

Dear Fellow Shareholders:

In 2019, we continued to work towards our goal of structuring the group in a way that maximizes value for our shareholders over the long-term. To that end, we made some important progress during the year, including changing our reporting structure to more accurately reflect how management views the various business in our group, resulting in three separate and independently managed reportable segments under our corporate umbrella.

As a result, our business segments now include:

Iron Ore Royalty

We derive revenue from a mining lease upon which the Scully iron ore mine is situated in Newfoundland and Labrador, Canada. The lease commenced in 1956 and expires in 2055. Pursuant to this lease, we hold a net revenues royalty interest on iron ore shipped from the mine. The new operator of the mine re-commenced mining operations in 2019. Under the terms of the lease, we receive minimum payments of \$3.25 million per year, which may be credited towards royalties equal to 7% of net revenue.

Industrial Equity

Our Industrial Equity segment includes multiple active merchant banking projects in resources and services with a focus on East Asia and seeks opportunities to benefit from long-term industrial and services assets including natural gas.

We make proprietary investments as part of our overall merchant banking activities and we seek to realize gains on such investments over time. We seek to participate in many industries, emphasizing those business opportunities where the perceived intrinsic value is not properly recognized, often as a result of financial or other distress affecting them. These investments can take many forms and can include acquiring entire businesses or portions thereof, investing in equity or investing in existing indebtedness of businesses or in new equity or debt issues. These activities are generally not passive. The structure of each of these opportunities is tailored to each individual transaction.

We hold various production and processing assets, including a hydro-electric power plant and hydrocarbon production and processing assets in Canada.

Merkanti Holding

Our Merkanti Holding segment consists of a subsidiary with its bonds listed on the Malta Stock Exchange and comprises regulated specialty trade finance and regulated merchant banking businesses, including the Bank, with a focus on Europe.

We own a bank, which is licensed in Europe. The Bank does not engage in general retail or commercial banking, but provides specialty banking services, focused on merchant banking, to our customers, suppliers and group members. In addition, we hold an interest in certain industrial real estate in Europe, which is held for sale.

All Other

Our All Other segment encompasses our corporate investments, as well as the overhead expenses of the parent company. we expect to make progress towards our goal to maximize value for shareholders over the long-term in 2020.

Respectfully Submitted,

Michael J. Smith
Chairman, President and Chief Executive Officer