



Harris Kupperman
CEO and Chairman of the Board

Letter to Shareholders

Q2 2016 Letter to Shareholders - MD&A

Dear Shareholders,

The second quarter of 2016 has seen us demonstrate continued progress in terms of reducing costs and improving efficiencies.

On the cost side, the second quarter of 2016 showed a \$137,142 (21%) reduction in costs before depreciation and equity compensation when compared with the second quarter of 2015. We are continuing to work on making additional cost cuts however potential savings are beginning to be exhausted.

Adjusted Funds From Operations (AFFO) improved significantly year over year from a loss of \$206,685 in Q2 2015 to a loss of \$31,503 in Q2 2016.

Offsetting these improvements in our overall operations, our revenues in Mongolian Tögrög terms have continued to slide throughout 2016.

Unfortunately, this AFFO was still in the negative column and trends in the Mongolian economy indicate that this negative AFFO will accelerate from here—even before factoring in the rapidly depreciating Mongolian Tögrög. We've done all that we could to reduce costs, find new sources of revenue and insulate shareholders from the accelerating decline of the Mongolian economy. Unfortunately, I suspect that this will not be enough to get us to positive AFFO and the next few quarters will be quite bleak before the Mongolian economy hopefully bottoms.

As we look at our business, we have come to realize that without a substantial increase in rental revenues, the Company is unlikely to become substantially AFFO positive in its present format—especially as rental rates are very clearly going in the other direction. Now that our AFFO losses have stabilized at a much reduced level, we are in the process of undertaking a thorough overview of our operations with the goal of re-evaluating our long term strategy. We believe in the long-term future of Mongolia and believe that we have an outstanding portfolio of property assets along with a highly skilled team to manage them.

Unfortunately, we have not reached the scale needed to support our cost structure and are unlikely to do so without raising substantial additional capital—which is unlikely to be available to us on acceptable terms for quite some time.

While I am proud to say that we're losing less on an AFFO basis than we've ever lost, that isn't the sort of accomplishment that creates shareholder value. I clearly recognize this and we are focused on finding ways to once again build value.

Sincerely,

Harris Kupperman

CEO and Chairman of the Board