

# Urbana Corporation Management Information Circular

April 4, 2016

## Solicitation of Proxies

This Management Information Circular (the “Circular”) is furnished in connection with the solicitation by management (“Management”) of Urbana Corporation (“Urbana” or the “Corporation”) of proxies to be used at the annual meeting of shareholders (the “Meeting”) of Urbana to be held on May 11, 2016 at 11:00 a.m. (Toronto time) at the St. Andrew’s Club and Conference Centre, 150 King Street West, 27<sup>th</sup> Floor, Toronto, Ontario M5H 1J9 and at any adjournment or adjournments thereof. It is expected that the solicitation will be primarily by mail. Management does not contemplate that proxies will be solicited otherwise than by mail; however, the solicitation of proxies may also be made or effected by telephone facsimile and/or in person. The costs of the solicitation will be borne by Urbana.

## Who can vote?

Holders of common shares of Urbana (the “Common Shares”) as at the close of business on March 15, 2016 are entitled to vote. Each Common Share entitles the holder thereof to one vote. As of March 15, 2016, Urbana had 10,000,000 Common Shares issued and outstanding. Holders of the non-voting Class A shares of Urbana (the “Class A Shares”) may attend the Meeting but are not entitled to vote at meetings of shareholders of Urbana except as provided by law and will not be entitled to vote on any matter at the Meeting.

## Exercise of Discretion by Proxies

The Common Shares represented by any proxy received by Management will be voted for, withheld from voting or voted against, as appropriate, by the persons named in the enclosed form of proxy in accordance with the direction of the shareholders appointing them. **In the absence of any direction to the contrary, it is intended that the shares represented by proxies received by Management will be voted on any ballot: (a) “For” the election of each of the directors referred to in this Circular; and (b) “For” the appointment of Deloitte LLP as the auditor of Urbana.** The enclosed form of proxy confers discretionary authority upon the persons named therein with respect to matters not specifically mentioned in the Notice of Meeting, but which may properly come before the Meeting or any adjournments thereof and with respect to amendments to or variations of matters identified in the notice of Meeting. As at the date hereof, Management knows of no such amendment, variation or other matters to come before the Meeting other than the matters referred to in the notice of Meeting and routine matters incidental to the conduct of the Meeting. If any further or other business is properly brought before the Meeting, it is intended that the person appointed as proxy will vote on such other business in such manner as such person then considers to be proper.

## Appointment of Proxy Holder

The persons specified in the enclosed form of proxy are directors and/or senior officers of Urbana. **Each holder of Common Shares has the right to appoint a person (who need not be a shareholder of Urbana) other than the person(s) designated by Management in the enclosed form of proxy to attend and act on the shareholder’s behalf at the Meeting or at any adjournment thereof.** Such right may be exercised by striking out the names of the specified persons and inserting the name of the shareholder’s nominee in the space provided, or by completing another appropriate form of proxy.

In the case of registered holders of Common Shares, the completed, dated and signed form of proxy should be sent in the enclosed envelope or otherwise to Proxy Department, CST Trust Company, P.O. Box 721,

Agincourt, Ontario M1S 0A1 or by fax at 416-368-2502 (North American Toll Free 1-866-781-3111). In the case of non-registered holders of Common Shares who receive these materials through their broker or other intermediary, the shareholder should contact its broker or other intermediary and proceed in accordance with the instructions provided by such broker or other intermediary. To be effective, a proxy must be received by CST Trust Company no later than May 9, 2016 at 5:00 p.m. (Toronto time), or in the case of any adjournment of the Meeting, not less than 48 hours, Saturdays and Sundays excepted, prior to the time of the adjournment.

### **Revocation of Proxy**

A shareholder who has given a proxy may revoke it by depositing an instrument in writing executed by the shareholder or by the shareholder's attorney authorized in writing, or by transmitting, by telephonic or electronic means, a revocation signed by electronic signature by the shareholder or the shareholder's attorney authorized in writing, to or at the registered office of Urbana at any time up to and including the last business day preceding the day of the Meeting, or any adjournment thereof, at which the proxy is to be used, or with the Chairman of the Meeting on the day of the Meeting or any adjournment thereof, or by any other manner permitted by law.

### **Voting Shares and Principal Holders of Voting Shares**

As at March 15, 2016, Urbana has authorized capital consisting of an unlimited number of Common Shares, an unlimited number of Class A Shares and an unlimited number of preferred shares. As at March 15, 2016, Urbana has outstanding 10,000,000 Common Shares, 43,211,900 Class A Shares and no preferred shares. Holders of Common Shares are entitled to one vote in respect of each Common Share held. Urbana has fixed March 15, 2016, as the record date for shareholders entitled to receive notice of the Meeting.

To the best knowledge of the directors and officers of Urbana, as at March 15, 2016, two shareholders of Urbana beneficially own or exercise control or direction over more than 10% of the Common Shares: Thomas S. Caldwell beneficially owns or directly or indirectly exercises control or direction over 4,295,861 Common Shares, representing approximately 42.96% of the outstanding Common Shares. Brendan T. N. Caldwell beneficially owns or directly or indirectly exercises control or direction over 1,057,865 Common Shares, representing approximately 10.58% of the outstanding Common Shares.

### **Restricted Shares**

Holders of Class A Shares are not entitled to vote at meetings of shareholders of Urbana except as provided by law and will not be entitled to vote on any matter at the Meeting. In certain circumstances, if a take-over bid is made for the Common Shares, a holder of Class A Shares may, at his or her option, and for the purpose of tendering to such take-over bid, convert any or all the Class A Shares then held by such holder into Common Shares on the basis of one Common Share for each Class A Share so converted during a specified period of time.

## MATTERS TO BE ACTED UPON AT THE MEETING

### 1. Election of Directors

A board of five directors is to be elected at the Meeting. Each director will hold office until the next annual meeting of shareholders or until a successor is duly elected or appointed. Each nominee is voted for on an individual basis. The persons named in the enclosed form of proxy intend to vote for the election of each of the nominees named below unless otherwise directed. All of the nominees are currently members of the board of directors of Urbana (the “Board”) and have been since the years indicated below.

Management does not contemplate that any of the proposed nominees will be unable to serve as a director but, if that should occur for any reason prior to the Meeting, the persons named in the enclosed form of proxy reserve the right to vote for another nominee in their discretion. The Board has adopted the following majority voting policy for uncontested elections of directors: if any proposed nominee as a director receives more “withhold” than “for” votes, the Board will promptly consider asking that nominee to resign as a director and it is anticipated that such a request will be made barring unusual circumstances.

The following table sets forth the name of each nominee, his or her principal occupation and the office of Urbana currently held by him or her, the year each became a director, the number of Common Shares and Class A Shares beneficially owned directly or indirectly or over which control or direction is exercised by each of them as of the date hereof and the percentage of Common Shares and Class A Shares this represents.

Name and Position with Urbana	Principal Occupation	Year Became Director	Number and % of Securities Beneficially Owned, Controlled or Directed	
			Common Shares	Class A Shares
Thomas S. Caldwell, CM (Ontario, Canada) <i>Director, C.E.O. and President</i>	Chairman Caldwell Securities Ltd. Investment Dealer	1980	4,295,861 <sup>(3)</sup> (42.96%)	150,000 (0.35%)
Bethann Colle <sup>(1)(2)</sup> (Ontario, Canada) <i>Director</i>	Partner, Sequoia Group Executive Search Consultants	2006	Nil	40,340 (0.09%)
George D. Elliott <sup>(1)(2)</sup> (Ontario, Canada) <i>Director</i>	Barrister and Solicitor	2011	Nil	Nil
Michael B.C. Gundy <sup>(2)</sup> (Ontario, Canada) <i>Director</i>	President Gundy Inc. Business Consulting Firm	1984	141,000 (1.41%)	Nil
Charles A.V. Pennock <sup>(1)(2)</sup> (Ontario, Canada) <i>Director</i>	Principal Origin Merchant Partners Investment Bank	2015	Nil	Nil

(1) Member of the Audit Committee.

(2) Member of the Governance, Compensation and Nomination Committee.

(3) In addition, Dorothy Caldwell, spouse of Thomas S. Caldwell, beneficially owns, controls or directs, directly or indirectly, 142,000 Common Shares, representing 1.42% of the outstanding Common Shares.

The information as to shares beneficially owned, controlled or directed, not being within the knowledge of Urbana, has been furnished by the nominees.

## 2. Appointment of Auditor

Management proposes that Deloitte LLP be reappointed as auditors of Urbana to hold office until the close of the next annual meeting of shareholders and that the directors be authorized to fix the remuneration of the auditors. In the absence of a contrary instruction, the persons specified in the enclosed proxy form intend to vote FOR the appointment of Deloitte LLP as the auditor of Urbana, to hold office until the next annual meeting of shareholders or until their successors are appointed and the fixing of the auditor's remuneration by the Board. Deloitte LLP was first appointed Urbana's auditor on June 26, 2008.

### STATEMENT OF EXECUTIVE COMPENSATION

The Board has established a compensation committee to (a) review and recommend the compensation of the CEO and the other executive officers of Urbana, (b) recommend the compensation of the directors of Urbana, and (c) review and make recommendations to the Board with respect to equity and incentive based plans and with respect to any other compensation matters that require approval of the Board. The compensation committee members are: Bethann Colle (independent), George D. Elliott (independent) Charles A.V. Pennock (independent) and Michael Gundy (non-independent), all of whom have direct experience that is relevant to his/her responsibilities in director/executive compensation.

The compensation committee of the Board has considered the risks associated with Urbana's compensation policies and practices and determined that such risks were low and insignificant given that the directors are compensated on a flat annually rate set by the Board and that there no incentive program in place. The directors are not permitted to purchase financial instruments that are designed to hedge or offset a decrease in the market value of the equitable securities held directly or indirectly by the directors.

During the year ended December 31, 2015, neither the Chief Executive Officer, Thomas S. Caldwell, nor the Chief Financial Officer, Jean Ponter, received compensation from the Corporation and no executive officer received compensation in excess of \$150,000 from the Corporation.

Currently each director, other than Mr. Caldwell, is paid \$20,000 per year for his/her services as a director of Urbana. Mr. Caldwell does not receive any compensation from Urbana for his capacity as a director or officer of the Corporation.

The following table shows the compensation made to the directors for their services to Urbana in the financial year ended December 31, 2015:

Name	Fees earned (\$)	Share-based awards (\$)	Option-based awards (\$)	Non-equity incentive plan compensation (\$)	Pension value (\$)	All other compensation (\$)	Total (\$)
Thomas S. Caldwell	nil	N/A	N/A	N/A	N/A	Nil	Nil
Bethann Colle	20,000	N/A	N/A	N/A	N/A	Nil	20,000
George D. Elliott	95,000	N/A	N/A	N/A	N/A	20,000 <sup>1</sup>	115,000
Michael B.C. Gundy	20,000	N/A	N/A	N/A	N/A	Nil	20,000
Charles A.V. Pennock	46,934 <sup>2</sup>	N/A	N/A	N/A	N/A	Nil	46,934

<sup>1</sup>In addition to his regular directors' fees, Mr. Elliott was paid a one-time directors' fee of \$75,000 in 2015, as remuneration for a larger than normal time commitment to the Corporation in his capacity as the lead director and chair of the audit committee of the Corporation. In addition to Urbana, Mr. Elliott serves as a director of Radar Capital Inc., in which Urbana has a 50% interest, and received \$20,000 in 2015 from that company for his services as such.

<sup>2</sup>In addition to his regular directors' fees, Mr. Pennock was paid a one-time directors' fee of \$35,000 in 2015, as remuneration for a larger than normal time commitment to the Corporation in his capacity as an independent director of the Corporation.

## **INVESTMENT MANAGER AND INVESTMENT MANAGEMENT AGREEMENT**

Urbana has retained Caldwell Investment Management Ltd. (the "Investment Manager") to manage its portfolio assets as described below in accordance with the investment objective of Urbana as from time to time disclosed by Urbana in its continuous disclosure filings, pursuant to an investment management agreement made between Urbana and the Investment Manager dated August 10, 2011 (the "IM Agreement"). The Board has determined that the objective and strategy of Urbana is to seek and acquire investments for income and capital appreciation through a combination of public and private investments .

The Investment Manager is a wholly-owned subsidiary of Caldwell Financial Ltd., a company controlled by Thomas S. Caldwell, a principal holder of Urbana's Common Shares (see "Voting Shares and Principal Holders of Voting Shares" above). The Investment Manager and its affiliates provide full service investment management and advisory services to financial institutions, public and private pension funds, endowment funds, foundations and private family accounts. The Investment Manager is also the manager of (i) the Caldwell Mutual Funds, a group of open-end unit trusts providing investors with exposure to actively managed diversified portfolios of securities, (ii) Clearpoint Global Dividend Fund, a mutual fund marketed separately from the Caldwell Mutual Funds, and (iii) Caldwell Growth Opportunities Trust, Caldwell ICM Market Strategy Trust, Caldwell Strategic Investment Pool and Caldwell Canadian Value Momentum Fund, each being an open-end unit trust fund offered to accredited investors, and (iv) Caldwell U.S. Dividend Advantage Fund, a closed-end investment trust.

Pursuant to the IM Agreement, the Investment Manager manages the portfolio assets, including provision of investment analysis and recommendations, making investment decisions on publicly traded securities, and making brokerage arrangements relating to the portfolio assets. The Investment Manager does not make decisions in respect of Urbana's private investments. Rather, when Urbana management makes private company investments, members of the Board usually vet the investment opportunities and, subsequent to investment, may act as directors of the investee company. The Fund IM Agreement provides that the Investment Manager is entitled to an investment management fee equal to 1.5% per annum of the market value of the Corporation's investment portfolio. The investment management fees are accrued and paid quarterly in arrears. For the year ended December 31, 2015, \$3,338,609 (HST inclusive) was paid to the Investment Manager as investment management fees. From the beginning of the current financial year to March 28, 2016, the Investment Manager has earned investment management fees of \$742,447 (HST inclusive).

In addition to investment management services, the Investment Manager also provides investor relations services to the Corporation pursuant to an investor relations services agreement between the Corporation and the Investment Manager dated October 1, 2015. In 2015, Urbana paid \$12,250 (plus HST) for investor relations services provided by the Investment Manager. In 2015, Urbana also paid Caldwell Financial Ltd. \$25,833 (plus HST) for administrative services and office rental and storage.

Caldwell Securities Ltd, a sister company of the Investment Manager and a registered broker and investment dealer, handles Urbana's portfolio transactions. Brokerage fees incurred are the responsibility of the Urbana not the Investment Manager. The total amount of commission fees

paid to Caldwell Securities Ltd. by Urbana during the year ended December 31, 2015 was \$522,140.

### **INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS**

Since the beginning of the 2015 financial year of Urbana, no director, nominee for director, executive officer or employee or former director, executive officer or employee of Urbana or any associate or affiliate of any such director, executive officer, nominee for director or former director has been indebted to Urbana.

### **ADDITIONAL INFORMATION**

Urbana shall provide to any person or company, upon request to the Chief Financial Officer of Urbana, one copy of (i) Urbana's current Annual Information Form, together with any document, or the pertinent pages of any document, incorporated therein by reference, (ii) the most recently filed comparative annual financial statements of Urbana together with the report of the auditors thereon and any interim financial statements of Urbana that have been filed for any period after the end of its most recently completed financial year, as well as the related management's discussion and analysis and (iii) the Management Information Circular of Urbana in respect of the most recent annual meeting of its shareholders. Urbana may require the payment of a reasonable charge when the request is made by someone who is not a shareholder of Urbana, unless securities of Urbana are in the course of a distribution under a short form prospectus, in which case such documents will be provided free of charge. Financial information is provided in Urbana's comparative annual financial statements and management's discussion and analysis for the year ended December 31, 2015. Additional information regarding Urbana is also available on SEDAR at [www.sedar.com](http://www.sedar.com) or at the Corporation's website [www.urbanacorp.com](http://www.urbanacorp.com).

### **APPROVAL BY THE BOARD OF DIRECTORS**

The board of directors of Urbana has approved the contents and sending of this management information circular.

April 4, 2016



Thomas S. Caldwell  
President & CEO