Dear Shareholders,

Third quarter 2018 results were roughly in-line with expectations and saw a slight decline in revenues offset by an increase in expenses when compared with 2017. Revenues declined due to reduced lease rates following a multi-year economic crisis along with fewer property assets owned by our company. On the expense side, expenses increased due to an increase in employee compensation (some of which shows up as professional fees) and recruitment costs as the company has increased staffing at its 3rd party agency business. We also experienced a higher level of maintenance expenses due to renovations and unforeseen circumstances. These expense levels are in line with second quarter levels and we expect that this level of spending will represent a "new normal."

Rather than dwell on third quarter performance, it is far more important to note that the economic recovery experienced during the second quarter has continued with increased vigor into the third quarter. After four years of waiting, we have finally begun to see tangible signs of improvement in our property business. In particular; late rents and discounts have reduced dramatically (unfortunately costing us in late-fee revenues). Additionally, for the first time in many years, we have been able to raise rental rates on most renewals, with minimal push-back from tenants. Even more importantly, with increased economic activity, property purchasers have returned to the market. This has allowed us to sell one property asset during the third quarter at a 16% premium to carrying value. Subsequent to quarter end, we have reached an agreement to sell a second property. Based upon these transactions and other comparable transactions, we have recorded a 4% increase in the fair value of our property portfolio. This is the first increase in three years. Our expectation is that we will record an additional increase to the fair value of our portfolio at year-end, once it has been reviewed by CBRE, our independent property appraiser.

Moving onto our 3rd party agency business, with the recent increase in economic activity, we have decided to increase spending in staffing and marketing to support and grow our 3rd party agency business. There has been a noticeable increase in transaction volumes since the summer and we expect that this volume will increase further now that banks are more willing to initiate new loans. Additionally, we intend to remodel the lobby of our headquarters building in order to support two street-level agent offices.

While any recovery in the Mongolian economy is more than welcome, a recovery based on restoring export volumes at existing mines will only take the economy so far. For the Mongolian economy to return to real growth, it will require bold leadership from the government in re-starting the many stalled mega-projects. Unfortunately, due to a combination of government corruption and incompetence over the past six years, many of the former investors and partners in these mega-projects have long since left Mongolia for countries that are more supportive of foreign investment. These investors will not soon return—hence our focus on diversifying MGG.

Outside of Mongolia, our securities portfolio produced a \$520,453 unrealized gain and a \$633,908 realized gain for the quarter (\$467,010 unrealized gain and a \$849,692 realized gain for the first nine months). I would caution you that we do not anticipate returns of this magnitude to be a recurring event. Looking at our securities portfolio; our largest position is Mongolian Mining Corp (975 – Hong Kong). Border exports have improved dramatically during the third quarter (up 58% over 2017) and appear to be at an elevated level during October. We believe that if washed coal exports remain at a 6 million ton run-rate similar to the third quarter, the shares currently at 16.2 Hong Kong cents, trade for less than one times normalized earnings, when a more appropriate multiple would be between three and six times earnings. Our other sizable position weighting is a position in various companies that support the offshore oil industry. Following the decline in oil prices that started in 2014, offshore investment underwent a dramatic decline which only now is beginning to reverse itself. As a result of the decline in offshore investment, many of the companies serving this sector trade at highly depressed multiples on asset values. If offshore spending returns to anything like prior levels, these companies are highly undervalued. We have added additional disclosure regarding the rest of the portfolio in the MD&A. Overall, our expectation remains that while this portfolio will be volatile on a quarterly basis, particularly due to the size of our position in Mongolian Mining Corp. The investment portfolio should produce gains over time that hopefully offset some of the future expected operating losses from the rest of our business.

While our securities portfolio has performed admirably during 2018, I recognize that a public company is not the right platform to own a basket of public securities. Therefore, we have continued to seek out an opportunity to buy some or all of an attractive business outside of Mongolia in order for us to diversify MGG. To date, despite having spent substantial efforts on this endeavor, we have yet to identify a business that is available at a price that we are willing to pay. Fortunately, we are in no hurry to consummate a transaction and will only do so if the terms are attractive to us. In the interim, we expect to use proceeds from asset sales to increase the size of our public securities portfolio.

In summary, while we remain optimistic about Mongolia's long-term future, we are realistic about our own company's predicament. Our property business is subscale and despite an increase in rental rates, we expect that when combined with our corporate overhead, MGG will likely produce operating losses (excluding potential gains from our public securities portfolio) for the foreseeable future. Now that we have finally begun to see tangible signs of recovery in Mongolia, we are taking the necessary steps to grow our 3rd party agency business. At the same time, we remain focused on selling non-core lower yielding property assets (particularly in office and re-development) so that we can re-position the portfolio and diversify the business outside of Mongolia.

Net asset value (NAV) is a key determinant of share price when valuing a property company. As the outlook for Mongolia was bleak for the past few years, it should not have been a surprise that our shares traded at a substantial discount to NAV, especially as it was expected that NAV would continue to decline (possibly indefinitely). With NAV now trending up, strategies in place to unlock the value of the portfolio and an increasing liquidity buffer with which we can use to diversify the business, I would expect that the discount to NAV to decrease going forward. Until then, I believe that our shares are undervalued. During the third quarter, the Company re-purchased 109,000 shares under our Normal Course Issuer Bid at a cost of $33,538.

Sincerely,

Harris Kupperman

CEO and Chairman of the Board