Dear Shareholders,

The third quarter of 2019 saw a continuation of the Mongolian economic recovery that began in 2018. This recovery has led to an increase in absorption of office and retail space in the downtown core of Ulaanbaatar where all of our properties are located. This increased absorption has in turn led to almost no vacancy in our portfolio while rental rates on renewals are continuing to increase. The real stand-out this quarter has been our 3rd party agency business, which has been particularly busy—as noted by the rather dramatic increase in "other revenue" compared to the second quarter of 2019 or even the third quarter of 2018. All year long, we have seen increases in interest in utilizing our 3rd party team to assist owners with their property needs. However, with the start of the main leasing season in September, we have finally seen this translate into increased revenue for MGG. During September, our team completed 19 transactions which was a new monthly record for our company. Not only that, during the third quarter, we have received more 3rd party revenue than the prior three years that we have been advertising our services. October has seen similar trends continue. While the overall numbers are still quite small in the scheme of our balance sheet, we are increasingly confident that we've created a second business that should add to overall cash flow before too long—even with us increasing our marketing budget to support this business.

Turning to our financial results, third quarter 2019 financial results were roughly in-line with expectations and saw a slight decline in leasing revenues as a result of asset sales during 2018 along with weakness in the Mongolian Togrog when converted to Canadian Dollars—offset by increased lease rates on renewals along with "other" revenue from our 3rd party business. Excluding gains on property disposals, our revenues have increased year over year for the first time in many years. Offsetting this slight increase in revenue, we experienced higher expenses as we continued to invest in our 3rd party agency business along with increased due diligence expenses as we look for potential acquisition targets outside of Mongolia. Finally, we have increased our spending on investment research to support our investments in public securities.

Our securities portfolio produced a $308,997 unrealized loss, a $184,861 realized loss and a $7,166 foreign exchange loss for the quarter. I would like to note that our portfolio is invested in a highly concentrated manner and often a handful of positions comprise the majority of the portfolio. Therefore, I would expect the portfolio to be substantially more volatile than an index fund and focus your attention on realized gains—which are indicative of where investments were underwritten compared to fair value. Unrealized gains can and will fluctuate wildly based on movements in our holdings—however if we purchased these investments at an attractive enough valuation, they should eventually accrete towards fair value and allow us to continue realizing gains. During the quarter, sizable changes in our securities portfolio relate to two E&P companies that have continued to decline in value—one of which we realized near quarter end for a substantial loss. We also saw a reversal of prior gains in a put spread related to an automotive fraud where we ultimately realized a loss during the fourth quarter.

Overall, I'm unhappy with how our returns have been over the past two quarters. I am rather bearish about economic growth in most developed markets and see most public equities as overvalued. This is a tough stance to take when most global equity markets are marching higher. Naturally, this has contributed to the poor performance of our public securities over the past two quarters. Like all things in life, equity markets move in cycles. At some point in this cycle, our holdings will be in favor and we will see the benefits of owning the securities that we own. In section two of our MD&A, we have added additional disclosures about the key portfolio components. Finally, I would be remiss if I didn't note that there is a certain cost to achieving these investment returns. Continuing with this quarter's financial reporting, we have broken this expense out in "Note 17—Other Expenses," in our financial statements. My expectation is that these expenses will increase over time and we are exploring ways to find additional revenues that may offset some of these expenses.

Returning back to our overall business, my hope remains that as we successfully monetize certain property assets in Mongolia, we can increase the size of our public securities portfolio and begin to actually increase book value through future realized gains on our securities portfolio along with the economic benefits of any business in North America that we may start or acquire.

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 property assets (particularly in office and re-development) so that we can diversify the business.

I remain of the opinion that our shares are undervalued. During the third quarter, the Company re-purchased 65,000 shares under our Normal Course Issuer Bid at an average price of $0.24/share. This reduced pace of share re-purchases is primarily related to our desire to husband cash for future acquisitions.

Sincerely,

Harris Kupperman

CEO and Chairman of the Board