



Dear Shareholders

Normally these quarterly letters are somewhat morose affairs. For the better part of a decade, we have been trapped in an unprofitable property business with chronically declining revenues and property values. We were repeatedly forced to sell properties to cover operating losses and as a result, our company was slowly melting away while we waited for the Mongolian economy to recover—which it hasn't.

Over the past few years, recognizing the situation for what it was, we took drastic action to salvage value for shareholders. We sold non-core assets, often at disheartening prices. This freed up capital for reinvestment in assets with a more predictable future. Clearly, our public securities investments have performed well, but just as importantly, we were also able to fund the launch of a subscription business, KEDM.

As of the end of September, our company has in excess of \$26.2 million of cash and marketable securities, negligible debt and a rapidly growing subscription business with over \$1.2 million in un-earned revenue. Based on current subscriber trends at KEDM, and a reasonable expectation for renewal rates, we believe that our company will be cash flow positive going forward (excluding one-time expenses). This means we're no longer melting away. We now have the time to stop, think, and act intelligently to create value—on our terms. While the pathway to today has been difficult, we now have the capital resources to take this business in many exciting directions. The last decade has been painful and frustrating, I am hopeful that the coming decade will be exciting and prosperous.

Our Future Direction

In conjunction with Genevieve and our Board, we have looked at various go-forward operating models. I primarily see myself as an allocator of capital and believe that transitioning our company into something akin to a Merchant Bank makes the most sense in terms of a future business model. Becoming a Merchant Bank will allow us the flexibility to incubate various businesses, while simultaneously funding growth businesses that we own majority or minority stakes in. While my background is in public securities, there are regulatory and tax reasons why we cannot be a publicly traded vehicle composed primarily of non-controlling minority interests in public securities. Our expectation is that the composition of our balance sheet will migrate towards both minority and controlling positions in various businesses—public and private, where we can influence the outcome of events.

I believe we have many advantages as a Merchant Bank, particularly as I frequently encounter businesses in need of both capital and capital markets perspective. There are many gaps to arbitrage between public and private valuations, lowering costs of capital for businesses along the way and I am excited to put this theory to practice.

Finally, I believe that a permanent capital vehicle such as our company, where our board and management control approximately 30% of the voting shares, gives us a unique advantage in allocating capital, as we can take a long-term view of our investments. Hopefully, this long-term view will attract unique investment opportunities, those that Private Equity, with their frequent re-selling of equity positions, miss out on. KEDM is our first internally funded business venture. We hope to acquire and grow from here.

Starting with the third quarter, we have segregated our business lines into three categories (Investment Properties, Subscription Products, and Corporate Division which includes our investment portfolio).

Investment Properties

The third quarter of 2021 continued to be difficult for our Mongolian property operations due to recurring periods of COVID-19 lock-downs and the inability of many of our tenants to manage their businesses. As a property company, we are only as successful as our tenants and when our tenants' businesses cannot operate, we are unable to collect the rent we are contractually owed. During the quarter we reported \$190,912 (Q3 2020 - \$192,485) of leasing revenue and \$30,057 (Q3 2020 - \$22,835) of other revenue (primarily 3rd party), offset by \$194,618 (Q3 2020 - \$179,439) of expenses in Mongolia. Unfortunately, we have zero visibility into the future trajectory of the economic crisis in Mongolia. Until businesses are allowed to operate without interference, we are likely to continue

to report depressing returns from our Mongolian operations.

Subscription Products

KEDM, our subscription business, which tracks various Event-Driven strategies, successfully transitioned into a revenue producing product on July 1st. During the third quarter, we recognized \$421,510 of revenue at a very healthy margin. Throughout the quarter, recognized revenue and subscriber count continued to increase each month sequentially. We intend to aggressively invest resources to improve KEDM and increase the overall value proposition for subscribers. As a result, we hope that we can continue to grow the revenue line with only minimal marketing spend.

To date, we are happy with the initial response to KEDM. Now that we know that there is a demand, we intend to push forward and improve the product while growing the overall reader base. Over time, if the market remains receptive, we believe that there are ancillary services that we can launch and monetize, providing further value to KEDM subscribers. To learn more about KEDM, go to www.KEDM.COM.

Corporate Division

During the quarter, our corporate expenses increased primarily due to an increase in legal, corporate structuring and tax planning expenses. We expect this heightened level of expenses to continue into the fourth quarter. When we didn't expect our company to reach profitability, we didn't think much about the efficiency of our corporate and tax structure. Now that we have taxable income, we are reviewing our structure for optimization. Additionally, we anticipate that corporate expenses will increase in future quarters as we add staff to help grow our business—particularly related to business development activities.

Our public securities portfolio produced a \$3,561,291 unrealized gain (Q3 2020 - \$140,570 gain) and a \$496,341 realized gain (Q3 2020 - \$1,082,568 gain), along with a \$22,543 foreign exchange gain (Q3 2020 -\$32,916 gain). I would like to caution you strongly that returns like we have recently experienced, are highly unlikely to be repeated in future quarters. Our portfolio is currently concentrated in investments in energy, uranium, and the housing sector. Additionally, we initiated a small position in a cryptocurrency named Monero. We view these investments as highly liquid alternatives to holding cash and we intend to liquidate various investments should we find additional businesses to launch or acquire stakes in.

Conclusion

The past quarter was transformative for our company. We incubated and launched KEDM with great success and expect it to become a rapidly growing revenue stream that we can build upon. Our public securities investments are paying off and we are now in a position to pivot the business model and become a Merchant Bank. We intend to scale up our staffing, target unique opportunities and continue to profitably diversify our company.

While we remain optimistic about Mongolia's long-term future, it remains mired in economic crisis. As a result, we remain focused on selling non-core property assets (particularly in office and re-development) so that we can diversify the company, while keeping our core portfolio and management team, so that we can pivot back to Mongolia when the economy returns to attractive growth rates.

Finally, I remain of the opinion that our shares are undervalued. During the third quarter, the company used its increased liquidity to accelerate the rate of purchases and re-purchased 832,100 shares under our Normal Course Issuer Bid (NCIB) at an average price of \$1.02/share. Subsequent to quarter end, the company completed its current NCIB by purchasing an additional 238,900 shares at an average price of \$1.24/share. Once these shares have been cancelled, our share count will be 27,778,499 or 22% fewer than during our peak share-count in 2016. To date, the company has repurchased a total of 7,734,330 shares.

While we didn't always have much in the way of liquidity, we never stopped believing in ourselves and remained aggressive with our NCIB. We knew that eventually we'd find our footing. We're excited for the future.

Sincerely,



Harris Kupperman
CEO