



UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

THREE MONTHS ENDED MARCH 31, 2025

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MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

To the Shareholders of Urbanfund Corp.

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

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

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

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

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

NOTICE TO READER

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

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

Mitchell Cohen
President, Chief Executive Officer and Director

Thomas Kofman
Director

Toronto, Ontario
May 28, 2025

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

As at	Note	March 31, 2025	December 31, 2024
Assets			
Non-current assets			
Investment properties	4	\$ 109,196,000	\$ 108,843,000
Equity accounted investments	5	31,256,310	30,429,021
		140,452,310	139,272,021
Current assets			
Inventory properties	6	3,097,295	3,015,997
Receivables and other assets	7	1,398,144	1,036,811
Cash		9,772,669	12,279,522
		14,268,108	16,332,330
Total assets		\$ 154,720,418	\$ 155,604,351
Liabilities			
Non-current liabilities			
Mortgages payable	8	\$ 44,926,876	\$ 45,207,297
Deferred tax liabilities		11,980,000	11,865,000
		56,906,876	57,072,297
Current liabilities			
Current portion of mortgages payable	8	10,177,420	10,298,794
Tenant deposits		437,744	443,784
Income taxes payable		94,497	1,475,497
Accounts payable and accrued liabilities		1,545,958	1,312,524
		12,255,619	13,530,599
Total liabilities		69,162,495	70,602,896
Equity			
Common shares		16,921,900	16,882,739
Preferred shares		1,113,750	1,113,750
Retained earnings		65,596,500	65,125,971
Total shareholders' equity		83,632,150	83,122,460
Non-controlling interests		1,925,773	1,878,995
Total equity		85,557,923	85,001,455
Total liabilities and equity		\$ 154,720,418	\$ 155,604,351
Contingencies and commitments	19		
Subsequent events	20		

Approved by the Board of Directors:

Mitchell Cohen
Director

Thomas Kofman
Director

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

URBANFUND CORP.

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME

(In Canadian dollars)
(Unaudited)

Three months ended March 31,	Note	2025	2024
Revenue			
Rental revenue	11	\$ 2,094,921	\$ 2,175,899
Inventory property sales	6,11	-	1,860,000
		2,094,921	4,035,899
Operating costs			
Rental expenses		907,542	931,424
Inventory property cost of sales	6	-	1,192,817
		907,542	2,124,241
Operating income		1,187,379	1,911,658
Other income			
Income from equity accounted investments	5	627,289	876,000
Interest income	17,18	81,504	94,714
Fair value adjustment on income properties	4	184,663	218,061
		893,456	1,188,775
Other expenses			
Financing costs		476,113	600,814
General and administrative costs		71,948	86,977
		548,061	687,791
Income before taxes		1,532,774	2,412,642
Current income tax expense		137,000	290,000
Deferred income tax expense		115,000	250,000
		252,000	540,000
Net income and comprehensive income		\$ 1,280,774	\$ 1,872,642
Net income attributable to:			
Shareholders		\$ 1,233,996	\$ 1,818,304
Non-controlling interests		46,778	54,338
		\$ 1,280,774	\$ 1,872,642
Net income per share attributable to shareholders:			
Basic income per share	9	\$ 0.023	\$ 0.034
Diluted income per share	9	\$ 0.020	\$ 0.030

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

URBANFUND CORP.

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(In Canadian dollars)

(Unaudited)

		<u>Common equity</u>		<u>Preferred equity</u>				
	Note	Number of shares	Share capital	Number of shares	Share capital	Retained earnings	Non-controlling interests	Total equity
Balance, December 31, 2023		52,803,557	\$ 16,236,174	7,425,000	\$ 1,113,750	\$ 58,546,071	\$ 1,822,664	\$ 77,718,659
Changes during the period								
Net income and comprehensive income for the period		-	-	-	-	1,818,304	54,338	1,872,642
Dividends paid	10,17	-	-	-	-	(560,868)	-	(560,868)
Add: prior year dividends payable		-	-	-	-	752,857	-	752,857
Less: current year dividends payable		-	-	-	-	(755,667)	-	(755,667)
Dividend reinvestment plan	10	224,838	191,989	-	-	(191,989)	-	-
Balance, March 31, 2024		53,028,395	\$ 16,428,163	7,425,000	\$ 1,113,750	\$ 59,608,708	\$ 1,877,002	\$ 79,027,623

		<u>Common equity</u>		<u>Preferred equity</u>				
	Note	Number of shares	Share capital	Number of shares	Share capital	Retained earnings	Non-controlling interests	Total equity
Balance, December 31, 2024		53,602,915	\$ 16,882,739	7,425,000	\$ 1,113,750	\$ 65,125,971	\$ 1,878,995	\$ 85,001,455
Changes during the period								
Net income and comprehensive income for the period		-	-	-	-	1,233,996	46,778	1,280,774
Dividends paid	10,17	-	-	-	-	(723,688)	-	(723,688)
Add: prior year dividends payable	10	-	-	-	-	762,849	-	762,849
Less: current year dividends payable	10	-	-	-	-	(763,467)	-	(763,467)
Dividend reinvestment plan	10	49,483	39,161	-	-	(39,161)	-	-
Balance, March 31, 2025		53,652,398	\$ 16,921,900	7,425,000	\$ 1,113,750	\$ 65,596,500	\$ 1,925,773	\$ 85,557,923

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

URBANFUND CORP.

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Canadian dollars)
(Unaudited)

Three months ended March 31,	Note	2025	2024
Operating activities			
Net income and comprehensive income		\$ 1,280,774	\$ 1,872,642
<i>Items not affecting cash:</i>			
Income from equity accounted investments	5	(627,289)	(876,000)
Interest income	17	(81,504)	(94,714)
Fair value adjustment on income properties	4	(184,663)	(218,061)
Deferred income tax expense		115,000	250,000
<i>Other adjustments:</i>			
Disposition of inventory properties	6	-	1,192,817
Repayment of mortgage principal from sale of inventory properties	17	-	(307,669)
Adjustments for other non-cash working capital items	18	(1,434,053)	(599,030)
Cash provided by (used in) operating activities		(931,735)	1,219,985
Investing activities			
Capital expenditures on income properties	4	(168,337)	(110,939)
Construction expenditures to inventory properties	6	(81,298)	(150,417)
Contributions to equity accounted investment	5	(200,000)	-
Cash used in investing activities		(449,635)	(261,356)
Financing activities			
Repayments of mortgage principal	17	(401,795)	(380,311)
Dividends paid	10, 17	(723,688)	(560,868)
Cash used in financing activities		(1,125,483)	(941,179)
Net change in cash		(2,506,853)	17,450
Cash, beginning of period		12,279,522	3,567,974
Cash, end of period		\$ 9,772,669	\$ 3,585,424

Supplemental cash flow information 17

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

URBANFUND CORP.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THREE MONTHS ENDED MARCH 31 2025 AND 2024

(In Canadian dollars)
(Unaudited)

1. GENERAL INFORMATION

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

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

2. BASIS OF PREPARATION

(a) Statement of compliance

Urbanfund's interim condensed consolidated financial statements have been prepared in accordance with IAS 34, *Interim Financial Reporting* as issued by the International Accounting Standards Board (IASB). These unaudited interim condensed consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) but do not include all the disclosures required for annual financial statement, and therefore, they should be read in conjunction with the Company's audited consolidated financial statements for the years ended December 31, 2024 and 2023 which have been prepared in accordance with IFRS.

These interim condensed consolidated financial statements were authorized for issuance by the Board of Directors on May 28, 2025.

(b) Basis of presentation

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

(c) Significant judgments, estimates and assumptions

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

The significant judgments, estimates and assumptions in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Company's annual consolidated financial statements for the years ended December 31, 2024 and 2023.

3. MATERIAL ACCOUNTING POLICIES

The interim condensed consolidated financial statements have been prepared using the same accounting policies and methods as those used in the consolidated financial statements for the year ended December 31, 2024.

4. INVESTMENT PROPERTIES

As at,	March 31, 2025	December 31, 2024
Income properties	\$ 109,196,000	\$ 108,843,000
	\$ 109,196,000	\$ 108,843,000
As at,	March 31, 2025	December 31, 2024
Balance, beginning of period	\$ 108,843,000	\$ 107,252,000
Capital expenditures	168,337	631,412
Fair value adjustment on income properties	184,663	959,588
Balance, end of period	\$ 109,196,000	\$ 108,843,000

URBANFUND CORP.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THREE MONTHS ENDED MARCH 31 2025 AND 2024

(In Canadian dollars)
(Unaudited)

Valuation methodology

As highlighted in note 13, the fair value methodology of the Company's income properties uses inputs that are considered Level 3 because of significant unobservable inputs are required to determine fair value.

As at March 31, 2025 and December 31, 2024, the capitalization rates used in valuing the commercial and residential properties are set out as follows:

	March 31, 2025			December 31, 2024		
	Minimum	Maximum	Average	Minimum	Maximum	Average
Commercial properties	6.00%	8.25%	6.22%	6.00%	8.25%	6.22%
Residential properties	3.50%	4.50%	4.05%	3.50%	4.50%	4.05%

Sensitivity

An increase in SNOI would result in an increase to the estimated fair value of properties. The capitalization rates have an inverse relationship between the rate and the fair value, in other words, the lower the capitalization rate, the higher the estimated value. The following table is a sensitivity applied to the proportion of the Company's investment properties measured using the direct capitalization approach and therefore is sensitive to the changes in capitalization rates:

	Stabilized NOI –1%	Stabilized NOI as reported	Stabilized NOI +1%
As at March 31, 2025			
Capitalization rate, decrease, 0.25%	\$ 5,565,200	\$ 6,724,300	\$ 7,883,100
Capitalization rate, as reported	(1,097,700)	-	1,086,100
Capitalization rate, increase, 0.25%	(7,006,900)	(5,975,100)	(4,942,400)
As at December 31, 2024			
Capitalization rate, decrease, 0.25%	\$ 5,537,300	\$ 6,691,800	\$ 7,846,400
Capitalization rate, as reported	(1,099,100)	-	1,077,700
Capitalization rate, increase, 0.25%	(6,983,700)	(5,954,700)	(4,925,600)

5. EQUITY ACCOUNTED INVESTMENTS

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

As at,		March 31, 2025	December 31, 2024
Equity investees	Principal activity		
Investment in associates			
Highfield Park Residential Inc. ("Highfield")	Owns and operates investment properties	20.0%	20.0%
Bellbrook Residential Inc. ("Bellbrook")	Owns and operates investment properties	20.0%	20.0%
West Mic Mac Properties Inc. ("Mic Mac")	Owns and operates investment properties	20.0%	20.0%
Investment in joint ventures			
1040 Martin Grove LP ("1040 LP")	Purchase, condominium conversion and subsequent sale	28.35%	28.35%
270-330 Esna Park LP ("Esna Park LP")	Purchase, condominium conversion and subsequent sale	15.38%	15.38%

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, effecting an indirect 28.35% ownership in 1040 LP. During the three months ended March 31, 2025, two commercial units (March 31, 2024 – two commercial units) were sold for a total sales proceeds of \$841,776 (March 31, 2024 – \$925,840).

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 on 270-330 Esna Park Drive, Markham, Ontario. Urbanfund owns 76.9% of TREI (270-330 Esna Park) LP, reflecting an indirect 15.38% ownership in Esna Park LP. During the three months ended March 31, 2025, four commercial units (March 31, 2024 – no commercial units) were sold for a total sales proceeds of \$691,991 (March 31, 2024 – \$Nil).

URBANFUND CORP.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THREE MONTHS ENDED MARCH 31 2025 AND 2024

(In Canadian dollars)
(Unaudited)

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

As at March 31, 2025	Highfield	Bellbrook	Mic Mac	1040 LP	Esna Park LP	Total
Balance, beginning of period	\$ 21,833,048	\$ 3,119,371	\$ 2,017,677	\$ 1,646,983	\$ 1,811,942	\$ 30,429,021
Contributions	200,000	-	-	-	-	200,000
Share of net income	(19,004)	163,007	198,217	188,219	96,850	627,289
Balance, end of period	\$ 22,014,044	\$ 3,282,378	\$ 2,215,894	\$ 1,835,202	\$ 1,908,792	\$ 31,256,310

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

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

As at March 31, 2025	Highfield	Bellbrook	Mic Mac	1040 LP	Esna Park LP	Total
Current assets	\$ 3,514,776	\$ 569,928	\$ 443,565	\$ 20,042,931	\$ 32,255,731	\$ 56,826,931
Non-current assets	174,060,000	37,340,000	21,700,000	-	-	233,100,000
Current liabilities	(5,025,191)	(488,107)	(289,279)	(326,297)	(544,935)	(6,673,808)
Non-current liabilities	(62,479,367)	(21,009,933)	(10,774,817)	(13,243,254)	(19,299,923)	(126,807,294)
Net assets	\$110,070,218	\$ 16,411,888	\$ 11,079,469	\$ 6,473,380	\$ 12,410,873	\$156,445,829
Urbanfund's interest	\$ 22,014,044	\$ 3,282,378	\$ 2,215,894	\$ 1,835,202	\$ 1,908,792	\$ 31,256,310

As at December, 2024	Highfield	Bellbrook	Mic Mac	1040 LP	Esna Park LP	Total
Current assets	\$ 2,444,609	\$ 314,712	\$ 287,597	\$ 20,935,484	\$ 34,754,395	\$ 58,736,797
Non-current assets	174,760,000	36,710,000	20,900,000	-	-	232,370,000
Current liabilities	(7,362,659)	(842,748)	(623,968)	(309,001)	(518,229)	(9,656,605)
Non-current liabilities	(60,676,711)	(20,585,111)	(10,475,245)	(14,817,015)	(22,455,012)	(129,009,094)
Net assets	\$109,165,239	\$ 15,596,853	\$ 10,088,384	\$ 5,809,468	\$ 11,781,154	\$152,441,098
Urbanfund's interest	\$ 21,833,048	\$ 3,119,371	\$ 2,017,677	\$ 1,646,983	\$ 1,811,942	\$ 30,429,021

Three months ended March 31,	Highfield	Bellbrook	Mic Mac	1040 LP	Esna Park LP	2025 Total
Revenue	\$ 4,109,587	\$ 731,158	\$ 467,845	\$ 924,541	\$ 1,281,888	\$ 7,515,019
Operating expenses	(2,279,108)	(350,750)	(216,688)	(121,041)	(304,980)	(3,272,567)
Interest expense	(573,453)	(137,386)	(57,902)	(139,587)	(347,191)	(1,255,519)
Fair value adjustment on income properties	(1,352,044)	572,014	797,829	-	-	17,799
Net income (loss)	\$ (95,018)	\$ 815,036	\$ 991,084	\$ 663,913	\$ 629,717	\$ 3,004,732
Income from equity accounted investments	\$ (19,004)	\$ 163,007	\$ 198,217	\$ 188,219	\$ 96,850	\$ 627,289

Three months ended March 31,	Highfield	Bellbrook	Mic Mac	1040 LP	Esna Park LP	2024 Total
Revenue	\$ 3,859,000	\$ 679,000	\$ 432,000	\$ 3,568,000	\$ 517,000	\$ 9,055,000
Operating expenses	(1,962,000)	(334,000)	(254,000)	(2,412,000)	(159,000)	(5,121,000)
Interest expense	(583,000)	(137,000)	(54,000)	(192,000)	(453,000)	(1,419,000)
Fair value adjustment on income properties	951,000	294,000	203,000	-	-	1,448,000
Net income (loss)	\$ 2,265,000	\$ 502,000	\$ 327,000	\$ 964,000	\$ (95,000)	\$ 3,963,000
Income from equity accounted investments	\$ 453,000	\$ 100,000	\$ 65,000	\$ 273,000	\$ (15,000)	\$ 876,000

6. INVENTORY PROPERTIES

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

URBANFUND CORP.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THREE MONTHS ENDED MARCH 31 2025 AND 2024

(In Canadian dollars)
(Unaudited)

As at March 31, 2025, a total of 24 commercial units were sold for sales proceeds of \$13,336,224. To date, the Company's capital contribution of \$3,120,000 has been fully returned, and an additional profit distribution of \$1,199,518 has been received, including \$417,398 that was received subsequent to the quarter end (note 20). As at March 31, 2025, there are 8 unsold commercial units remaining (December 31, 2024 – 8 unsold commercial units).

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

As at,	March 31, 2025	December 31, 2024
Balance, beginning of period	\$ 3,015,997	\$ 11,048,071
Development expenditures	81,298	891,302
Disposition of inventory properties	-	(8,923,376)
Balance, end of period	\$ 3,097,295	\$ 3,015,997

7. RECEIVABLES AND OTHER ASSETS

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

As at	Note	March 31, 2025	December 31, 2024
Accounts receivable		\$ 853,564	\$ 734,654
Refundable deposits		50,000	50,000
Amounts receivable	12	128,087	128,087
Prepaid expenses		366,493	124,070
		\$ 1,398,144	\$ 1,036,811

8. MORTGAGES PAYABLE

As at	March 31, 2025	December 31, 2024
Current	\$ 10,177,420	\$ 10,298,794
Non-current	44,926,876	45,207,297
	\$ 55,104,296	\$ 55,506,091

Mortgages payable are secured by investment properties and bear interest at various fixed and floating rates with monthly blended principal and interest payments ("MBPI").

As at				March 31, 2025	December 31, 2024
Property name(s)	Payment Terms	Maturity Date	Interest Rate		
Quebec Headway, Assumed Mortgages ⁽ⁱⁱⁱ⁾	MBPI	(i)	(i)	\$ 5,266,688	\$ 5,327,575
476-480 Wonderland Road ^(iv)	MBPI	Dec 31, 2023 ^(iv)	4.35%	754,330	772,796
3080-3094 Don Mills & 200 Van Horne	MBPI	Sep 1, 2025	5.45% ^(v)	8,302,176	8,415,118
305 North Front Centre	MBPI	Feb 24, 2028	5.55%	9,583,885	9,637,731
Quebec Headway, Vendor Take Back	MBPI	June 1, 2028	5.50%	1,602,002	1,640,714
63 Scott Street ^{(ii), (iii)}	MBPI	Mar 1, 2031	2.65%	29,657,493	29,780,200
Mortgages payable				\$ 55,166,574	\$ 55,574,134
Less: Unamortized mortgage financing costs				(62,278)	(68,043)
				\$ 55,104,296	\$ 55,506,091

(i) Quebec Headway assumed mortgages payable are made up of 8 mortgages outstanding on the income properties of Quebec Headway. The weighted average remaining life is 1.83 years (December 31, 2024 – 2.08 years) and bears a weighted average interest rate of 2.68% (December 31, 2024 - 2.69%).

(ii) Lands on 51,55,59 Scott Street and 59,61,65 Weber Street were amalgamated to develop a residential building subsequently renamed as 63 Scott Street.

(iii) The Company's policy is to provide financial guarantee only for subsidiaries' liabilities. As at March 31, 2025 and December 31, 2024, the Company has issued guarantees to certain banks in respect of mortgages granted to certain subsidiaries.

(iv) The Company has signed a short term extension, which extends the maturity date to September 1, 2025 bearing interest at Cost of Funds + 1.85%. As at March 31 2025, the interest rate was 5.45%.

URBANFUND CORP.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THREE MONTHS ENDED MARCH 31 2025 AND 2024

(In Canadian dollars)
(Unaudited)

Minimum principal payments over the following years are as follows:

2025	\$	9,891,314
2026		5,395,178
2027		1,002,095
2028		11,161,970
2029		550,758
Thereafter		27,165,259
		55,166,574
Unamortized mortgage financing costs		(62,278)
	\$	55,104,296

9. EQUITY

Authorized

20,000,000	First preferred, Series A shares, non-voting, non-participating, each share is convertible to one common share for no additional consideration unless, at the date of conversion, the aggregate number of common shares held by the directors and officers of Urbanfund, and related parties to such individuals, would exceed 80% of the issued and outstanding common shares, in which case the shares cannot be converted.
Unlimited	First preferred shares, issuable in series with rights, privileges, restrictions, and conditions determined by the directors and officers of Urbanfund at the time of issuance.
Unlimited	Second preferred shares, issuable in series with rights, privileges, restrictions, and conditions determined by the directors and officers of Urbanfund at the time of issuance.
Unlimited	Common shares.

Basic and diluted income per share

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

Three months ended March 31,	2025	2024
Basic income per share		
Net income attributable to shareholders	\$ 1,233,996	\$ 1,818,304
Weighted average common shares outstanding	53,644,614	52,993,420
Basic income per share	\$ 0.023	\$ 0.034
Diluted income per share		
Net income attributable to shareholders	\$ 1,233,996	\$ 1,818,304
Weighted average common shares outstanding	53,644,614	52,993,420
Dilutive effect of preferred shares ⁽ⁱ⁾	7,425,000	7,425,000
Weighted average common shares outstanding, diluted	61,069,614	60,418,420
Diluted income per share	\$ 0.020	\$ 0.030

(i) First preferred, Series A shares

10. DIVIDENDS PAID AND DIVIDEND REINVESTMENT PLAN

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

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

For the three months ended March 31, 2025, Urbanfund issued 49,483 common shares valued at \$39,161 to participants enrolled in the DRIP (March 31 2024 – 224,838 and \$191,989).

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For the three months ended March 31 2025, total dividends paid in cash during the period was \$723,688 (March 31, 2024 - \$560,868). As at March 31, 2025, dividends payable was \$763,467 (December 31, 2024 - \$762,849).

11. REVENUE

Rental revenue

Three months ended March 31,	2025	2024
Base rent	\$ 1,814,240	\$ 1,873,779
Realty tax recoveries	105,671	99,218
Common area maintenance recoveries	114,471	137,025
Percentage rent	1,540	1,944
Miscellaneous revenue	58,999	63,933
	\$ 2,094,921	\$ 2,175,899

Revenue from Contracts with Customers

Revenue from contracts with customers include inventory property sales, and common area maintenance recoveries and parking revenue that are included in rental revenue:

Three months ended March 31,	2025	2024
Inventory property sales	\$ -	\$ 1,860,000
Common area maintenance recoveries	114,471	137,025
Parking revenue	26,341	26,177
	\$ 140,812	\$ 2,023,202

12. RELATED PARTY BALANCES AND TRANSACTIONS

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

Included in amounts receivable within receivables and other assets as at March 31, 2025 (note 7) is \$128,087 (December 31, 2024 - \$128,087) of amounts due from Westdale.

Subsequent to the quarter end, on April 29, 2025, the Company issued a \$3,000,000 loan to Westdale bearing interest at 5.95% repayable within three months (note 20).

On March 27, 2024, the Company issued a \$6,000,000 loan to Westdale bearing interest at 8.2%. This receivable, along with accrued interest, was repaid in full 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.

For the three months ended March 31, 2025, Urbanfund paid dividends of \$602,787 (March 31, 2024 - \$414,223) to Westdale.

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

Three months ended March 31,	2025	2024
<i>Property management fees, included in:</i>		
Rental expenses	\$ 30,336	\$ 29,587
Income from equity accounted investments, net	36,551	34,485
Accounts payable and accrued liabilities	3,364	89,513
<i>Management cost reimbursements, included in:</i>		
Rental expenses	\$ 60,401	\$ 60,093
Income from equity accounted investments, net	59,313	55,728
Accounts payable and accrued liabilities	47,077	43,814

There has been no compensation paid to key management personnel during the three months ended March 31, 2025 and 2024.

13. FAIR VALUE MEASUREMENT

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

As at	Note	March 31, 2025			December 31, 2024		
		Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
<i>Assets measured at fair value:</i>							
Income properties	4	\$ -	\$ -	\$ 109,196,000	\$ -	\$ -	\$ 108,843,000
Total assets measured at fair value		\$ -	\$ -	\$ 109,196,000	\$ -	\$ -	\$ 108,843,000

For assets measured at fair value as at March 31, 2025 and December 31, 2024, there were no transfers between Level 1, Level 2 and Level 3.

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

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

Mortgages payable

The fair values of the mortgages payable are Level 2 and approximate \$53,913,334 (December 31, 2024 - \$54,499,884) based on the interest rates obtainable for similar financial instruments in the current marketplace.

14. RISK MANAGEMENT

Financial risk management objectives and policies

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

Interest rate risk

Urbanfund is exposed to interest rate risks on its borrowings and could be adversely affected if it were unable to obtain cost-effective financing. The Company's debt is financed at fixed and variable rates with maturities staggered over a number of years, thereby mitigating its exposure to changes in interest rates and financing risks. A change in the interest rate by 1% would result in an increase or decrease in the fair value of mortgages by \$282,354 (December 31, 2024 - \$305,803).

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Credit risk

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

Liquidity risk

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

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

	Note	< 1 year	1-2 years	3-5 years	>5 years
Accounts payable and accrued liabilities		\$ 1,545,958	\$ -	\$ -	\$ -
Mortgages payable	8	9,891,314	5,395,178	12,714,823	27,165,259

15. CAPITAL MANAGEMENT

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

The Company sets the amount of capital in proportion to the risk. Urbanfund manages capital structure and makes adjustments in light of changes in economic conditions and the characteristic risk of underlying assets. In order to maintain or adjust capital structure, the Company may repurchase shares, return capital to shareholders, issue new shares or sell assets to reduce debt. Urbanfund's objective is met by retaining adequate liquidity to provide for the possibility that cash flows from assets will not be sufficient to meet future cash flow requirements. There have been no changes to the Company's capital management policies during the three months ended March 31, 2025 and 2024.

16. SEGMENTED INFORMATION

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

17. SUPPLEMENTAL CASH FLOW INFORMATION

Three months ended March 31,	2025	2024
Interest received	\$ 81,504	\$ 94,714
Interest paid	(464,329)	(586,654)
Dividends paid:		
Dividends declared during the period	\$ (723,688)	(561,934)
Dividends declared in the prior year, paid in the current period	(723,688)	(560,868)
Dividends declared in the current year, paid in next period	723,688	561,934
Dividends paid	\$ (723,688)	\$ (560,868)

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

Three months ended March 31,	2025	2024
Balance, beginning of period	\$ 55,574,134	\$ 65,194,379
Cash flows		
Repayments of mortgage principals from sale of inventory properties	-	(307,669)
Repayments of mortgage principals	(401,795)	(380,311)
Non-cash changes:		
Deferred financing costs	(5,765)	(13,141)
Balance, end of period	\$ 55,166,574	\$ 64,493,258

18. ADJUSTMENTS FOR OTHER NON-CASH WORKING CAPITAL ITEMS

Three months ended March 31,	2025	2024
Receivables and other assets	\$ (361,333)	\$ (1,013,128)
Accounts payable and accrued liabilities	232,816	28,204
Income taxes	(1,381,000)	290,000
Tenant deposits	(6,040)	1,180
Deferred financing costs and other	81,504	94,714
Net change in other working capital items	\$ (1,434,053)	\$ (599,030)

19. CONTINGENCIES AND COMMITMENTS

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

20. SUBSEQUENT EVENTS

On April 29, 2025, the Company issued a \$3,000,000 loan to Westdale bearing interest at 5.95% repayable within three months.

On May 23, 2025, the Company received cash distribution in the amount of \$417,398 from the sale of additional commercial units from 67-69 Westmore Drive.

21. COMPARATIVE INFORMATION

Certain comparative figures have been reclassified to conform to the current period's presentation. A small adjustment was made to the interim condensed consolidated statements of cash flows to separately present mortgage repayments related to the sale of inventory properties from principal repayments on mortgages associated with the Company's rental portfolio.