION

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

Forward-looking information necessarily 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.

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 year ended December 31, 2022.

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

ADDITIONAL INFORMATION

For comprehensive disclosure of Urbanfund's performance reference should be made to the Company's Consolidated Financial Statements and notes thereto and Management's Discussion and Analysis for the year ended December 31, 2022, which have been filed electronically with the Canadian securities regulators through the System for Electronic Document Analysis and Retrieval ("SEDAR") and may be accessed through the SEDAR website at www.sedar.com.

For further information, please contact:

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