



ACME
VALUATIONS

ACME Valuation

58 Acme Street, Ulaanbaatar, Mongolia - Ulaanbaatar - Mongolia

Valuation Report

Client ID: EMCA Bank

Assignment ID: Acme Valuation - 2021 (test)

TOE ID: Emca Valuation

Property ID: Chingeltei Apartment

Lead Valuer: John Doe

Dates:
Date of Instruction: 9th January 2022
Date of Valuation: 27th January 2022
Document generated on the 27th January 2022

Project Manager
John Doe

Agency registration number
123456

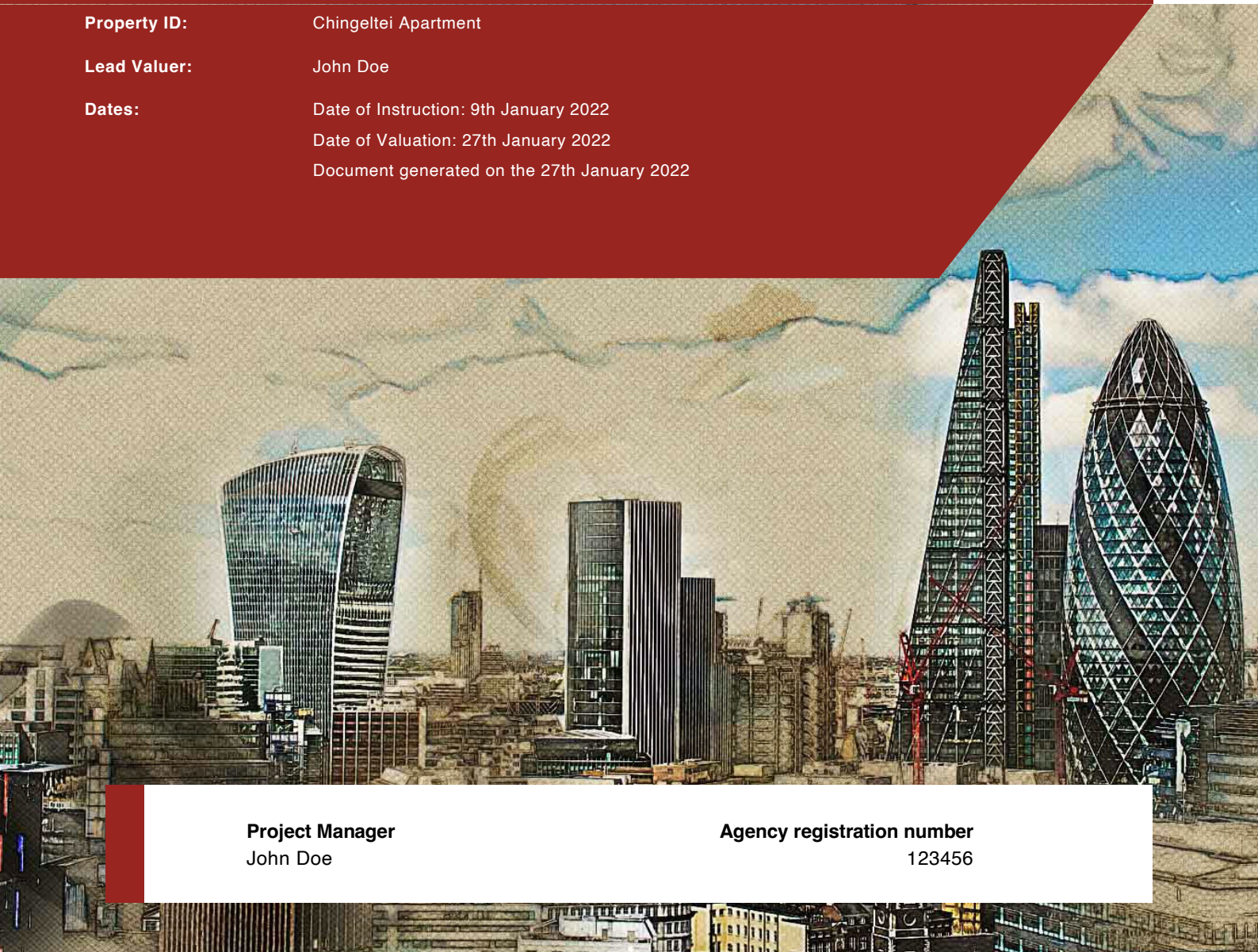


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Valuation Report

I

I. VALUATION SUMMARY



PROPERTY VALUATION REPORT ON: Chingeltei Apartment

Made in Ulaanbaatar on the 27th January 2022 (date of report)

Dear Peter Emca,

In accordance with your instructions dated from the 09th January 2022, engaging ACME Valuation as an external, independent valuer, we have carried out an Internal inspection of the property on the 01st February 2022 and have estimated the current Market value of the 100 % Freehold interest in the Property as of the 27th January 2022 (date of valuation).

Our valuation is subject to the comments, departures, qualifications and financial data contained within our report. On that basis, and assuming the property is entirely free of encumbrances, restrictions, easements, restrictive covenants and other impediments of an onerous nature which would affect value, in our opinion its Market value as at Valuation Date, is:

MNT

190,000,000 (rounded up)

Or one hundred and ninety million MNT

The above valuation estimation is exclusive of Government taxes and any additional unforeseen fees that may apply. It has been calculated using the Comparable Transactions method of valuation according to the following standards: RICS Valuation Global Standards 2020, IVS 2020, Mongolian Valuation Standards. The Valuation Report has been prepared according to the Practice Statement laid out in **IVS 103 Reporting**. If certain departures have been made to adapt the valuation methodology for Mongolia, such departures will be clearly marked within the report. No departures have been made from PS1 or PS2 of the Professional Standards of RICS. The above valuation does not assume any synergistic value or extra-ordinary arrangements.

Yours sincerely,

Name John Doe

Registration ID 123456


For and on behalf of: ACME Valuation Ltd
58 Acme Street, Ulaanbaatar, Mongolia -
Ulaanbaatar - Mongolia

x

Signature

Valuation Summary MNT	
Adopted Value (rounded up)	190,000,000
Market value / Square Metre (Mongolian Measurement Standard)	2,375,000

Valuation Particulars	
Prepared for	EMCA Bank Other intended users: Loan applicant
Client Representative's Contact	Peter Emca Email: emile.fremont@gmail.com - Phone: 0976563658
Valuation Purpose	Valuation of interests for secured lending
Date of Valuation	27 th January 2022
Interest Valued	100%

Valuation Approaches Used (MNT)		
Comparable Transactions (rounded up)		190,000,000

II. SCOPE OF WORK

1. IDENTIFICATION AND STATUS OF THE VALUER

The valuation report has been prepared by: John Doe, MRICS (Registration number:), with the assistance of: Johnny Doey, Carol Doey, Mark Doe.

A. EXPERIENCE OF THE VALUER

The valuer (John Doe, MRICS) has been active in the Mongolian Real Estate market for the past 20 years. He has considerable experience in the Mongolian Real Estate Market, having carried out a sufficient number of transactions and being familiar with the particularities, taxation systems and legal restrictions of the market. He has participated in large scale Asset Quality Review performed on all commercial banking institutions in Mongolia and on institutional public companies. He further holds qualification dispensed by the RICS in commercial property valuation and property finance and investment. The valuer has been trained in international valuation methods and is aware of their use and limitations. The valuer further assumes that the client is aware of the general principles of valuations and market conditions and as such they are not explored in great detail within this report. Please refer to the 'Appendices & Useful Info' tab of this report for further explanation on the methodologies used as well as some of the assumptions made.

B. EXPERTISE OF THE AGENCY

Acme has been active in the Mongolian Real Estate and Business Valuation market for the past 30 years. During that time the firm has developed key expertise in the overall real estate sector as well as a number of key business sectors and industries. Should the valuer, supported by any member of the firm not feel sufficient at ease in valuing this particular assignment, he will either refuse the assignment or contract external contractors and make it known within the report. The Valuer is a registered Business & Property Valuer with the Royal Institute of Chartered Surveyors and holds a certificate in both of those by the same institute.

2. PROFESSIONAL INDEMNITY INSURANCE

The valuer maintains an appropriate Professional Indemnity Insurance Policy (PII) with Mandal Insurance as required by the RICS Valuer Registration scheme and the Mongolian Valuation law. The limit of indemnity, defined by Mandal Insurance as the limit of the liability under the policy, is set at 500,000 £ for each and every claim and in the aggregate sub-limit. Indemnity covers the valuer against civil liability for compensation to any third party arising from any claim as a result of a breach of professional duty in the conduct of our professional services. The policy equally covers M.A.D. Urban against civil liability for compensation arising from any claim made against the valuer arising from unintentional defamation and any unintentional infringement of copyright, trademark, registered design or patent or any plagiarism or breach of confidentiality. Please contact Acme Valuation management team to enquire about additional information regarding the limits and exclusion included in our liability.

3. LIMITATIONS ON LIABILITY

Due to the nature of the instructions and subject to the provisions in these terms and conditions and agreement, M.A.D. Urban's total aggregate liability in contract, tort (including negligence or breach of statutory duty), misrepresentation, restitution or otherwise, arising in connection with the performance or contemplated performance of the services shall be limited to an aggregate sum not exceeding the fee paid, except to the extent that any such liability is found by a court of competent jurisdiction to have resulted primarily from M.A.D Urban's gross negligence, bad faith or wilful misconduct.

4. STATEMENT OF INDEPENDENCE

By the following statement verified by the signature on this valuation report, the valuer named on this document makes an affirmative statement to express an independent opinion which is free from bias and objective.

5. PURPOSE OF THE VALUATION

The valuation and advisory services have been prepared for the purpose of:

Valuation of interests for secured lending

6. PROPERTY IDENTIFICATION

Property ID	Chingeltei Apartment
Surface (Sq.m)	80
Asset class / Property type	Apartment / Flat /
Address	Floors: 2 Chingeltei District, 2nd Khoroo, Building 45, Unit 34 14250, Ulaanbaatar, Mongolia

7. BASIS OF VALUE

The valuation of the asset has been carried out adopting the following basis of value:

Market value (Source: IVS 2020):

"The estimated amount for which an asset or liability should exchange on the Valuation Date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and were the parties had acted knowledgeably, prudently and without compulsion."

8. VALUATION & INVESTIGATION DATES

We advise that we have been instructed to value the property as of the 09th January 2022. The Property was inspected on the 01st February 2022, and our valuation reflects the valuer's view of the market as of the 27th January 2022, and does not purport to predict the future. The valuer assumes that the property has not changed in any significant or material way between the date of inspection and the date of valuation. If there have been any substantial changes during that period, the valuer reserves the right to review the valuation at its sole discretion.

9. NATURE AND EXTENT OF THE VALUER'S WORK INCLUDING INVESTIGATION AND LIMITATIONS THEREON

The valuer has carried out a Internal inspection on the property. No limitations nor restrictions were encountered during the inspection process.

1. Does this valuation includes all the fixed equipment, fixtures, fittings and equipment owned by the Landlord and essential in the running or management of the property?

Yes

2. Are any items, furnishings, equipment, improvements, plants or fixtures owned by the occupier or Tenant to included from this valuation?

No

3. Does this valuation take onto consideration any natural hazards such as ground instability, mining or mineral extraction, radon gas, risk of flooding from all mechanisms, including pluvial and fluvial sources or non-natural hazards such as contamination where substances are in, on or under the ground resulting from current or historic uses?

No

4. Does this valuation take into consideration other hazardous materials present in or kept on the property, such as (but not limited to) regulated hazards, including chemicals, radioactive substances, explosive materials, waste management activities, asbestos, ozone depleting substances, oils and deleterious materials, such as building materials that degrade with age, causing structural problems, for example, high alumina cement, calcium chloride or wood-wool shuttering?

No

5. Does this valuation include due Diligence checks?

Yes. The valuer will review the legal titles of the property through an official request to the Immovable Property registration office of Sukhbaatar district.

Measurement reporting:

As part of the valuation assignment, the valuer has been instructed to measure the property 09th January 2022

Measurement standard	Mongolian Measurement Standard
System of measurement	Sq.m
Measurement methodology	Tape measuring
Purpose of measurement	Update of Property Legal Title

10. NATURE AND SOURCE(S) OF INFORMATION

The data used in the compilation of proposed report will be obtained from a variety of sources, such sources will be indicated within the report where relevant. Comparable data will be sourced from the National Archives of Mongolia, using the Notary transaction books over the past five years in addition to Acme's own proprietary transaction database and third party brokers. Market Data will be sourced by Acme using primary research tools supported by data from the National Statistical Office of Mongolia. Supplementary data and general market information will be compiled from a number of public domain sources and reports in addition to Acme's own survey's and data mining efforts. Since the valuation will be based on a number of assumptions that have been compiled by Acme on a best effort basis according to current knowledge of market dynamics and available information, actual market conditions may differ from stated assumptions. All valuations are backwards looking and thus based on past evidence and not future predictions. As such the valuation will be most accurate at the date of valuation and loses considerable accuracy over time. It is estimated that stated valuations are accurate for a period of no more than 6 months from the date of valuation. We believe that the information provided by "The Client" that will be used in this report is credible.

The valuer has further relied on the following documents:

- Legal Status of Landlord
- Immoveable Property Certificate
- Property Floor Plans

11. ASSUMPTIONS

- The property is entirely free of encumbrances, restrictions, easements and restrictive covenants
- No hazardous materials are used in the construction of the property
- There are no current plans by City Authorities that would impact the value of the property
- There are no plans to change laws and regulations surrounding property ownership and use
- Data (financial or otherwise) provided by the Client will be assumed true without Due Diligence
- The property is not subject of any environment related risks
- The buildings are structurally sound, and there is no structural, latent or other material defects, including rot and inherently dangerous or unsuitable materials or construction techniques, whether in parts of the building we have inspected or not, that would cause us to make allowance by way of capital repair (other than those points referred to above).
- The buildings have been constructed and are used in accordance with all statutory and bye-law requirements, and that there are no breaches of planning control. Likewise, that any future construction or use will be lawful (other than those points referred to above).
- The property is connected, or capable of being connected without undue expense, to the public services of gas, electricity, water, telephones and sewerage.

12. SPECIAL ASSUMPTIONS

There are no special assumptions

13. DEPARTURES

1. IVS 2020

- Due to restricted liquidity in the market, transactions have reduced drastically and where it is not possible to find an actual transaction in a comparable property, advertised prices have been used and appropriately discounted to reflect real market price. This is a departure from IVS 105, however given the nature of the Mongolian market, we believe this is the most accurate way of arriving at a fair market price.

2. RICS Valuation Global Standards 2020

- The method of measurement is that of the Mongolian measurement standard as per local legislation. This is a departure from RICS property measurement 2nd edition.

14. RESTRICTIONS ON USE, DISTRIBUTION AND PUBLICATION OF THE REPORT

A. PERSONAL INDEMNITY INSURANCE

In the event "The Client" provides a copy of the Report to, or permits reliance thereon by, any person or entity not authorized by "The Service Provider" in writing, to user or rely thereon, "The Client" hereby agrees to indemnify and hold harmless "The Service Provider", its affiliates and their respective shareholders, directors, officers and employees, from and against all damages, expenses, claims and costs, including reasonable attorney's fees, incurred in investigating and defending any claim arising from or in any way connected to the use of, or reliance upon, the Report by any such unauthorized person or entity.

B. CONFIDENTIALITY

In the course of completing this property valuation assignment, "The Service Provider" and its affiliates may have received confidential information (financial or otherwise) related to the entity being valued or its competitors. Any such information will be kept confidential at all time within "The Service Provider" firm and will not be alluded to, described or otherwise talked about with any third parties without the express authorizations of the client. It is important to note that this report will contain some or all confidential information and this report may form part of an audit by the RICS or a State Auditing company, "The Service Provider" will not be responsible for any breaches that result from such actions.

C. INTENDED USE AND USERS OF VALUATION REPORT AND LIMITATIONS ON DISTRIBUTIONS OF REPORT

The report is being prepared for the stated purpose only and will remain confidential to the client and Loan applicant and for the purpose for which it refers. The valuer hereby confirms that the valuation report is to be relied upon by the "Client" and the identified third parties only.

Distribution or publication of the whole of the report or any part of it in any public document, prospectus, statement, circular or any communication is limited to the "Client" and third parties as defined in this document.

"The Service Provider" responsibility shall be limited to "The Client", and any use of the product (including, without limitation, the Report and contents therein) by third parties shall be solely at the risk of "The Client" and any such third parties

15. VALUATION STANDARDS

This valuation report has been prepared in full conformity with IVS. The report adheres to RICS Valuation Practice Statement 3 on Valuation Reports and the RICS Valuation PS2 on Ethics, Competency, Objectivity and Disclosures. Any potential departures from the IVS and / or RICS are reported and its reasoning explaining in the report. The report is valid only for the valuation date expressed in the report.

Please note that we carry out Property Valuations according to the methodology set out by the International Valuation Standards Council and follow: RICS Valuation Global Standards 2020, IVS 2020, Mongolian Valuation Standards.

No other form or method of valuation have been considered.

If certain departures have been made to adapt the valuation methodology for the local environment, such departures are clearly marked within the valuation report. No departures have been made from PS1 or PS2 of the Professional Standards of RICS.

All data, methodology, assumptions and general market information used in this valuation report remain the copyright of "The Service Provider" at all times. The models used to calculate and arrive at an adopted value have been duly adapted for the local Real Estate market by "The Service Provider" and as such all models remain the exclusive property of "The Service Provider".

16. RICS MONITORING

Please note that our valuation files may be subject to monitoring under the institution's conduct and disciplinary regulations from time to time to ascertain compliance with RICS standards. If an audit is carried out, all files will be subject to the same strict standards of data protection and confidentiality as within "The Service Provider" firm.

17. VALUATION APPROACH AND REASONING

The 100 % Freehold interest in the property has been valued with the following valuation approaches and methods under the Highest and best use premise of value, as defined by the IVSC:

"Highest and best use is the use, from a participant perspective, that would produce the highest value for an asset. The highest and best use must be physically possible (where applicable), financially feasible, legally allowed and result in the highest value. If different from the current use, the costs to convert an asset to its highest and best use would impact the value."

#	Approach to value	Method to value
1	Market	Comparable Transactions

No Express allowance has been made for liability for taxation whether actual or notional, that may arise on disposal, contract of sale to equivalent legal document.

18. VPQA 10 - NATIONAL MATTERS THAT MAY GIVE RISE TO MATERIAL VALUATION UNCERTAINTY

a. Mongolia

- A USD 5.5 billion dollar IMF funded bailout package has been granted in 2017 for a 3 years, and was further extended in 2020, this may lead to changes in all aspects of the economy.
- More austerity measures may be introduced leading to reduced liquidity and appetite in the real estate market.
- The exchange rate as on the date of valuation has been used, sourced from the official Mongol Bank rate.
- In respect of the real estate sector, as at the valuation date we continue to be faced with an unprecedented set of circumstances caused by COVID-19 and an absence of relevant/sufficient market evidence on which to base our judgements. Our valuation of the property is therefore reported as being subject to 'material valuation uncertainty' as set out in VPS 3 and VPQA 10 of the RICS Valuation – Global Standards. Consequently, in respect of these valuations less certainty – and a higher degree of caution – should be attached to our valuation than would normally be the case.

b. VPQA 10 - Local or market specific matters that may give rise to material valuation uncertainty

The valuer did not identify any local or market specific matters that may give rise to material valuation uncertainties.

19. DISCLOSURES

- Has the client been informed of the agency's complaint procedure in writing and verbally?**
Yes
- Has the asset been previously valued by the valuer or the valuer's firm?**
No
- The valuer has been involved with the purchase of one or more properties for the client within the 12 month period preceding the date of instruction or date of agreement of the terms of engagement or a specific longer period prescribed or adopted in your jurisdiction.**
No
- The valuer has provided a series of valuations over a period of time.**
Yes. The valuer has been the exclusive signatory of the agency valuation reports for the past 5 years.

- 5 **Has the valuer continuously been the signatory to valuations for the same purpose?**
No
- 6 **Has the valuer valued the asset for the same purpose either within the 12 month period preceding the date of instruction or relevant period as prescribed or adopted in your country of practice.**
No
- 7 **Has the valuer / firm been involved with the purchase of the same asset for the client within the period of 12 months preceding the valuation date?**
No
- 8 **In the case where the party that commissioned the valuation for secured lending is not the intended lender, is the identity of the prospective intended lender disclosed?**
No

20. CONFLICT OF INTEREST

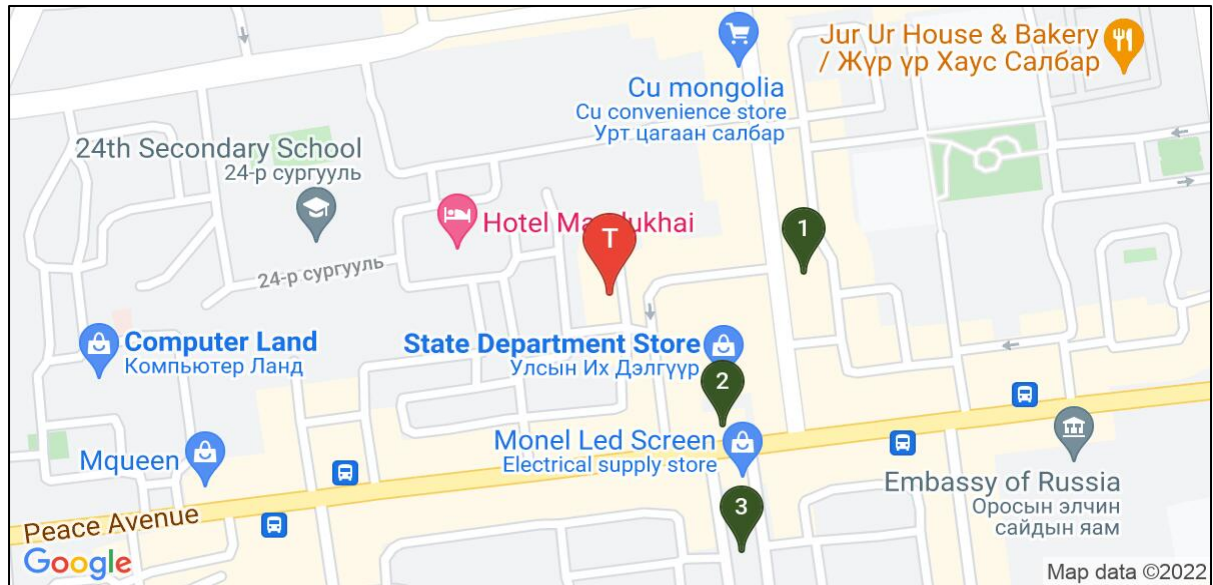
A conflict of interest check has been performed by the valuer prior to the start of this valuation assignment. Outcomes of the conflict of interest check are provided in the appendices section of this valuation report. Following the Conflict of Interest check performed during the preparation of the Terms of Engagement, an Informed Consent form has been prepared and signed by the Client, available upon request.

III. TARGET PROPERTY SUMMARY

Please use the following link to have access to the multimedia contents of this target property.

Link	https://demo.interval-soft.com/multimedia/2GF9kdOr/16
Password	A43ru1TffN

1. LOCATION



Google coordinates: [47.91733,106.90507](https://www.google.com/maps/place/47.91733,106.90507)

Location Grade	A
Address	Chingeltei District, 2nd Khoroo, Building 45, Unit 34
Location and Surrounding Description	<p>As of 2020, Chingeltei district has a population of over 151,200 persons (39,113 households), covering 89.3 sq.km of the capital city. Originally formed as part of the 'Central Sukhbaatar' administrative District, created in 1965, the area that now comprises Chingeltei district was split off in 1922. The area now covers a space extending from the city's central residential and entertainment/retail area to the borders of Gandan and the Bayangol District. Chingeltei incorporates the "First 50,000" apartment complexes as well as many of the "First 40,000" apartments. The profile of Chingeltei's residential infrastructure is much the same as Sukhbaatar District's. 1960s low-rise apartments encircling now somewhat depreciated looking courtyards - many of which are now undergoing renovations in order to update children's play facilities and sporting/exercise facilities- are the main form of housing in the inner city part of the district. The target property is located close to the State department Store (5 mn walking distance). The area features many street level commercial facilities and restaurants. Accessibility of the property is deemed good.</p>

2. LANDMARKS

1 - Gandirs Tower (Mixed use)



Gandirs tower is located just next to State Department Store. A former luxury modern mixed use tower with 3 floors retail spaces and residential apartments, Gandirs Tower was built in 2008. One of the first high grade mixed use building in Ulaanbaatar, it has since then lost its appeal in favour of more modern building closer to the CBD of the city.

2 - State Department Store (Retail)



The State Department Store is Mongolia's most popular retail outlet. Initially owned and operated by the State, it is now in private hands (Nomin Holdings) and has recently undergone a complete refit. It is home to a number of foreign brands as well as a large supermarket, banks, a food court and a multitude of small retail operations. Aimed to the mid to high end of the market, it's location is considered by most as the epicentre of retail and residential life in Ulaanbaatar.

3 - Beatles Statue (Sightseeing)



The monument's image of a young Mongolian man playing a guitar represents all Mongolian youth from the 1960-1970s, imitating the Beatles and singing their songs. Young Mongolians from this residential district, known as '40 Myangat', swapped Beatles' records, tasted freedom, learning much from the legendary four, and adopted what the Beatles espoused even in their closed society.

3. PROPERTY DETAILS

A. TARGET PROPERTY INFO



Bedroom 1

Sub-type category	Apartment (Single floor)
Size	80 Square Metre (Mongolian Measurement Standard)
Floor location	2
Property Facilities	No Facilities
Flooring Type	Laminate.
Window Type	Double glaze - Windows have been replaced in 2019 with PVC frame windows.
Number of Rooms	3

Number of Bedrooms	2
Number of Bathrooms	2
Dedicated Indoor Garage Places	0
Dedicated Outdoor Garage Places	0
External Areas	Terrace
Handover Standard	Well equipped not furnished.
Occupancy Status	Vacant
Further Details	N/A

B. BUILDING INFO



Outside

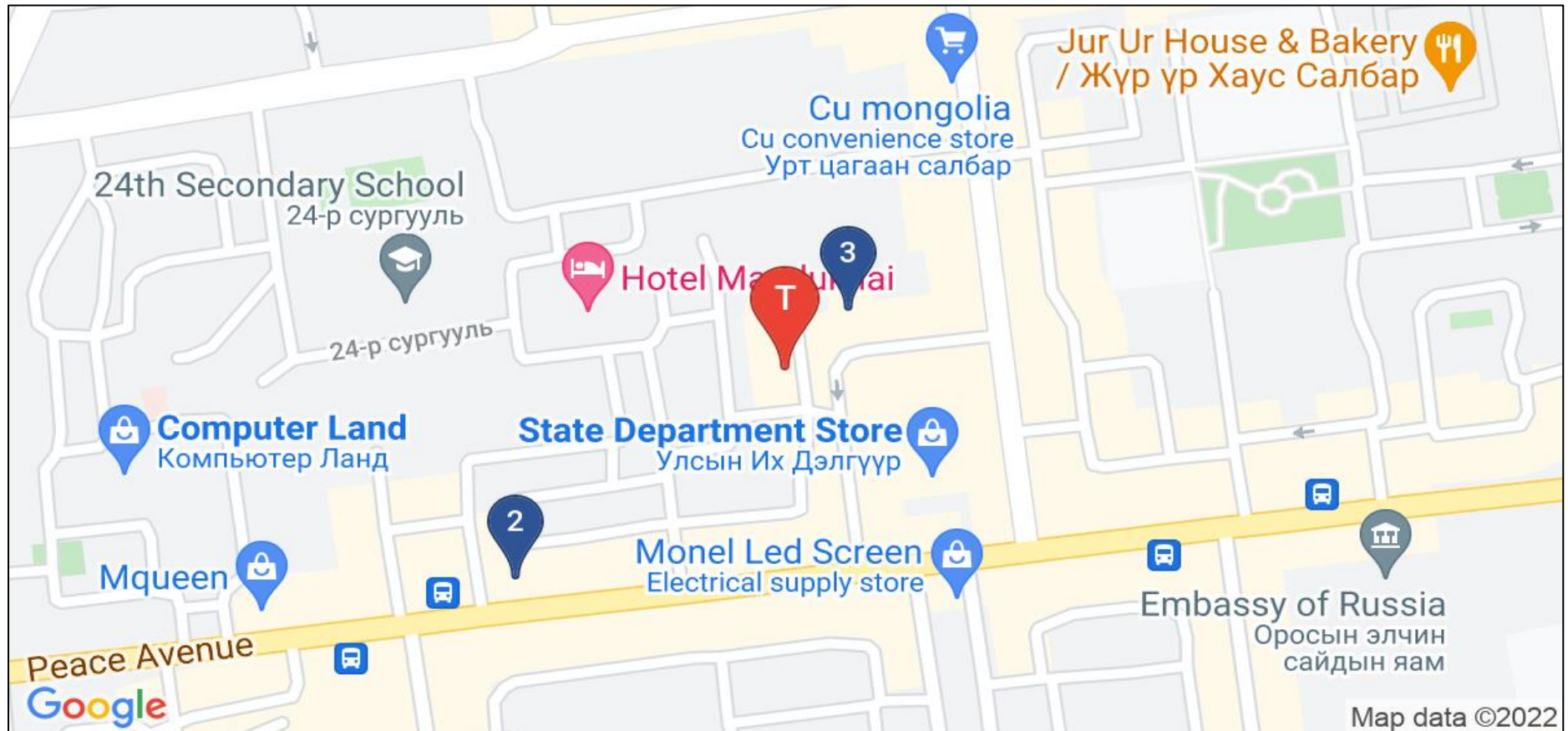
Building Name	Bld-10, Behind SDS
Completion Year	1950-1960's
Building Type	40K
Building Grade	C
State of Repair	Good
Total Building Floors	4
Developer	Soviet Union

Primary Anchor Tenant	N/A
Energy Efficiency Grade	N/A
External Wall	Brick and Plaster
Foundation Type	N/A
Indoor Garage Place	0
Outdoor Garage Places	11 to 25
Building Facilities	No Facilities
Building and Construction Description	<p>As the oldest apartment buildings in the city the 'First 40,000' apartments define the urban spaces of central Ulaanbaatar. Initially designed by Muscovite design firm Giprogor, their layout and design mirror those of workers cities across the former Soviet Union, with a few uniquely Mongolian touches added. Initially designed to provide 40,000 square meters of residential living space for city dwelling officials and workers, they have stood the test of time and remain iconic in the image of urban Mongolia. Construction of the buildings is quite simple: no foundation with walls made of thick brick and plaster coverage.</p>

IV. VALUATION

This section entails the details of the valuation performed on the target property, using the Comparable Transactions method of valuation and the set of data presented below.

1. COMPARABLES



T* - Target property and Comparable 1 are in the same building

	Comparable 1	Comparable 2	Comparable 3
Type	Apartment (Single floor)	Apartment (Single floor)	Apartment (Single floor)
Address	Peace Ave, Khoroo 3, Chingeltei district, 00976 Ulaanbaatar, Mongolia	Bld-17, Khoroo 2, Peace Avenue, Chingeltei district, 00976 Ulaanbaatar, Mongolia	Bld-9, Khoroo 3, Chingeltei district, 00976 Ulaanbaatar, Mongolia
Location Grade	A	A	A
Distance from TP (Metric)	0.00 m	215.67 m	54.93 m
Floor location	4	2	1
Size (Square Metre)	50	52	55
Building ID	Bld-10, Behind SDS	Building #17	Building #9
Building Type	40K	40K	40K
Building Grade	C	C	C
Building Description	As the oldest apartment buildings in the city the 'First 40,000' apartments define the urban spaces of central Ulaanbaatar. Initially designed by Muscovite design firm Giprogor, their layout and design mirror those of workers cities across the former Soviet Union, with a few uniquely Mongolian touches added. Initially designed to provide 40,000 square meters of residential living space for city dwelling officials and workers, they have stood the test of time and remain iconic in the image of urban Mongolia. Construction of the buildings is quite simple: no foundation with walls made of thick brick and plaster coverage.	As the oldest apartment buildings in the city the 'First 40,000' apartments define the urban spaces of central Ulaanbaatar. Initially designed by Muscovite design firm Giprogor, their layout and design mirror those of workers cities across the former Soviet Union, with a few uniquely Mongolian touches added. Initially designed to provide 40,000 square meters of residential living space for city dwelling officials and workers, they have stood the test of time and remain iconic in the image of urban Mongolia. Construction of the buildings is quite simple: no foundation with walls made of thick brick and plaster coverage.	As the oldest apartment buildings in the city the 'First 40,000' apartments define the urban spaces of central Ulaanbaatar. Initially designed by Muscovite design firm Giprogor, their layout and design mirror those of workers cities across the former Soviet Union, with a few uniquely Mongolian touches added. Initially designed to provide 40,000 square meters of residential living space for city dwelling officials and workers, they have stood the test of time and remain iconic in the image of urban Mongolia. Construction of the buildings is quite simple: no foundation with walls made of thick brick and plaster coverage.
Source Type	Advertised	Advertised	Advertised
Date of information / transaction	2 Sep 2021	27 Aug 2021	10 Aug 2021
Source info / URL	Sourced from public media www.unegui.mn/adv/5281885_khotyn-aaa-bus-uid-baruun-tald-2-oroo-oron-suuts/	Sourced from public media www.unegui.mn/adv/5260402_50-miangatyn-17-r-bairand-khuuchnaar-52-2mk2-2oroo-bair-zarna/	Sourced from public media www.unegui.mn/adv/5194903_uid-iin-ard-khuuchny-2-oroo-zarna/

2. CALCULATION

A. CRITERIONS

TP		Comparable 1	Comparable 2	Comparable 3
Size (Square Metre) - Mongolian Measurement Standard	80	50	52	55
Consideration - Freehold (MNT) (Capital Value)		148,000,000	139,000,000	135,000,000
Location Grade	Location	A	A	A
Address	Location	Chingeltei District, 2nd Khoroo, Building 45, Unit 34	Peace Ave, Khoroo 3, Chingeltei district	Bld-17, Khoroo 2, Peace Avenue, Chingeltei district
Number of rooms	Property	3	2	2
Number of bedrooms	Property	2	1	1
Apartment Type	Property	Unknown	Single floor	Single floor
Handover Standard	Property	Well equipped not furnished.	Barely equipped not furnished. N/A	Barely equipped not furnished. N/A
Completion Year	Building	1950-1960's	1950's - 1970's	1950's - 1970's
State of Repair	Building	Good	Good	Average

B. ADJUSTMENTS

Adjustment	Description
Location	Reflects the quality of the location in comparison to the intended use of the subject property
State of Repairs	Reflects the upkeep and maintenance levels of the subject property as a whole, taking into consideration planned future capital expenditures.

Size	Reflects the premium applied for smaller space in relation to the subject property.
Number of Bedrooms	Reflects the premium added for residential apartment with a greater number of bedrooms while in the same size range.
Advertised Discount	Reflects adjustment for advertised price. Due to restrained liquidity in the market, the transactions have reduced. When there are no recent transactions available for comparable properties, advertised prices have been used and appropriate discount has been applied.

Adjustment	Comparable 1	Comparable 2	Comparable 3	Comparative Analysis
Location	0%	-2%	0%	Location of comparable A98 is deemed superior to the target property's, which warrants a -2% adjustment.
State of Repairs	-5%	0%	0%	The state of repair of the comparables A98 and A99 is on par with the target property's so no adjustment was considered. A 94 is deemed in better condition than the target asset and was given a -5% adjustment.
Size	-5%	-5%	-5%	The target property is substantially bigger than all of the comparable evidences. To reflect this, we have given a -5% adjustment to all of them.
Number of Bedrooms	5%	5%	5%	An additional bedroom warrants a +5% adjustment for residential apartment in the UB market.
Advertised Discount	-10%	-10%	-10%	We have made -10% adjustments on all comparables accounting for the listing price based on our discussions with the sellers. We believe this to be an applicable adjustment to the current market, given the lack of liquidity and sales volumes

C. RESULTS

	Comparable 1	Comparable 2	Comparable 3
Total Adjustment (%)	-15%	-12%	-10%
Adjusted Consideration (MNT)	125,800,000	122,320,000	121,500,000
Adjusted Gross Unit Rate (MNT / Square Metre)	2,516,000	2,352,308	2,209,091
Weighting (%)	25%	35%	40%

Weighting Justification	Considering the total adjustment given to comparables, we have deemed appropriate to reflect it by allocating 40% weight to comparables A99, 25% weight to A94 and 35% to A98		
Comparable Weighted Average Gross Unit Rate (MNT / Square Metre)	629,000	823,308	883,636
Target Property Weighted Average Gross Unit Rate (MNT / Square Metre)	2,335,944		
Target Property Value (MNT)	186,875,524		

Appendices

II

I. CERTIFICATIONS

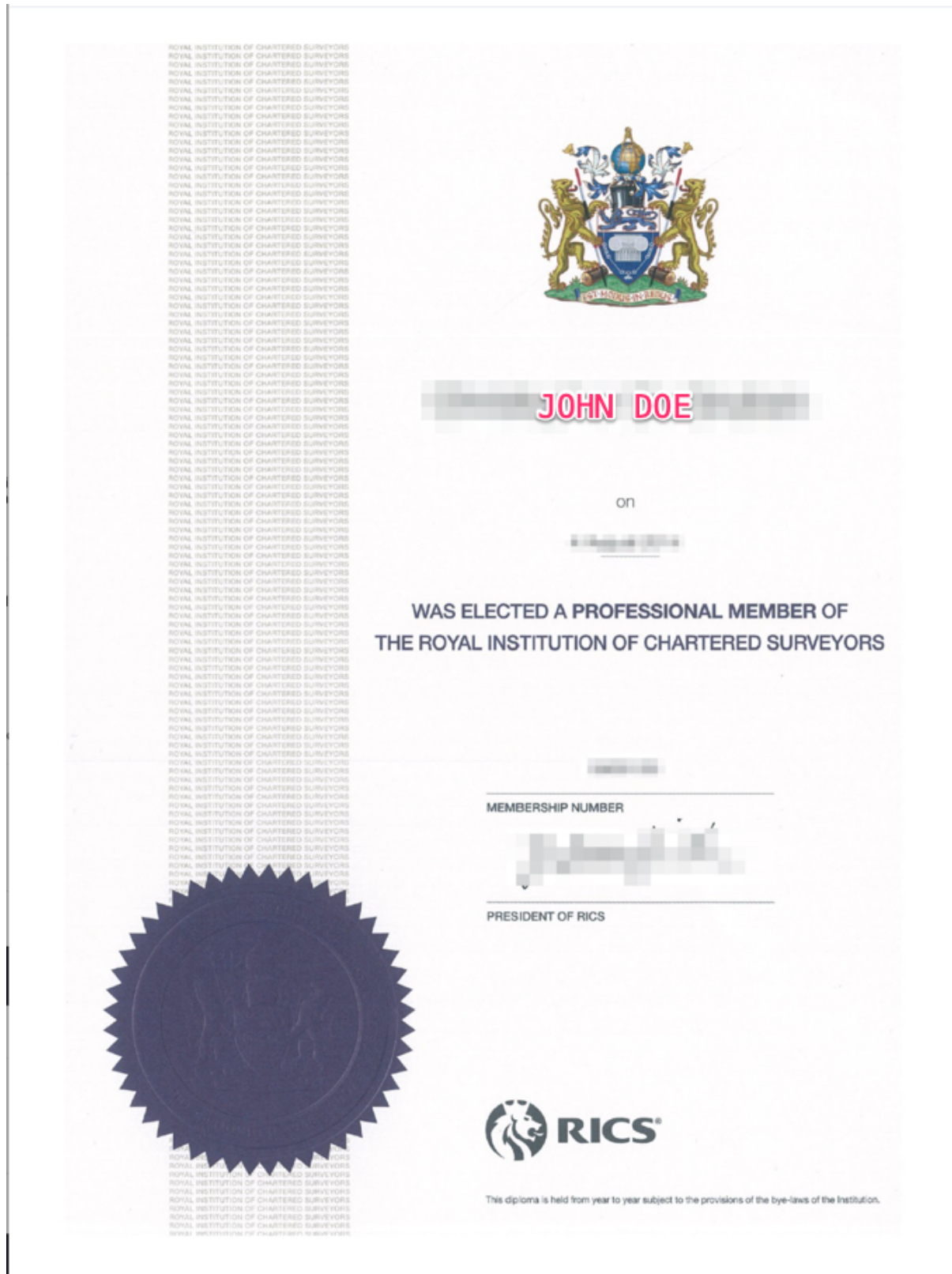
1.	AGENCY
----	--------

A. COMPANY RICS REGISTRATION

REC001

2. LEAD VALUER - JOHN DOE

A. MRICS - RICS





RICS VALUER REGISTRATION

This is to certify that



is an RICS Registered Valuer

Valid from: [Redacted] Until: [Redacted]

Membership no: [Redacted]

[Redacted signature]

DIRECTOR OF REGULATORY AND CORPORATE AFFAIRS



This certificate is held from year to year subject to RICS' bye-laws and scheme rules currently applicable and is not a certificate to practice.



VAL02

II. DISCLOSURES

1. CONFLICT OF INTEREST

1. Has the agency worked with the prospective client previously?

Refer to RICS Red Book / Professional Standard 2 - Section 3, Paragraph 3.7

Yes, a potential conflict of interest may arise

Nature of the potential conflict(s): The valuer has been engaged by the client on a regular basis over the past 5 years. The valuer has been in charge of doing the valuation of the real property assets of the client's company for their inclusion in the company financial statements.

Mitigation strategy: The valuer will disclose the relationship with the client in the terms of engagement and in the valuation report.

2. Have any of the partners worked in a personal capacity with the prospective client previously?

Refer to RICS Red Book / Professional Standard 2 - Section 3, Paragraph 3.7

No, there is no conflict of interest.

3. Do any of the employees working on the valuation (including partners) know any of the prospective client company's employees?

Refer to RICS Red Book / Professional Standard 2 - Section 3, Paragraph 3.7

No, there is no conflict of interest.

4. Do any of the employees (including partners) have any interest (financial or otherwise) or future prospect of interest in the target property to be valued?

Refer to RICS / Professional Statement, global - Conflict of Interests - Section 1, Paragraph 1.1. & 4.2.(b), Commentary Note 7)

No, there is no conflict of interest.

5. Is the agency acting for the buyer and the seller of the property or asset in the same transaction or acting for two or more parties competing for the same opportunity?

Refer to RICS / Professional Statement, global - Conflict of Interests - Section 1, Paragraph 1.1. & Commentary Note 9. & 11.(a) and (b)

No, there is no conflict of interest.

6. Is the agency valuing a property or asset previously valued for another client of the same valuer or firm?

Refer to RICS Red Book / Professional Standard 2 - Section 3, Paragraph 3.7

No, there is no conflict of interest.

7. Is the agency undertaking a valuation for third-party consumption where the valuer's firm has other fee-earning relationships with the client?

Refer to RICS Red Book / Professional Standard 2 - Section 3, Paragraph 3.7

No, there is no conflict of interest.

8. Do any of the employees (including partners) have any prior knowledge of previous transactions related to the properties to be valued?

Refer to RICS Red Book / Professional Standard 2 - Section 3, Paragraph 3.7

No, there is no conflict of interest.

9A. Is the agency currently working on any projects that conflict (directly or indirectly) with the client's business?

Refer to RICS / Professional Statement, global - Conflict of Interests - Section 1, Paragraph 1.1. & 4.2. (a) and (c), Commentary Note 6 and RICS / Professional Standard 2 - Section 4, Paragraph 4.2

No, there is no conflict of interest.

9B. Is the agency currently working on any projects that conflicts (directly or indirectly) with the target properties?

Refer to RICS / Professional Statement, global - Conflict of Interests - Section 1, Paragraph 1.1. & 4.2. (a) and (c), Commentary Note 6 and RICS / Professional Standard 2 - Section 4, Paragraph 4.2

No, there is no conflict of interest.

10. Does the agency and the prospective client company have any directors, partners or employees in common?

Refer to RICS / Professional Statement, global - Conflict of Interests - Section 1, Paragraph 1.1. & 4.2.(b), Commentary Note 7 & 3

No, there is no conflict of interest.

- 11. Is there any direct or indirect fee sharing between the agency and the client?**
Refer to RICS Red Book / Professional Standard 2 - Section 3, Paragraph 3.7 and to RICS / Professional Statement, global - Conflict of Interests - Section 1, Paragraph 1.1. and 4.2.(b), Commentary Note 7 and 3
 No, there is no conflict of interest.
- 12. Does this valuation fee constitute a substantial portion of the agency's revenue for the quarter or the year (over 25%)?**
Refer to RICS Red Book / Professional Standard 2 - Section 5, Paragraph 5.7
 No, there is no conflict of interest.
- 13. Has the agency or any of its employee provided a verbal or indicative value of the property to the client prior to engagement?**
Refer to RICS Red Book / Professional Standard 2 - Section 3, Paragraph 3.7
 No, there is no conflict of interest.
- 14. Is the agency valuing for a lender where advice is also being provided to the borrower or the broker?**
Refer to RICS Red Book / Professional Standard 2 - Section 3, Paragraph 3.7 & VPGA 2 Section 3, Paragraph 3.4
 No, there is no conflict of interest.
- 15. Does the agency have a long-standing professional relationship with the borrower or the owner of the property or asset?**
Refer to RICS Red Book / Professional Standard 2 - Section 3.7 & VPGA 2 Section 3, Paragraph 3.4
 No, there is no conflict of interest.
- 16. Is the agency introducing the transaction to the lender or the borrower, for which a fee is payable to the valuer or firm?**
Refer to RICS Red Book / Professional Standard 2 - Section 3.7 & VPGA 2 Section 3, Paragraph 3.4 and 5.
 No, there is no conflict of interest.
- 17A. Does the agency have a financial interest in the borrower?**
Refer to RICS Red Book / Professional Standard 2 - Section 3.7 & VPGA 2 Section 3, Paragraph 3.4 and 5.
 No, there is no conflict of interest.
- 17B. Does the agency have a financial interest in the assets?**
Refer to RICS Red Book / Professional Standard 2 - Section 3.7 & VPGA 2 Section 3, Paragraph 3.4 and 5.
 No, there is no conflict of interest.
- 18. Is the agency acting for the owner of the property or asset in a related transaction?**
Refer to RICS Red Book / Professional Standard 2 - Section 3.7 and VPGA 2 Section 3, Paragraph 3.4
 No, there is no conflict of interest.
- 19. Is the agency acting or has the agency acted for the borrower on the purchase of the property or asset?**
Refer to RICS Red Book / Professional Standard 2 - Section 3.7 & VPGA 2 Section 3, Paragraph 3.4. & 5.
 No, there is no conflict of interest.
- 20. Is the agency retained to act in the disposal or letting of a completed development on the subject property or asset?**
Refer to RICS Red Book / Professional Standard 2 - Section 3.7 & VPGA 2 Section 3, Paragraph 3.4. & 5.
 No, there is no conflict of interest.
- 21. Has the agency recently acted in a market transaction involving the property or asset?**
Refer to RICS Red Book / Professional Standard 2 - Section 3.7 & VPGA 2 Section 3, Paragraph 3.4. and 5.
 No, there is no conflict of interest.
- 22. Has the agency provided fee earning professional advice on the property or asset to current or previous owners or their lenders?**
Refer to RICS Red Book / Professional Standard 2 - Section 3 & VPGA 2 Section 3, Paragraph 3.4. and 5.
 No, there is no conflict of interest.
- 23. Is the agency providing development consultancy for the current or previous owners?**
Refer to RICS Red Book / Professional Standard 2 - Section 3 & VPGA 2 Section 3, Paragraph 3.4
 No, there is no conflict of interest.

24. The valuer identifies one/several conflict(s), or potential conflict(s), of interest (Party Conflict, Own Interest Conflict or Confidential Information Conflict)

Refer to PS 2 paragraph 3.2.(a) & (b) of RICS Valuation - Professional Standards 2022

No, there is no conflict of interest.

25. The valuer doubts his or her ability to avoid or manage any threat to independence and objectivity.

Refer to PS 2 paragraph 3.3 of RICS Valuation - Professional Standards 2022

No, The valuer is able to continue the assignment objectively and unbiased, free of any conflict of interest and or potential conflict of interest that may arise during the course of this assignment.

2. ADDITIONAL DISCLOSURES

In line with the recommendations from RICS Red Book Global /VPGA 2 Valuations of interests for secured lending - section 6, the following disclosures have been made by the valuer:

A. GENERAL COMMENTS

- 1. Please provide comment on the suitability of the property as security for mortgage purposes.**

The property is a mid-grade residential apartment located in central Ulaanbaatar. The apartment is located in a traditional 40,000 building which are well sought after in the UB market. The property is suitable as a security for mortgage purposes considering the very limited risk in price variations (down) over the foreseeable future.
- 2. Are there any circumstances that could affect the price?**

Yes, No circumstances that could affect the price of the property have been noted by the valuer.
- 3. Is there potential and demand for alternative uses, or any foreseeable changes in the current mode or category of occupations?**

Yes, The property can be converted to office premises if needed but this would require a change of use at the Immovable Property registration office. Fees to do so are marginal. Demand for alternative use however is limited.
- 4. What is potential occupational demand for the property?**

Centrally located residential apartments are a priced commodity in the residential sector. Potential occupational demand for the property is deemed high.
- 5. Are there any environmental or economic special designation associated to the property?**

Yes, Based on public record analysis, the valuer is not aware of any environmental or economic special designation associated to the property.
- 6. Have any disrepair, deleterious or harmful materials been noted?**

Yes, The valuer noted a small fissure on the internal non-structural wall (rated 2 - refer to the condition rating section for more details). No deleterious or harmful materials have been noted by the valuer.
- 7. Are there any environmental issues associated to the property, such as floor risk potential, historic contamination or non confirming uses?**

No.
- 8. What are the past, current and future trends, and any volatility in the local market and/or demand for the category of property?**

The residential market has experienced quite a lot of turmoil over the past decade. Starting from a high sale price base in the beginning of the 2010's, price growth remained steady until the end of 2014 when Mongolia experienced a harsh economic crises due mostly to a rapid fall in commodity prices. From Q4 2014 until Q4 2017, residential prices saw a dramatic fall due to deteriorating USD / MNT exchange rate conditions and oversupply. Centrally located residential apartments remained attractive nonetheless and experienced the less dramatic price drops across the residential sub-sectors. Since mid 2018, prices of 40K/50K apartments have remained relatively stable with limited growth. It is expected that this trend will continue in the foreseeable future with the recovery of the Mongolian economy.
- 9. What is your assessment of the current marketability of the interest and is it likely to be sustainable over the life of the loan?**

The current marketability of the freehold interest in the property is deemed very good due to the high demand (and lack of supply) for this type of centrally located residential apartment. Based on previous transaction records, the average time spent on the market is less than 1 month for this type of apartment. Marketability over the life of the loan is likely to remain high.
- 10. Are there any other matter revealed during your enquiries that might have a material effect on the value currently reported?**

No.
- 11. If the property is, or is intended to be, the subject of development or refurbishment for residential purposes, what would be the impact of giving incentives to purchasers?**

No.

B. PROPERTY SPECIFIC DISCLOSURES

1. Type of property valued

Property that is, or will be, held as an investment

2. Please provide a summary of occupational leases, indicating whether the leases have been read or not, and the source of any information relied on:

The property is vacant at the date of valuation. The property has been valued using the direct market comparable method of valuation without reference to potential or assumed rental incomes.

3. Please provide a statement of, and commentary on, current rental income, and comparison with current market rental value. if the property comprises a number of different units that can be let individually, please provide separate information on each:

There are no current rental income. As per our discussion with the client, the property will be offered for rent starting from Q1 2022 under appropriate lease terms in line with current market practices (3 years lease with no lease breaks, let at market rent, no incentives).

4. What is the market's view of the quality, suitability and strength of the tenant's covenant?

Not applicable at the date of valuation.

5. How would you assess the maintainability of income over the life of the loan (and any risks to the maintainability of income), with particular reference to lease breaks or determinations and anticipated market trends - this may well need to be considered in a broader sustainability context?

The property is currently not generating any income as noted above. Upon entry into a lease (assumed Q1 2022), the maintainability of the income is assumed to be good considering the potential high demand for this kind of property and current & future market conditions.


6. Is there any potential for redevelopment or refurbishment at the end of the occupational lease(s)?

Yes, Considering the characteristics of this property, there is little potential nor demand for any redevelopment at the end of the lease. Refurbishment may be needed at the end of the next lease but this cannot be ascertained at this stage.

III. ADDITIONAL PROPERTY DETAILS

1. ADDITIONAL DOCUMENTS

A. LEGAL STATUS OF LANDLORD

		МОНГОЛ УЛС УЛСЫН БҮРТГЭЛИЙН ГЭРЧИЛГЭЭ 0000119934	
2008.09.04 /Бүртгэсэн он, сар, өдөр/		9019044039 /Улсын бүртгэлийн дугаар/	
Майкдиферэнс /Хуулийн этгээдийн нэр, хариуцлагын хэлбэр/		5255023 /Регистрийн дугаар/	
Гадгадын хөрөнгө сруулалттай хязгаарлагдмал хариуцлагатай компани			
Дүрэм /Үүсэн бадгуулах баримт бичиг/			
Тушаал /Шийдвэрийн нэр/	А-4104 /Дугаар/	2008.09.02 /Он, сар, өдөр/	
4610 /код/	Гадаад худалдаа /Үндсэн эрхлэх үйл ажиллагааны чиглэл/		
4610 6299 6810 7320	Худалдааны зуучлал Бизнесний зөвлөгөө өгөх Үл хадлах хөрөнгийн зуучлал Зөх зээлийн судалгаа		
/код/	/Туслах эрхлэх үйл ажиллагааны чиглэл/		
16.09.02~18.09.02 /хугацаа/	4 /вишүүдийн тоо/	3,389,110.00 /өрийн хөрөнгийн хэмжээ, мянган төгрөгөөр/	
Улаанбаатар, Сүхбаатар, 4-р хороо, 1 40 мянгат, 67-р байрны 1.2 тоот, Утас1: 312500, Утас2: 99770439, Факс: /хуулийн этгээдийн албан ёсны хаяг/			
Улсын бүртгэл, статистикийн ерөнхий газрын Хуулийн этгээдийн бүртгэлийн газар /Бүртгэсэн байгууллагын нэр/			
Гэрчилгээ дахин олгосон 2016 он 4 сар 22 өдөр			


МОНГОЛ УЛС
 ҮЛ ХӨДЛӨХ ЭД ХӨРӨНГӨ ӨМЧЛӨХ ЗРХИЙН
 УЛСЫН БҮРТГЭЛИЙН
ГЭРЧИЛГЭЭ

Дугаар

Улсын бүртгэлийн дугаар

Регистрийн дугаар

Нийслэлийн Сүхбаатар дүүргийн 8-р хороо

Улсын бүртгэлийн -д байршилтай

Үйлчилгээ зориулалттай

Улс төр талбайтай

Ул хөдлөх эд хөрөнгийн хууль ёсны өмчлөгч тул эрхийн улсын бүртгэлийн

дугаарт бүртгэж гэрчилгээ олгов.

Улсын ерөнхий бүртгэгч /Ц.Нүрэвдорж

Улсын бүртгэгч /Д.Бямбаюун

УЛСЫН БҮРТГЭЛИЙН ЕРӨНХИЙ ГАЗАР

2014 он 03 сар 03 өдөр

17:59:11

C. PROPERTY FLOOR PLANS



2. CONDITION RATINGS

Legend

CODE	COMPONENT AREA	EXAMPLES
A1	Vertical Circulation Penetrations	Stairs, lift/elevator shafts and ducts
A2	Vertical Technical Penetrations	Pipes, shafts and ducts
B1	External Wall	External wall of a building
B2	Internal Structural Elements	Internal structural walls and columns
B3	Internal Non Structural Elements	Internal non structural walls
C	Technical Services	Plant rooms, lift/elevator motor rooms and maintenance rooms
D	Hygiene Areas	Toilet facilities, cleaner's cupboards, shower rooms and changing rooms
E	Circulation Areas	All horizontal circulation areas
F	Amenities	Cafeterias, day care facilities, fitness areas and prayer rooms
G	Exclusive Use	Workplace
H	Other Areas	Balconies, covered galleries, Sheltered areas, unenclosed loading docks, internal car parking and storage rooms

Rating

Floor / Code	A1	A2	B1	B2	B3	C	D	E	F	G	H
2					Ref #1						

	Not inspected
	No repair is currently needed. The property must be maintained in the normal way.
	Defects that need repairing or replacing but are not considered to be either serious or urgent. The property must be maintained in the normal way.

Defects that are serious and/or need to be repaired, replaced or investigated urgently.

References

DESCRIPTION		PICTURE REFERENCES
1	No Comment	Picture(s) #1

A. PICTURES



#1: Crack on the wall

3. SIZE - MONGOLIAN STANDARD

Room Type	Items		Floor (2) / Sqm		Total / Sqm
Living Area	Living room	S1	20		20
	Bedroom 1	S2	15		15
	Bedroom 2	S3	20		20
	Working space/office room	S4	0		0
Standard Facilities	Kitchen	S5	7		7
	Bar/food area	S6	0		0
	Toilet	S7	5		5
	Closet/storage room	S8	0		0
	Corridor	S9	5		5
	Bathroom	S10	5		5
External Areas	Terrace	Ste	10	3	3
Total Area (NIA)	Sa total		80		80

IV. ADDITIONAL COMPARABLE DETAILS

1. COMPARABLE 1

A. SOURCE

a. SOURCE PICTURE 1

Бүх зарууд > Үл хөдлөх > Үл хөдлөх зарна > Орон сууц зарна > 2 өрөө

Хотын ааа бүс уид баруун талд 2 өрөө

Улаанбаатар
Нийтэлсэн: Өчигдөр 21:08 Зарын дугаар: 5281885

148 сая ₮
үнэ тохирно

8810-4841

Чатлах

Mr Gala
Элсэн огноо 8-р сар, 2017
[Зарын эзний бусад зарууд](#)
[Гомдол](#)

Хувиалцах

UNEGUI360
Мэдээллийн өмнөд хамт
орно, хэрэгсэлтэй
хүснэгтэй байр
үл хөдлөхөө хурдан
бөгөөд хялбархан зар
Дэлгэрэнгүй

Шал: Паркет	Талбай: 50.0 м²
Тагт: 1 тагттай	Хэдэн давхарт: 4
Ашиглалтанд орсон он: 1980	Лизингээр авах боломж: Лизингүй
Гараж: Байхгүй	Дүүрэг: Чингэлтэй
Цонх: Вакум	Цонхны тоо: 3
Барилгын давхар: 4	Байршил: Бусад
Хаалга: Бүргэд	

#ХОТЫН ТӨВ СНД 2 ROOMS
 УИД -н баруун талын байранд 2 өрөө орон сууц худалдана
 Хуучнаар 27 мкв | 4/4 давхарт | баруун харсан цонхтой
 2020 онд сүлдээ засвар хийсэн боловч өөрчлөхгүй.

2. COMPARABLE 2

A. SOURCE

a. SOURCE PICTURE 1

UNEGUI.MN Монголын худалдааны төв сайт

Миний зарууд Нэвтрэх ба бүртгэл ☆ [Зар нэмэх](#)

Бүх зарууд > Үл хөдлөх > Үл хөдлөх зарна > Орон сууц зарна > 2 өрөө

50 мянгатын 17-р байранд хуучнаар 52,2мк2 2өрөө байр

Улаанбаатар
Нийтэлсэн: 2021-08-27 19:10 Зарын дугаар: 5260402

139 сая ₮
үнэ тохирно

☎ 8011-3053

PEACE PROPERTIES LLC
Баталгаажсан хэрэглэгч
Элссэн огноо 3-р сар, 2018
[Зарын эзний бусад зарууд](#)
[Гомдол](#)

Хуваалцах

UNEGUI 360
Мэдээллийн системийг ашиглан үндэс, түрээс зэрэгтэй тулгарсан хэрэгүүдийг үл хөдлөхөө хурдан бөгөөд хялбархан зар

Шал: Паркет	Талбай: 52.0 м²
Тагт: 1 тагттай	Хэдэн давхарт: 2
Ашиглалтанд орсон он: 1980	Лизингээр авах боломж: Лизинггүй
Гараж: Байхгүй	Дүүрэг: Чингэлтэй
Цонх: Вакум	Цонхны тоо: 3
Барилгын давхар: 4	Байршил: 40, 50 мянгат
Хаалга: Бүргэд	

1. Төлбөрийн нөхцөл: Бэлэн мөнгөнд болон шинэ 2 өрөө байраар зөрүү авч

3. COMPARABLE 3

A. SOURCE

a. SOURCE PICTURE 1

UNEGUI.MN

Монголын худалдааны төв сайт

Миний зарууд Нэвтрэх ба бүртгэл ☆

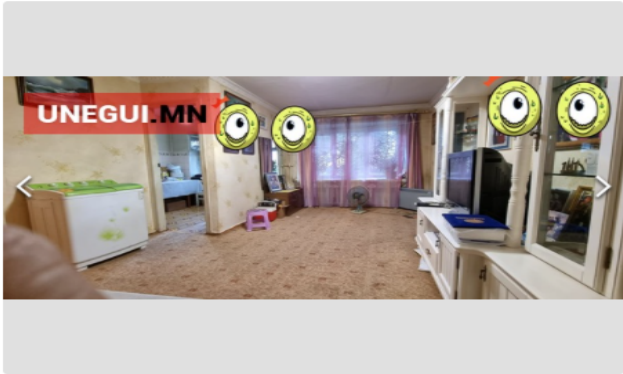
Зар нэмэх

Бүх зарууд > Үл хөдлөх > Үл хөдлөх зарна > Орон сууц зарна > 2 өрөө

Уид-ийн ард хуучны 2 өрөө

Улаанбаатар

Нийтэлсэн: 2021-08-10 12:49 Зарын дугаар: 5194903



135 сая ₮

үнэ тохирно

9927-5998

Чатлах

Баагий

Элсэн огноо 1-р сар, 2019

Зарын эзний бусад зарууд

Гомдол


Хуваалцах

UNEGUI 360

Монголын худалдааны төв сайт

үл хөдлөхөө хурдан бөгөөд хялбархан зар

Дэлгэрэнгүй



Шал: Паркет

Талбай: 29.0 м²

Тагт: Тагтгүй

Хэдэн давхарт: 1

Ашиглалтанд орсон он: 2000

Лизингээр авах боломж: Лизинггүй

Гараж: Байхгүй

Дүүрэг: Чингэлтэй

Цонх: Мод

Цонхны тоо: 3

Барилгын давхар: 4

Байршил: 40, 50 мянгат

Хаалга: Бүргэд

Улсын их дэлгүүрийн ард хуучны 1 давхарын сунгах боломжтой гал тогоо тусдаа 2 өрөө зарна.

V. MARKET RESEARCH

1. ULAANBAATAR RESIDENTIAL SECTOR

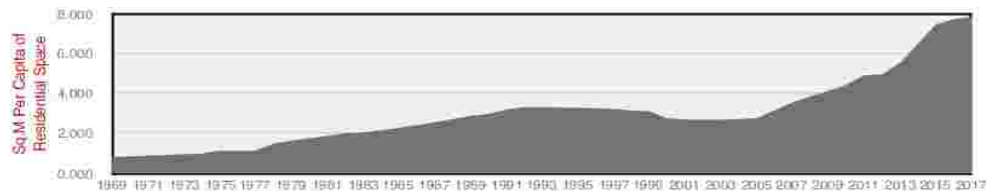
A. ULAANBAATAR RESIDENTIAL SECTOR 2019

I. RESIDENTIAL MARKET ANALYSIS

1. MARKET INTRODUCTION

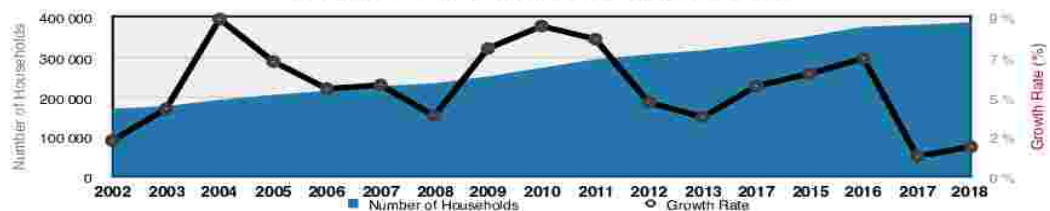
Around 46% of Mongolia's total population lives in Ulaanbaatar. Significant latent demand for housing is apparent in the fact that only 40% of Ulaanbaatar's population lives in housing with access to permanent infrastructure, whilst 60% live in peri-urban areas in traditional Mongolian gers (felt-tents) or housing not connected to permanent infrastructure. Average population density of Ulaanbaatar is presently 310 persons per square kilometre, around a quarter of that in Astana, Kazakhstan.

GRAPH 1: SQUARE METERS OF RESIDENTIAL SUPPLY IN ULAANBAATAR PER CAPITA OF CITY POPULATION. SOURCE: NSOM

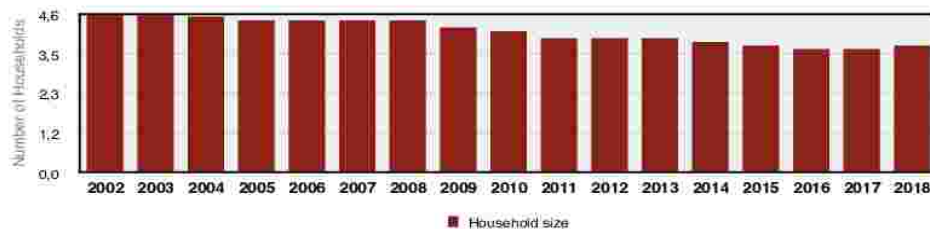


4,397 hectares or 20.7 % of Ulaanbaatar has been covered by residential apartments. Another 4,642 hectares is occupied by ger areas. Economic growth and new construction are strongly skewed towards the capital of Mongolia. During 2012, 59% of new businesses were established in Ulaanbaatar, with the city contributing 52% of Mongolia's GDP. In nominal terms, Ulaanbaatar's GDP at the time was 8.96 billion MNT (~USD 4,480,000), representing a 3.7% increase over 2011. Ulaanbaatar's population has grown at an incredible pace since the transition from socialism to democracy began in 1990. As of end of 2017, there were 1.462 million people residing in Ulaanbaatar. Rapid urbanization is taking place in Ulaanbaatar, but strategic urban infrastructure and planning are inadequate. With this reason, Master plan 2030 has been updated several times. Last one was adopted in February 2013.

GRAPH 2: NUMBER OF HOUSEHOLDS IN ULAANBAATAR. SOURCE: UBSTAT



GRAPH 3: HOUSEHOLD SIZE IN ULAANBAATAR. SOURCE: UBSTAT

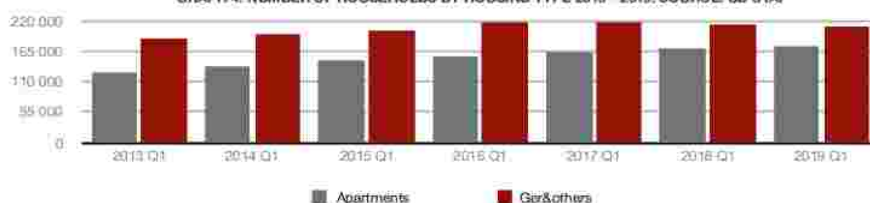


the Master Plan new directives described previously, the Municipality of Ulaanbaatar and the Master Planning Agency of the Capital City discussed 1,169 project requests in 2017, of which 612 development projects were officially supported.

TABLE 6: SUPPORTED PROJECT BY THE MUNICIPALITY IN 2017. SOURCE: MASTER PLANNING AGENCY OF UB, REPORT 2017

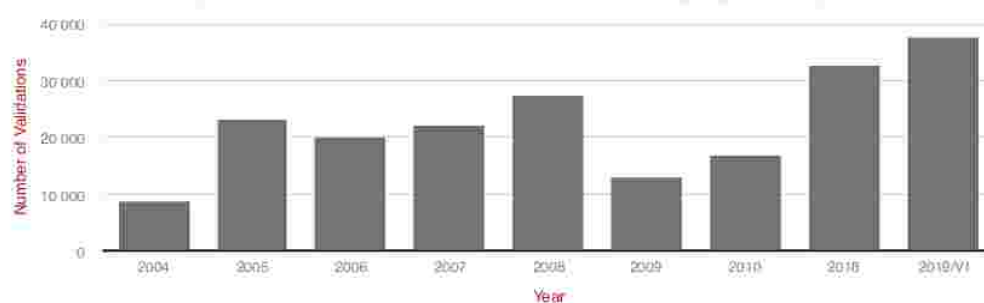
Project name	Number of projects	Project name	Number of projects
Residential apartment	67	Tourist proposed projects	55
Retail common use projects	118	Housing projects	28
Temporary housing apartment	1	Sport complex	6
School, training projects	30	Hospitals	23
Factory development	42	Infrastructure	79
Car parking projects	4	Gas station	11
Warehouse	4	Liquified gas station	5
Other landscaping improvement	118	Mortuary	1
Total			612

GRAPH 4: NUMBER OF HOUSEHOLDS BY HOUSING TYPE 2013 - 2019. SOURCE: UB STAT



The above graph shows that the number of ger area household increased between 2013 and 2015 up to 218,000 households, but slightly decreased by from 2016 to 2019. Overall, the CAGR of the households living in ger areas over the period 2013 - 2019 is 1.64%, with a CAGR of -0.77% between 2016-2019. The number of household in apartments has been increasing over the last 5 years at a CAGR of 4.67 % between 2013 and 2019. The variation in these two indicators reflects the efforts made by the municipality to develop and encourage new housing solutions in the ger districts over the past years.

GRAPH 5: VOLUME OF RIGHTS OF IMMOVABLE PROPERTY IN ULAANBAATAR BY YEAR 2004 - 2019



Source: Ulaanbaatar Immovable Property Office

2. MARKET HISTORY & CURRENT SUPPLY

As of the beginning of 2019, approximately 212'008 households lived in traditional Mongolian gers and wooden houses within the "ger districts" of Ulaanbaatar, the peri-urban areas of the city which expand across the outskirts of Ulaanbaatar. According to the National Statistics Office, around 175'445 household live in apartments in UB. A total of around 182'818 residential apartment units were put into operation in Ulaanbaatar between the years 1991 and 2018, with the total housing stock of Ulaanbaatar reaching 240'272 in 2018.

Bayangol district has by far the largest stock of housing, with over 43,700 occupied residential units. Bayanzurkh district's stock of residential units is the second highest at 35,200. The inner city districts of Sukhbaatar and Chingeltei contain around 16,600 and 8,200 fully serviced residential units, respectively. Khan Uul district contains around 19,000 residential units and is poised for additional growth as a result of rapid development at the upper end of the market, as well as in the mid-upper market along Chinggis Avenue and on the road towards the existing airport. Songinokhairkhan district, a sprawling westerly district, contains around 21,250 residential units with reasonable infrastructural connections. The total housing stock in Ulaanbaatar in 2017 reached approximately 11.11 million sqm.

According to the latest update by Ministry of Construction, the new housing stock in 2017 included 219 projects scattered across town with 33,566 household units completed. More than a third of the new supply (12,594) was constructed in Bayanzurkh district. Khaan Uul district positions itself in second with 8,307 new residential units. 5,989 new residential units were completed in Bayangol District, and 3,480 new housing unit in Songino Khairkhan. Due to a limited supply of land for further development, both Sukhbaatar and Chingeltei districts housed a constrained number of new residential projects, with respectively 2,673 and 45 only new residential units.



Rapid income growth during the early 2000s precipitated by foreign direct investment in Mongolia's vast mineral resources led to a construction boom in Ulaanbaatar. However, most of the new supply of apartments targeted mid to high-income categories looking to upgrade to better housing or the growing expat community. Over the 2003-2015 period, the CAGR of per capita residential space grew at 5.7% per annum, driven by developers looking to capture higher margins and to take advantage of growing purchasing power and diversifying consumer preferences.

Before massive development projects and rapidly growing migration movement to UB, there were very organized and complex residential districts like 40k, 50k, 120k, 220k, Sansar and 1,3 & 4 micro-districts which were built in the frame of Soviet Urban planning. The core of the Sukhbaatar and significant area of Chingeltei districts were presently presented the function of central business and retail center of the UB. In this matter, 40k, 50k and 220k are referred as high grade, old residential buildings. As the city grows, the residential sector has been developed in 2 directions: (1) high-end apartments with modern services and amenities which occupy the Stadium and Zaisan area, (2) low-end residential projects which are implemented at the outskirts, such as Yarmag and Songinokhairkhan districts supported by the international organizations and government programs.

A highly constrained supply of apartments in Ulaanbaatar means that existing apartments are 19% vacant across the city. The uptake of new apartments is also very high, with pre-sales still accounting for a majority of primary market sales (up to 70% across most developments). Despite growth in the construction sector, it is clear that demand and supply are far from convergent in Ulaanbaatar's residential markets, the supply being strongly skewed toward mid to high end residential developments.

TABLE 7: POPULATION OF ULAANBAATAR BY DISTRICT 2018. SOURCE: UB STAT

DISTRICT	NUMBER OF SUB-DISTRICTS	POPULATION	TERRITORY (SQ.KM)	POPULATION DENSITY (PPL/ SQ.KM)
Baganuur	5	29 512	620,2	47,6
Bagakhangai	2	4 399	140,0	31,4
Bayangol	23	228 869	29,5	7 690,5
Bayanzurkh	28	343 619	1 244,1	276,2
Nalaikh	7	37 608	687,6	54,7
Songinokhairkhan	32	321 150	1 200,6	267,5
Sukhbaatar	20	145 335	208,4	697,4
Khan Uul	16	176 919	484,7	369,1
Chingeltei	19	157 258	89,3	1 761,0
TOTAL	152	1 444 669	4 704,4	

3. FUTURE SUPPLY

CURRENT MARKET SITUATION

Programs supported by the Government and International organisations

1. GADIP- Ger Area Development and Infrastructure Project started in 2013, its capacity covers 24 locations and 75 partial areas which constitutes 15% of the total ger area and 10% of the ger area inhabitants. In the project frame work, a total of 5,200 households residential apartments were commissioned. But the project has been on hold due to the lack of financial sources for developers and therefore they are struggling with several issues, such as difficulties in sales, insufficient support from the government side and project implementors.
2. AHURP - The project cofinanced by ADB and GCF, and implemented by the MCUD aim at developing green affordable housing units (10,000 in total) over a 10 years period in selected ger areas, mostly relying on GADIP pre selected zones, as the access to trunk infrastructure is one of the main selection criteria. The project beginning is scheduled this year, and will start by developing housing units in Bayankhoshuu and Selbe ger areas as pilot areas.
3. Capital City's Rental Housing Project - Project is proposed for the people who did not met the requirements of the loan program yet. The project is aiming to develop residential complexes with school and kindergarten for 1,020 households. Project will be carried out with 2 schemes in "common rental" and "rent to own".
4. State Rental Housing Project - State Rental Housing Project was approved by the Government of Mongolia In 2015. Since its implementation only 1,512 households moved into the rental housing project. By May 2018, 350 households apartments in Buyant -Ukhua 2 project have been transferred to the State Rental Housing Project. People who requested to enrol in the rental apartment program were chosen by an electronic lottery system. In February 2017, the regulation on reducing the rental price was confirmed and the rental price per sq.m was reduced to MNT 4,500 MNT.

Additionally there are several projects being initiated by the Government of Mongolia and the Municipality of Ulaanbaatar focused on providing affordable housing in Ulaanbaatar:

- Buyant-Ukhua 2 housing project
- Eco-Yarmag housing project
- Redevelopment of the old buildings
- Temporary housing project in Nagoon nuur area

RECENT & FUTURE MARKET SUPPLY

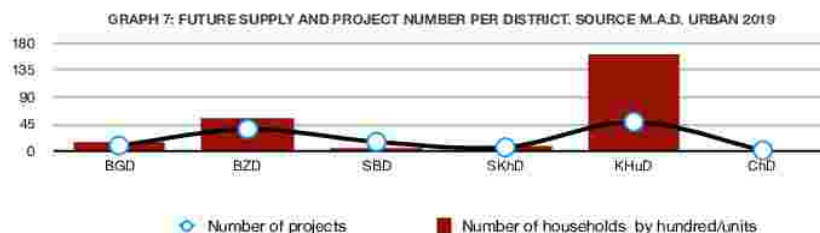
TABLE 8: TABLE OF RESIDENTIAL MARKET RECENT & FUTURE SUPPLY IN ULAANBAATAR						
CONSTRUCTION COMPANY NAME	CONSTRUCTION NAME	# OF APARTMENTS	COMPLETION DATE		CURRENT SALES PRICING (MNT)	
			YEAR	QUARTER	LOW	HIGH
BAYANGOL DISTRICT						
Citizen Sh. Oyunchimeg	36 household apartment	36	2019	1	N/A	N/A
Govin zaya LLC	66 household apartment	66	2019	3	N/A	N/A
Altantrade LLC	Urgoo 71	170	2019	3	2 500 000	N/A
Ariun-Ochir LLC	132 household apartment	132	2018	2	1 740 000	N/A
Tugs khurts consulting	Tugs hothon	20	2018	1	1 450 000	N/A
Total		424				
BAYANZURKH DISTRICT						
Citizens Batkhishig, Battulga, Tsereenbat	North National Park	58	2019	4	N/A	N/A
Citizen E. Chinbat	North Narantuul market	66	2019	1	N/A	N/A

Citizen Tsolmonbaatar	Zuun Seibe, Street 7	24	2018	4	N/A	N/A
Mavangui LLC	Uguumur town season 2	253	2018	4	1 575 000	1 880 000
Barmon LLC	Denjin 1000	468	2019	4	N/A	N/A
Citizen Oyunbat	Gandan, Street Orkhon	20	2018	4	N/A	N/A
Seibe Partners LLC	West Natur centre	56	2019	4	N/A	N/A
Citizen Batsaikhan	Ulgii, Street 18	77	2018	4	N/A	N/A
Court Decision Enforcement Agency's employment apartment	Khoroo 16, South kindergarten	N/A	2018	4	N/A	N/A
Sentura landmark LLC	Khoroo 26	124	2019	4	N/A	N/A
Citizen Otgonsuren	North Narantuu market	60	2019	2	N/A	N/A
Orshil construction LLC	Orshil Town	160	2018	2	1 550 000	1 700 000
Altai construction LLC	Sanuul town E block	100	2018	2	2 000 000	2 300 000
Senturi landmark LLC	Elizabeth town	240	2018	4	2 200 000	2 400 000
Asio LLC	New town	242	2018	4	1 690 000	1 790 000
Buren Urgoo LLC	Buren -Urgoo town	120	2018	1	1 650 000	N/A
Camder LLC	Encanto tower	42	2019	2	3 900 000	5 900 000
Zaisan Steppes LLC	Residence 60	79	2019	3	4 500 000	N/A
Nandin Erkhem LLC	Santo smart apartment	300	2019,2020	4	2 550 000	2 950 000
Orchlon construction	High apartment	208	2019	3	4 100 000	N/A
Buren Urguu LLC	Apartment 120	120	2018	2	1 525 000	N/A
Avzaga khiits LLC	Garden residence 2	250	2018	2	990 000	N/A
Moncon group	Comfort apartment C block	105	2018	2	1 550 000	N/A
Khimon construction LLC	Sunshine Village Block E	110	2018	2	2 800 000	N/A
IDC LLC	Apartment 5	83	2018	3	1 525 000	N/A
Gurvan maral construction LLC	Amar angalan apartment	150	2018	4	1 650 000	N/A
Julu LLC	Gegee 16	83	2018	2	1 490 000	N/A
San erchim LLC	Embuu ord urguu	60	2018	3	1 600 000	N/A
Ikh Manduul LLC	Ontsgol khotkhon	112	2018	2	1 475 000	N/A
Mongol ugsaa LLC Western consult LLC	Suvdansondor apartment E block	108	2018	1	1 850 000	N/A
N/A	Tarvalin hothon 47B	117	2018	4	1 224 000	N/A
Baavgar LLC	Huuli sahiulagch hothon A,B,C blocks	205	2018	1	2 200 000	N/A
Shine garts LLC	Shine guren horozolol	81	2018	3&4	1 150 000	1 650 000
Gurvan khukh tengel LLC	Shine gar blocks # 1,2	268	2018	1	1 300 000	N/A
Evi butaets LLC	Erdene hothon	96	2018	1	1 350 000	N/A
Total		4 845				
SUKHBAATAR DISTRICT						
Mongolian Properties Construction Corporation	Circus Residence	85	2024	N/A	N/A	N/A
Mongolian Properties Construction Corporation	Oasis Residence	18	2024	N/A	N/A	N/A
Mongolian Properties Construction Corporation	Park Place	200	2020	N/A	N/A	N/A
Terguun Chansaa	Soyombo	N/A	N/A	N/A	N/A	N/A
Time Group	Time Classic Tower	200	2019	3	N/A	N/A
N/A	Affordable housing	84	2019	4	N/A	N/A
Altai Saikhan LLC	100 ail	70	2019	4	N/A	N/A
Tushig bagana LLC	Monted 84	84	2019	4	1 850 000	N/A
MD tof LLC	Apartment -100	100	2018	2	2 450 000	N/A
Premier Investment group LLC	Darkhan_urgoo	60	2018	3	1 950 000	N/A
Buukh LLC	40 households apartment	40	2018	3	1 400 000	N/A
Ikh Guren LLC	48 HH apartment	48	2018	3	1 650 000	N/A
Primer Investment LLC	Darkhan Urguu 2nd season	120	2018	3	1 950 000	N/A
Complant LLC	Orchin uye hothon	32	2018	1	1 150 000	N/A

Total		638				
KHAN-UUL DISTRICT						
UPG	New Yarmag	450	2018	4	2 300 000	2 500 000
Sain Construction LLC	Sain Residence	32	2018	2	2 900 000	2 900 000
Nutgin buyan LLC	Nutgin buyan town blocks#1,2	334	2018	2	2 500 000	2 600 000
MCGC LLC	Sutai town	130	2019	1,2	1 650 000	1 950 000
TOSK	Buyant- Ukhua 2 complex	6500	2019,2020	2	1 350 000	N/A
Mongol Ugsaa LLC	New garden town	280	2018	2	2 400 000	N/A
Puma Group	Tuul condominium	240	N/A		N/A	N/A
Khurd Group	Academy town blocks #1,2	200	2018	4	2 950 000	N/A
Uran Gan LLC	Khan-Tushiee	36	2016	2	2 500 000	N/A
NCD Group	River Plaza	200	2020	-	N/A	N/A
NCD Group	River Garden 2	63	2019,2020	-	N/A	N/A
Termigaz LLC	Khan Hills Residence	156	2018	4	2 900 000	3 400 000
PIMM LLC	Khanbogd Residence	500	2018	4	N/A	N/A
Khurd Group	Hunnu 2222	2300	2020	-	3 400 000	N/A
FFIC	King Tower, Season 5, Blocks#1,2	180	2018	4	3 600 000	3 900 000
Suruga Mongol	Four Seasons Gardens: C6	94	N/A	-	N/A	N/A
LH Group	Victoria Town	80	2018	4	2 050 000	2 600 000
Fuji holding	Khan-Uul complex town	120	2018	4	2 700 000	N/A
Begdu Construction LLC	North Naadamchid road	N/A	2019	4	N/A	N/A
NTM LLC	Industrial street	147	2019	1	N/A	N/A
Nisekh Tsagaan Khaalga LLC	Songolon bridge area	504	2019	4	N/A	N/A
Citizen Lhiagvatungalag	South School #14	32	2018	2	N/A	N/A
Och- Ujin LLC	B- One apartment	60	2018	3	1 950 000	
Citizen Battulga	Khoroo 11: Crossroad	24	2018	4	N/A	N/A
Khurd Group	Tsengeldeh town	N/A	2019	3	3 100 000	3 100 000
Avzaga Khits LLC	Khurmu Luxury Villa A,B,C blocks	96	2018	4	2 200 000	2 900 000
March construction LLC	Polaris Apartment block #1,2	360	2018	3	1 400 000	1 600 000
Classic construction LLC	Officer town 2	165	2019	2	1 500 000	1 650 000
Khurd LC	Khurd Urgoo town	90	2018	4	2 150 000	2 600 000
Twin house construction LLC	Dulaakhan bair 2 town	240	2018	3	1 650 000	N/A
NCD group	Garden city town	184	2018	2	2 590 000	N/A
Orchlon construction LLC	Nukht Eco	30	N/A	N/A	N/A	N/A
Khankhur holding	Golden buddha apartment	110	2018	3	3 900 000	N/A
MSPD LLC	Nomun mountain village	192	2018	2	2 950 000	N/A
Jiguur grand LLC	Park view 6 blocks	360	2018	2	2 750 000	N/A
Orkhonitui Shugui LLC	Peace village	210	2018	2	2 075 000	N/A
Pyramid ord LLC	Buman zalus horoolol	219	2018	3	1 750 000	N/A
Bat suvarga LLC	Nukht 70 HH	23	2018	2	3 500 000	N/A
Destination Mongol LLC	Durvon berkh town blocks#3,4	132	2018	3	1 375 000	N/A
Ikh Murun tsamkhag LLC	Delgerkh town	108	2018	3	1 500 000	N/A
ECC LLC	Luxury Hill town	32	2018	3	5 000 000	N/A
Ikh Mudun LLC	Modun town	120	2018	2	3 316 000	N/A
Mogul sky LLC	Mogul town	33	2018	2	2 700 000	N/A
Roma Investment LLC	Roma town blocks 1,2,3	110	2018	1	3 400 000	N/A
Sain construction LLC	Sain residence apartment A block	30	2018	1	2 700 000	N/A
Beijing Uni construction group	Toscana International garden	112	2018	1	3 000 000	N/A
German standard construction LLC	Tuul garden	130	2018	1	2 175 000	N/A
Grand Green LLC	Shunshig Villa blocks #1,2	24	2018	2	2 850 000	N/A

Sunday group	Everest complex	270	2018	3	4 100 000	N/A
Total		15 042				
CHINGELTEI DISTRICT						
Ame trade LLC	Sain Noyon apartment	210	2018	2	3 900 000	4 600 000
Buural sutai LLC	Khproo t3.15	88	2019	4	N/A	N/A
Total		298				
SONGINOKHAIRKHAN DISTRICT						
Toso Construction LLC	Sodon Standart Complex	120	2019	1	1 880 000	1 880 000
TCD LLC	Bumant-Ulzii district	630	2018	3	1 600 000	1 600 000
Citizen Nasantogtokh	5 shar	24	2018	4	N/A	N/A
Altannamar trade LLC	North Mandakh Institute	N/A	2018	4	N/A	N/A
Citizen Bat-Erdene	South Khilchin town	N/A	2018	3	N/A	N/A
MBF LLC	40 households apartment	40	2018	2	1 400 000	N/A
Orchlon construction LLC	Orchlon horoolol season 5	48	2018	2	1 500 000	N/A
Total		862				
Total		23 412				

The information on the future supply of residential projects have been derived from the urban planning office of Ulaanbaatar, Capital Housing Corporation and barilga.mn which are the most reliable and updated sources, as well as M.A.D. Urban own data mining efforts. However, care must be adopted when analysing the table as there are still unknown upcoming projects which are not included in the table or for which information is not available at the time of drafting of the report. Based on the available data, a minimum of approximately 25,700 unit apartments will be commissioned in the next 2 years.



Khan - Uul district area is the major plot of the future supply of residential apartments. 59 % of the upcoming projects will be built in Khan - Uul district. Currently the exact number of units commissioned is not definitive due to the recent acquisition of development permissions. Zaisan hill area is filled with luxurious residential buildings. As the Zaisan Hill area is reaching to its maximum capacity, developments are moving along the Yarmag road, leading to the current and new airports.

There are not much upcoming projects in the CBD area, which covers parts of Sukhbaatar and Chingeltei districts, due to the lack of available spaces in the area.

According to our survey only 2 projects have been registered as upcoming projects in Chingeltei district. Bayanzurkh district has been expanding very fast in the last 5 years. Most significant buildings were built opposite of the National Park and also near the Narantuul market. Around 29% of future supply will be located in Bayanzurkh district.

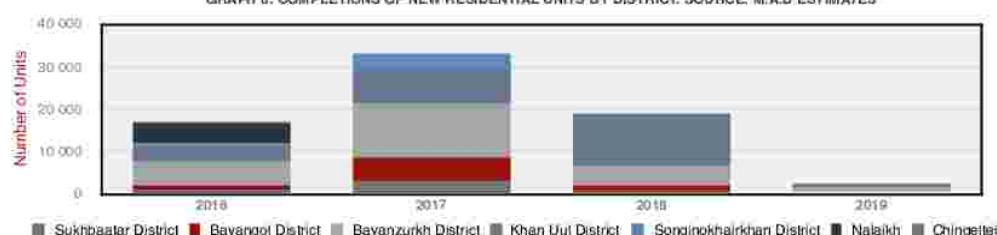
Within the scope of ger area redevelopment projects and other similar projects led by International Donor organisations and the Municipality of Ulaanbaatar, Soginokhairkhan district has been favoured to host new affordable housing projects.

TABLE 9: PRE - SALES PRICE RANGE BY DISTRICTS. SOURCE: M.A.D. URBAN 2019

District	Maximum sale price per/sqm MNT	Minimum sale price per/sqm USD
Bayangol	0	1 450 000
Bayanzurkh	5 900 000	990 000
Sukhbaatar	0	1 150 000
Songinokhairkhan	1 880 000	1 400 000
Chingeltei	4 600 000	3 900 000
Khan-Uul	3 900 000	1 350 000

These figures do not incorporate the ger district redevelopments around the city beyond 2020, estimated to bring substantial amount of new supply in the next decade. Due to the declining economic situation, the pipeline visibility is quite limited. New projects have not been signed and a majority of the existing projects are not going to meet their deadline and are likely to be staggered till 2020.

GRAPH 8: COMPLETIONS OF NEW RESIDENTIAL UNITS BY DISTRICT. SOURCE: M.A.D. ESTIMATES

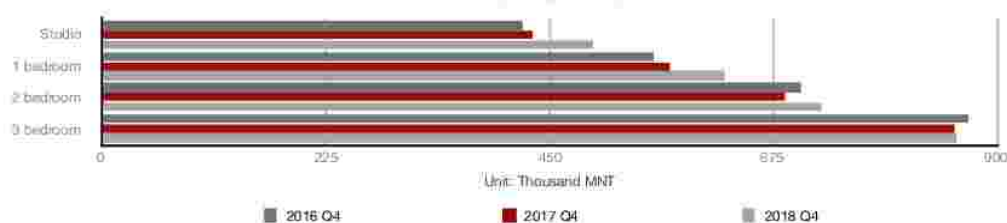


4. RENTAL MARKET

Current market rental price, by district

The exact scope and scale of rental markets in Ulaanbaatar are difficult to judge with total accuracy due to the fact that there are limited registration and reporting requirements for landlords. Many landlords prefer not to register official contracts to avoid reporting additional income. The most demanded rental apartment in the real estate market of UB is a one bedroom apartment and average rental rate increased by 2.9 percent from 2016 to 2017 to MNT 571,000 and to 625,000 MNT in Q4 2018. It is interesting to note that there is a global trend of rental increase on all categories of apartments, except for 3 bedroom apartments which monthly rent went from 870,000 MNT in 2016 to 860,000 MNT in 2018.

GRAPH 9: CURRENT MARKET RENT PRICE / SQM / MONTH. SOURCE: MIK REAL ESTATE MARKET INDICATORS - Q 4 2016, 2017 & 2018. SOURCE: MIK REAL ESTATE INDICATORS REPORT 2017



Historically, commercial rental was not considered an option for many newly established households. There is not a trend of young professionals renting group accommodation within Ulaanbaatar at present. However, faced with rising housing prices, young households and couples are now increasingly choosing to rent rather than buying. This is swelling the rental market. Moreover, a growing number of repatriated Mongolian citizens, having studied and worked overseas, are seeking premium and luxury rental accommodation commensurate with their tastes. The rental markets within Ulaanbaatar are expected to constitute around 10,000 - 11,500 units at present. To determine affordability in

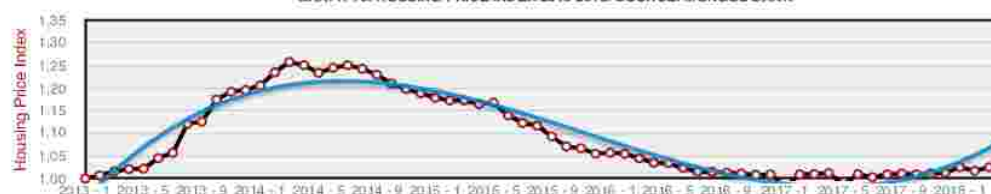
Ulaanbaatar, rental markets more accurately, official wage and salary figures produced by the National Statistics Office of Mongolia (NSOM) are instructive, but do not necessarily capture the demographics associated with high-end rentals in the capital city. This is because NSOM figures are based upon average earnings across the entire employed population. Despite wage increases across all sectors and levels, these averages mask income trends at the higher end of the employed population of Ulaanbaatar that constitute the high-end rental markets.

5. SALE PRICE HISTORY

Current market sales price

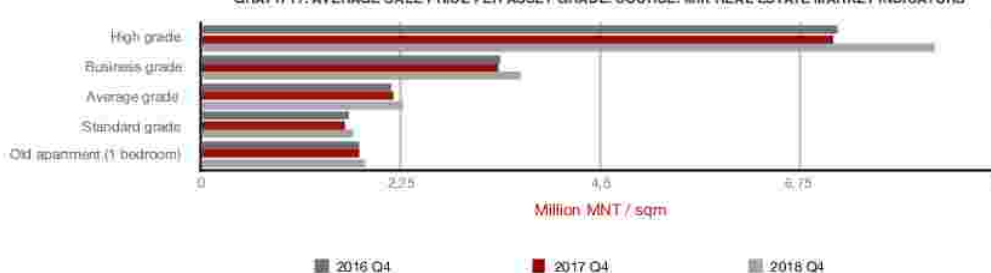
Significant flight of foreign direct investment and low commodities exports and pricing have led to an overall slowdown in the Mongolian economy, with residential real estate projects being hit by lack of financing over the past couple of years. Between Q1 2013 and Q3 2014 prices grew by 20%, driven by consumer demand supported by cheaper mortgage financing options. While the Affordable Housing Mortgage Programme did reduce lending rates across commercial banks, liquidity remained limited as a result of the microeconomic downturn and capital adequacy regulations. Prices started sliding by the end of 2014 due to deteriorating market conditions and oversupply in the residential market, particularly in the low- and mid-level sectors that make up most of the volumes of sales. Because most of the future supply focused on A - C grades of projects with limited propriety product differentiation, many developments had to compete on price, forcing down profitability. New home sales slowed ahead of secondary markets, which saw somewhat more stable transaction rates, with primary home prices dropping by a broad market average of 8%. Despite the drop, prices are still comfortably above the levels seen before 2011 when the Mongolian economy peaked. Rental yields in the residential market dropped back to around 5-6% per annum based upon price rises in recent years and the rapid decline in key rental markets, including diminishing numbers of foreign workers and reduced foreign capital inflows into Ulaanbaatar. New-builds in many areas of the city continued to accrue rental yields averaging 10%. The effects of oversupply and low demand persisted through 2017 and 2018, but are expected to recover in the near future due improving economic conditions, especially in the mid-to upper-end markets that can support more differentiated residential products.

GRAPH 10: HOUSING PRICE INDEX 2013-2018. SOURCE: MONGOL BANK



As of December 2017, the average sale price per square meter of new apartment was 2,200,000 MNT (~\$906) across Ulaanbaatar, but prices range significantly depending on the asset grade, as can be seen on the graph below. The average per square meter price of house and multifamily townhouses was around \$824. In the first half of 2017, a total of 16,765 apartments were sold on the market, of which 72.1 % were new apartments and 27.9% were old apartments. Sales activity of the apartment market has increased by 22.3% year on year. This recovery can be partly explained by the low prices of residential units put on the market in 2017 combined to the mortgage market still in place at that time pushing households to buy apartment and benefit of low interest rates.

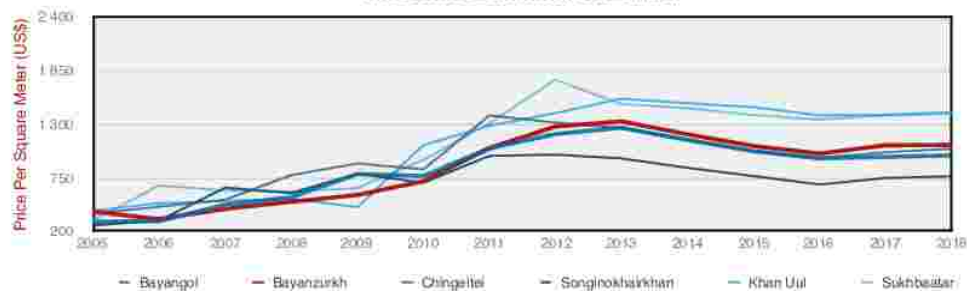
GRAPH 11: AVERAGE SALE PRICE PER ASSET GRADE. SOURCE: MIK REAL ESTATE MARKET INDICATORS



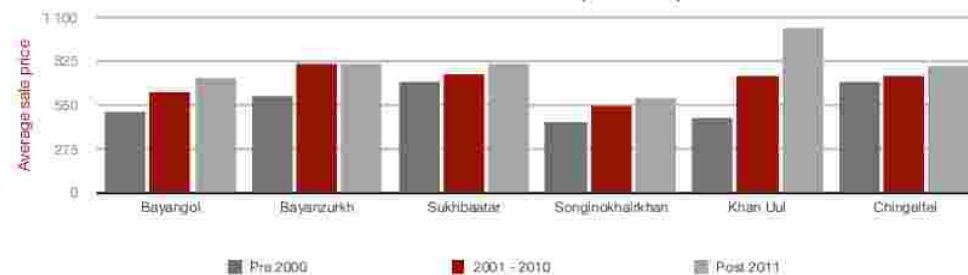
Overall industry profitability remains stable. Variations between sub-segments do exist, with the luxury and premium A1 and A2 segments typically providing greater profitability. The B - C Grade properties tend to offer developer profits between 15-18% and depend far more upon cost controls than upper-end markets.

A district-by-district overview of residential real estate pricing trends within the six central districts of Ulaanbaatar reveals uneven growth across the Ulaanbaatar housing markets. Sukhbaatar district, which encompasses the CBD and extends to the north of the city, displayed by far the best average price growth, with year-on-year growth of above 40% between 2009-2010 and 2010-2011. However since 2013, Khan-Uul, with developments like the Zaisan area, has overtaken Sukhbaatar with average prices reaching USD 1,520 in 2017. There remains a strong difference in sale price varying on the grade of the residential units. For instance, luxury developments in Zaisan area reach sale prices up to USD 4,000 to 5,000 per sqm, while city center high end developments offer residential apartment which price is comprised between USD 2,000 to 5,500 per sqm. All districts, however, have experienced a slowdown from 2015 and a slight decrease in terms of prices since 2017 and are expected to hold at these levels in the short-term.

GRAPH 12: RESIDENTIAL PURCHASE PRICES (USD) FOR ULAANBAATAR BY DISTRICT - AVERAGE MARKET PRICE 2005 - 2018. SOURCE: M.A.D. URBAN OBSERVATION



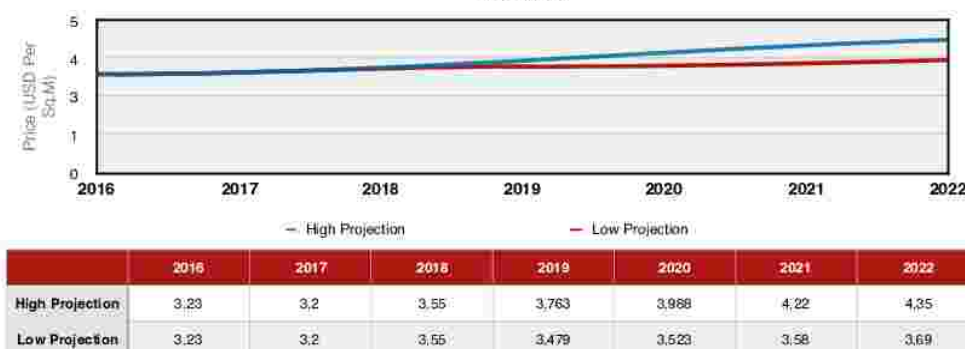
GRAPH 13: AVERAGE SALE PRICE / SQM PER BUILDING AGE (B & C GRADE) AS OF Q1 2018. SOURCE: REMAX



6. PRICE AND YIELD PROJECTIONS

After a long term negative growth from 2013 to 2017, residential purchase prices started to slowly recover from the last quarter 2017 spurred by an overall economic recovery. The USD prices figure must be analysed cautiously as they do not reflect the uptake in sale price given the drop of the MNT against the dollar since the end of 2017. High end and luxury developments price tags in USD started to switch to MNT to remain attractive to Mongolian customers and retain a certain price growth during the period. MIK figures show a 15% price increase in High End residential (excluding luxury housing) from 2016 to 2018, 6% increase for Business Grade residential sector, 7% increase for Average grade and 1.7% for Standard grade while 1 Bedroom apartments have seen their sale price per square meter increase by 3.9% over the same period.

GRAPH 15: BROAD PRICE TRENDS ACROSS THE RESIDENTIAL SECTOR (MNT PER SQM). SOURCE M.A.D. RESEARCH



Residential market price growth slowed to a grinding halt between 2016-2017, either remaining static or dropping in some cases by as much as 10%-12%. The luxury markets saw transaction rates fall off considerably and prices stagnate during the same period. Projections for sale price growth across the entire residential market indicate CAGR of 5 to 6% between 2019 and 2022, provided that overall economic growth remains strong and key infrastructure projects begin to contribute heavily to the growth of the macro-economy. At the same time, rental price growth has showed more positive signs over the past 3 years as a new interest of young families arose. Rental price growth for small apartments witnessed a 10 to 16% increase during the last three years, while bigger apartments saw their rental prices drop by as much as 5% in some cases, with an average of -1.3%.

Considering the lower increase in sale price compared to the strong rental prices, It is expected that rental gross Yields figures increase in the short term until the rental market stabilises and matures and that the capital value growth catch up with the rental levels.

GRAPH 16: BROAD YIELD TRENDS ACROSS THE RESIDENTIAL SECTOR. SOURCE: M.A.D. RESEARCH



7. FINANCING FACILITIES & MORTGAGE PROGRAMS

The banking and finance sector in Mongolia has critical bearing upon the fortunes of the real estate markets, being a key source of financing, a key operational and policy partner in establishing international financing, as well as the source of mortgages within the domestic market. The Mongolian banking sector consists of 14 commercial banks, 529 NBFIs, 282 savings and credit cooperatives and 31 insurance companies. The largest three banks which are the Trade and Development bank, Khan bank and Golomt bank make up 74.7% of total assets and 71.6% of total loans. In accordance with the Central Bank Law of 1996, the Bank of Mongolia has focused on price and exchange rate stability, whilst ensuring adequate money supply.

Following this, new regulations were adopted in 2011, defining the minimum capital requirement for commercial banks as 16 billion MNT (12 million USD). Since 2015, by the decree of the Governor of Mongolbank minimum share capital requirement for commercial banks is set at MNT 50 billion. More recently, the bill on commercial bank recapitalization was adopted by the Mongolian parliament on 22 June 2018. Renamed and passed as the "Law On Supporting Stability of The Banking Sector", the law on commercial bank recapitalization was initiated in connection with the reform package brought by the IMF as well as the results of Asset Quality Review completed by PWC Czech Republic.

The AQR revealed that the 14 commercial banks of Mongolia's needed to raise a total of MNT 511 billion (approximately USD 210 million) of new capital to satisfy the capital adequacy ratio requirement. The amount is somehow equivalent to 1.9 percent of the country's GDP for 2017.

Drafted with multiple aims such as protecting deposit holders and customers of commercial banks, improving liquidity in the banking sector and supporting economic growth, the law directed the government to step in and to plug the loophole (and effectively become a commercial bank shareholder), if any bank failed to meet the capital requirement before the end of 2018.

Presently, investment in financial instruments are not very sophisticated. A significant portion of bank assets remain in cash and central bank bills. A conservative banking industry continues to dominate the financial sector in Mongolia, with around 99% market share in the financial sector. Lack of diversification in the financial sector has been one key reason behind diminished liquidity and lack of suitable investment opportunities. Nevertheless, future trends are clear: growth of the fund, pension and insurance sub-sectors. The current dominance of the banking sector represents an opportunity to investors who can offer new financing options and innovative financial products in the Mongolian markets. In real estate in particular, conservative bank lending practices have led to a significant demand for fund financing. Funds at present make up a negligible percentage of GDP, although demand for financing from high quality commercial real estate and infrastructure projects mean new opportunities will continue to grow in this area.

MORTGAGE PROGRAM IN MONGOLIA: HISTORICAL PERSPECTIVE

The mortgage market in Mongolia has seen phenomenal growth over the past decade. It is a fairly nascent market with the first housing finance project only dating back to 2002. Set in place by the ADB, the Housing Finance Sector Project (HFSP) effectively set the ball rolling. Prior to this, only a few banks in Mongolia had experimented with very limited mortgage lending programs. The need of the market was very clearly showcased by the 2,473 mortgage loans issued between 2003-2007 under the scheme, amounting to over USD 15 million. The project was the first to introduce long-term mortgage lending to Mongolia's banking system. This also meant that it was rudimentary and purposely simple; 75% of the loans were financed by ADB and 25% by participating commercial banks. An amendment at the heel of the program that allowed for housing to be kept as collateral was particularly instrumental in its popularity.

Setting up a secondary mortgage market

It was only in 2006, with the set up of the Mongolian Mortgage Corporation (MIK), that a secondary mortgage market was realised; it was set up with 10 commercial banks to develop a secondary market for asset-backed securities (ABS), aiming to create a pool of long-term funds.

By 2013, MIK started putting in place Residential Mortgage Backed Securities (RMBS) as SPC's (Special Purpose Companies) acquiring mortgages off the books of commercial banks and repackaging to sell to investors. In less than three years - it has launched six RMBS SPC's worth MNT 1.3 trillion.

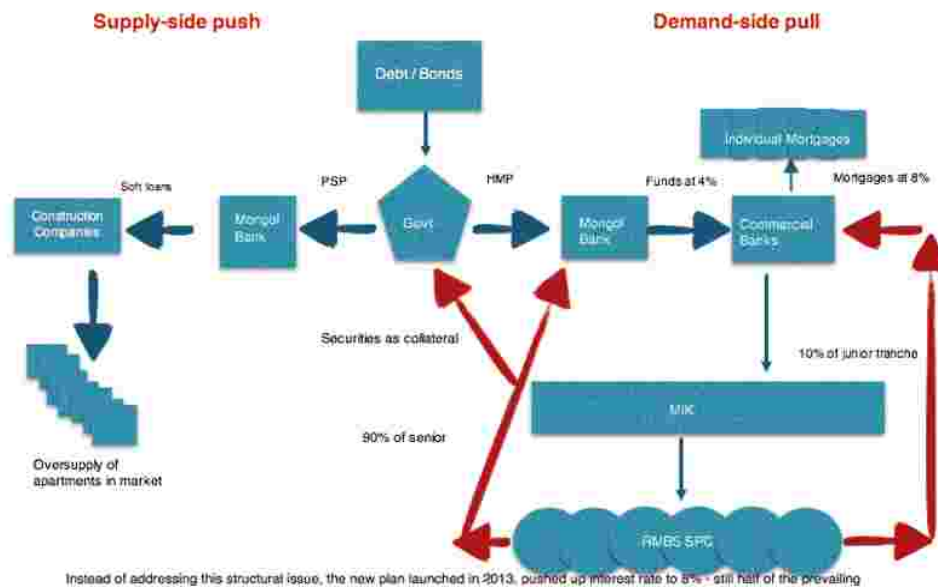
It is important to note that the MIK was started by 10 commercial banks and even though it launched its IPO in December 2015 (for 15 percent of its shares) and has diversified its shareholders portfolio, majority of its board members and committee members continue to be commercial / state bank representatives. As such there is a clear conflict of interest for banks to be managing the RMBS from mortgages that they have raised. This plagues the entire financial system of Mongolia and particularly the mortgage market. The central banks provide the seed fund to commercial banks to enable them to provide the mortgages, lending the banks complete monopoly of the system and minimum risk, granted that the market is young and needs intervention at the centre to make it viable, but there seems to be no concerted effort to move away from the dependency on the central bank / government policies.

Since 2006, different reigning governments have introduced mortgage and affordable housing programs, of different permutations and combinations: 4000 homes for civil servants, 40,000 housing scheme, 100,000 housing scheme + 6% mortgages, 5% & 8% mortgage scheme. Since these schemes do not reflect the reality of deteriorating macro-economic conditions, their motivations are more often than not, a political ploy.

The funding for these programs have been through international bonds or debt. Partial funds are used to boost supply-side of the market by making funds available to the construction sector and the demand-side by subsidising the mortgages. However, the exact disbursement from the bonds is rarely clear. And the manipulation of the market does not always pay off. For example, in 2012, commercial lenders were reluctant to provide the 6% mortgage program to its customers. As reported in an article by Oxford Business Group, S. Batzaya, director of business development at Khan Bank, said "We see the risk in the government's 6% mortgage scheme as concerning. The ceiling of MNT50m (\$35,000) per mortgage is too low for most units in Ulaanbaatar, where prices far outstrip disposable income."

This has been the case since the very beginning of the housing programs. The number of borrowers nearly doubled from a low base of around 16,500 between 2007 and 2009 to 26,491 in 2011, while total debt quadrupled on the back of rising Ulaanbaatar property prices, from MNT 164.6 bn (\$115.2m) to MNT 656.5 bn (\$459.6m), according to MIK. The reason is simple: It is difficult to get a clear picture of household earning in Mongolia, since families have multiple sources of income. Well-to-do families declare only limited sources of earning while applying for the loans to be able to qualify for the low-interest rates. Since they are able to afford higher costs, which is not reflected in the interest rates, the market pushes up the prices of the property, the only part of the mortgage market not regulated by the Government.

GRAPH 17: SUPPLY SIDE PUSH AND DEMAND SIDE PULL. SOURCE: M.A.D. URBAN



In 2013, "Program on Stabilizing Mortgage Financing System" has been approved by the joint order of the Bank of Mongolia (BoM) and Ministry of Construction and Urban Development (MCUD) to introduce the 8% mortgage loan. The Bank of Mongolia initiated the first investment of 900 billion MNT.

In March 2016, the regulation on the 5% mortgage loan was approved by the government. The scope of the program was set that the 5% mortgage loan will cover loans for housings within the new settlement areas identified in the Master Plan of Ulaanbaatar, ger area redevelopment projects, and the 3 remote districts of UB. Additionally, it was programmed that previous borrowers who were issued 8% mortgage loans under the previous scheme could transfer to the 5% mortgage program if the new requirements and conditions were met. However, the regulation was revised and cancelled in 2017.

Later in October 2016, BoM revised the regulation of the Mortgage loan program so that BoM would finance the program from bond repayments backed by the mortgage loans and coupon payments. However, the fund is based on the repayment received in each month. Within this framework, BoM refinances the mortgage loans after banks issued mortgage lending with their own source. BoM takes the responsibility to inform commercial banks on how much repayments were received on the last day of the month, based on which the commercial banks decide the amount of mortgage loan they can issue each month. Monthly budget reduction in the third quarter of 2018 led to a reduction of the mortgage scheme application. At that date, 3,798 citizens contracted loans under this program totalising MNT 248.3 billion.¹

The exact conditions of the mortgage program are set by individual issuing banks, who have control over the exact lending conditions under which mortgages are originated. These tend to concur with general mortgage lending conditions applicable within the bank in question. 8% mortgages are subsidised by the Government of Mongolia and are actually purchased back by the Mongolian Mortgage Corporation at favourable rates, so the exact issuance criteria bears upon profitability of these mortgages to the originating bank. Typically originations for 8% mortgages are for the uppermost possible period of 30 years, with down-payments required at 30% depending upon lending bank and perceived affordability of the specific asset.

The 2018 Mortgage loan budget consists of 220 billion MNT coming from the BoM repayment and 120 billion MNT from the State budget. As a result of decreasing budget for the loan, in the beginning of the year, banks receiving loan materials but were not able to grant credits. Therefore commercial banks have been supporting construction companies and developers who borrowed from the banks instead.

According to the Ministry of Finance "30 billion MNT mortgage loan financing was provided to the banks for the Q1, 2018 mortgages". At present time, only the Golomt bank is providing 8% (+/-1%) mortgage loan. Other banks like TDB, State bank, Ulaanbaatar City Bank are issuing loans only for residential assets developed by companies that the banks have contract with.

A review of the regulation of the mortgage program was carried out by the government since the 1st of January 2019. General requirements of mortgage for citizens were not amended but several elements regarding the type of unit included in the program were added. Mongolian citizens can now request mortgage loans for a residential house, provided the property meets the following requirements: 1) connected to the central infrastructure grid; 2) abiding to the minimum energy efficiency performance indicator; 3) in compliance with the city Master planning drawings; 4) a maximum of 120 sqm surface. In the house mortgage program, the maximal loan amount has been fixed to 60,000,000 MNT.² During the course of the discussions, the GoM pushed to expand the total budget of the mortgage program by 200 billion MNT meaning that the total budget now reaches 500 billion MNT. This budget expansion solution is aimed at supporting civil servants meeting mortgage application requirements.

The new requirements starting from 2019 to obtain a mortgage loan under the current 8% mortgage scheme are listed below :

1. Apartment unit

- The apartment unit must be under 80 square meters in size. That size is measured in accordance with the "MNS 6058:2009 "Method for calculating the living space in apartments" .

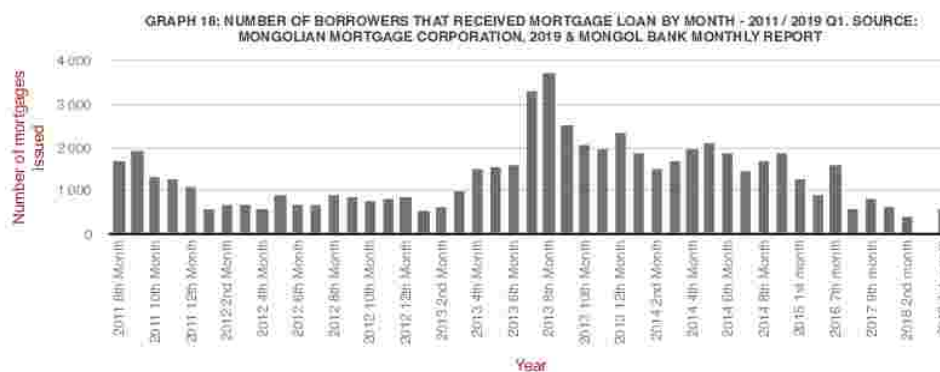
¹ <https://mcud.gov.mn/a/233>

² <https://icon.mn/n/1ghg>

- The longest term is 30 years.
- The Loan to Value (LTV) ratio is defined as no more than 70%. An advance payment should be at least 30% of the loan amount.
- The monthly loan repayments should not be superior to 45% of the household income.
- The loan recipient must be a citizen of Mongolia and must be unencumbered by legal claims and debt claims.
- Apartments must be publicly traded and not build to be transferred privately (it must be purchasable on the open market).
- The citizen applying for the mortgage must be of age 18 or above.

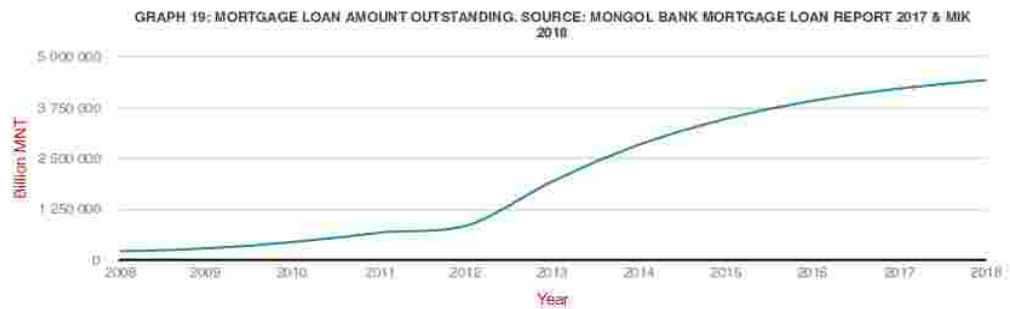
2. House unit

- House unit must be under 120 square meters in size. That size is measured in accordance with the "MNS 6058:2009 "Method for calculating the living space in apartments"
- House unit must follow city development master planning, must be connected to the infrastructure, must have an energy efficient structure
- House unit must meet standards for single house (БН6Д - 31-101-05) and single house planning and construction (БН6Д - 31-09-07)
- Maximum loan amount will be no more than 60,000,000 MNT.

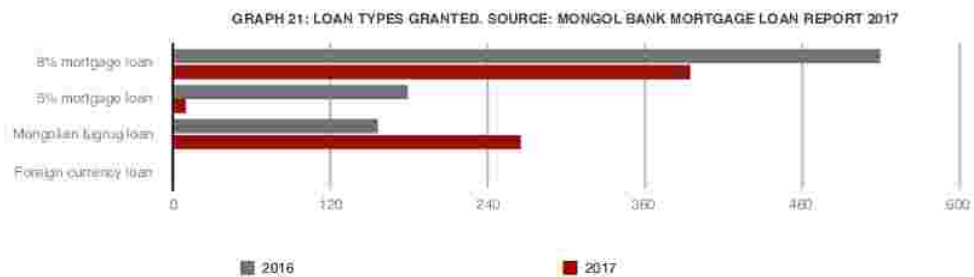
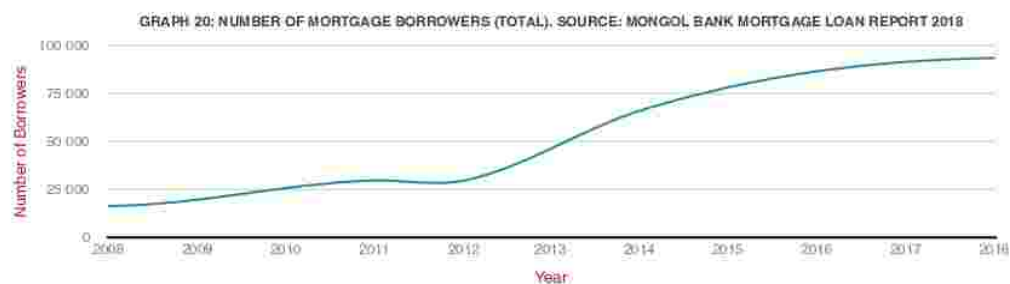


The total number of outstanding loans increased by 5.8% in 2017 compared to 2016 figures, showing a renewed appetite for mortgage products, bringing the total mortgage loan to 4.3 trillion MNT. 77.4% of the outstanding mortgage loans were issued within the scope of "Program on Stabilizing Mortgage Financing System".³

³ <https://www.mongolbank.mn/documents/statistic/mortgage/2019/01.pdf>



December 2017 reports published by the Mongol Bank indicated that around 93,147 borrowers contracted a mortgage loan Y-T-D, with 77.4% of the mortgages being issued under the "Program on Stabilizing Mortgage Financing System", and 19.9% of the mortgages being financed by the commercial banks.⁴



According to the latest BoM statistical report, in the past three months, demand for household loans (particularly salaries, pensions, consumer loans) have seen a significant increase and is expected to grow, demonstrating the limitations of the property mortgage which could have reach a certain threshold.

GRAPH 22: LOAN DEMAND TYPE. SOURCE: MONGOL BANK, 2018

⁴ <https://www.mongolbank.mn/documents/statistic/mortgage/2018/12.pdf>



8. RESIDENTIAL GRADE A & B OVERVIEW

A Grade Residential Buildings

The asset grade for residential buildings is defined based on several important parameters, such as location, accessibility, facilities, building age, surroundings, furnishing and fittings, state of repairs, and hand over standards. The A grade buildings are considered as luxurious and provides additional facilities and services that ensure convenience, quality and liability, healthy and safety lifestyle, reputation, and satisfaction for the residents.

Most of the prime luxurious residential buildings are located near the CBD (Central Business District) of UB, which encompasses Embassy Road, Unesco Street, and Seoul Street. Over the last decade, the Stadium Area and Zaisan have become the major space for high-end apartments. These buildings were constructed by highly-reputed developers, such as MCS Property, Suruga Mongol LLC, Nomin Construction Development Group amongst others. They differ from the B grade apartments by offering high-end fitness center, private swimming pool, day care for children, supermarket, beauty salon, and others.

PROPERTY NAME	DISTRICT	OPENING YEAR	NUMBER OF FLOORS	NUMBER OF APARTMENTS	PARKING	DEVELOPER	SALE PRICE / SQM - 2018	RENT PRICE / SQM / MONTH - 2018
Star Apartments	Sukhbaatar	2001	3	40	40<	Star Estates LLC	N/A	US\$24
Gandirs	Chingeltai	2007	11	35	N/A	Gandirs group	~\$1460	US\$9
Four seasons C1	Khan-Uul	2007	7	123	N/A	Suruga Mongol LLC	~\$1439	US\$9
Four seasons C2	Khan-Uul	2008	7	138	N/A	Suruga Mongol LLC	~\$1860	US\$10
Bella Vista	Khan-Uul	2008	22	60	250	MCS property	3700\$ <	~12\$
Seoul Royal County	Khan-Uul	2009	6	176	N/A	Seoul Group	~\$1975	US\$15
Regency Residence	Sukhbaatar	2010	15	99	30	Mongolian Properties Construction LLC	~\$1700-1900	US\$14,6
Temple View	Sukhbaatar	2010	8	16	N/A	Mongolian Properties Construction LLC	~\$3060	US\$15
Diplomat Apartment	Sukhbaatar	2010	10	160	N/A	N/A	N/A	US\$17
Four seasons C3	Khan-Uul	2010	7	132	N/A	Suruga Mongol LLC	~\$1900	US\$12
Khunglin hothon	Khan-Uul	2012	6&2	89	N/A	Jiguur Grand LLC	~\$1164	\$5-12
One Residence	Sukhbaatar	2013	16,7	~106	130	Coyote LLC	~\$1250	US\$8
Elite Apartments	Sukhbaatar	2013	14	72	N/A	Altai construction LLC	~\$1870	US\$21
Buddha Vista	Khan-Uul	2013	19	103	158	MCS property	~\$2800	~26\$
River Garden 1	Khan-Uul	2013	6	360	N/A	Nomin Construction development group	~\$1840	US\$16,7
Embassy Residence	Sukhbaatar	2011	14	28	40	Toost Construction	~\$ 4550	US\$30
Diamond Residence	Sukhbaatar	2014	6	150	N/A	N/A	~\$2080	US\$13
Gegeenten	Khan-Uul	2014	12	180	N/A	Jiguur Grand LLC	~\$1305	US\$8
Four seasons C4	Khan-Uul	2014	16	90	N/A	Suruga Mongol LLC	US\$2417	US\$10
Bella Vista Rental suites	Khan-Uul	2014	24	80	250	MCS property	N/A	US\$18
Jardin Residence	Khan-Uul	2014	6	116	N/A	S development LLC	~\$2869	US\$18
Agnista	Khan-Uul	2015	6	72	N/A	Imperial castle	N/A	N/A

TABLE 10: A GRADE RESIDENTIAL BUILDINGS IN ULAANBAATAR								
PROPERTY NAME	DISTRICT	OPENING YEAR	NUMBER OF FLOORS	NUMBER OF APARTMENTS	PARKING	DEVELOPER	SALE PRICE / SQM - 2018	RENT PRICE / SQM / MONTH - 2018
Elegance Luxury Apartment	Khan-Uul	2015	9	54	N/A	Max-Urgoo LLC	~\$1331	US\$6.41
Hunnu Residence	Khan-Uul	2015	16	708	N/A	Khurd Group	~\$1413	US\$11.4
Time Square	Khan-Uul	2015	11-16	340	N/A	Nomin Construction development group	~\$1787	N/A
Shangri-la Residential	Sukhbaatar	2016	28	185	460 half dedicated	MCS property & Kerry group	N/A	US\$40
220K Residence	Sukhbaatar	2016	18	136	N/A	Max-Urgoo LLC	~1300-2910\$	US\$20
Romana Residence	Khan-Uul	2016	16	130	N/A	Jiguur Grand LLC	~\$1370	US\$9
King tower	Khan-Uul	2016	12-16	48	N/A	FFIC	~\$1455	US\$7
River garden 2	Khan-Uul	2016	15	156	N/A	Nomin Construction development group	~\$1704	US\$14
KhanHills	Khan-Uul	2016	14	156	~350	Mogul bis LLC	~\$1330	N/A
Roma town	Khan-Uul	2016	9	214	N/A	Roma Invest	~\$1164	N/A
Olympic Residence	Sukhbaatar	2017	16	92	100	Mongolian Properties Construction	~2993 \$	N/A
UB Central Residence	Sukhbaatar	2017	16	230	N/A	Gangar Invest LLC	~\$2040	US\$12
Time Classic Time Group	Sukhbaatar	2017		200	N/A	Time Group	N/A	N/A
Choljin Suites	Sukhbaatar	2017	12	25	18	Eret group	~\$5700	US\$21
Four seasons CS	Khan-Uul	2017	16	92	159	Suruga Mongol LLC	~\$3908	N/A
Royal Castle	Bayanzurkh	2005	12	680	N/A	Seoul group	~\$1386	~\$7
Royal Green Villa	Khan-Uul	2008	6	150	N/A	Seoul group	~1200-2047\$	US\$10
Royal Crown Villa	Khan-Uul	2012	6	176	N/A	Seoul group	~\$2591	N/A
Tsetsee Gun	Khan-Uul	2013	2 floors townhouses and 4 storeys apartment	43	~50	Nomin construction development group	N/A	N/A
Twin tower	Khan-Uul	2013	13	1238	N/A	Eco Garden school LLC	US\$1539,00	N/A
Tushee Gun	Khan-Uul	2014	2 and 5	76	~80	Bukhtal LLC	N/A	N/A
Seibe town	Bayanzurkh	2004	1, 5	N/A	N/A	MCS construction	~\$910-1090	~\$6-8
Parliament Apartments	Sukhbaatar	2005	6	10	N/A	Jiguur Grand LLC	N/A	N/A
Margad Gartsam	Sukhbaatar	2006	6	12	N/A	N/A	~1967\$	N/A
Premium Residence	Sukhbaatar	2018	12	54	N/A	N/A	4,500,000 (USD 1871)	N/A

The above table shows the most significant apartments in Ulaanbaatar that are considered as "Grade A" residential buildings. As shown in the table, the concept of luxurious lifestyle was introduced through Japan town of Suruga Mongol LLC and Gandirs apartment of Gandirs Group in the early 2000's. Based on the list of significant A grade apartments in the table, 71% (5,653 units) were developed after 2010, which reflects the rise of luxurious lifestyle in Ulaanbaatar that is in line with the mining sector boom.

Approximately 68% of the apartments listed in the table have per square meter prices greater than or equal to 1500\$. Chojin Suites, has the highest per square meter price of \$5700, located in the Central Business District. In the Zaisan area, Bella Vista has the highest square meter price between \$2800-\$3700 and it can be increased depending on the handover condition, fitting and furniture. The above prices included an agency commission of 2-5 % of the total amount.

In some cases, the high-end residential apartment price includes indoor garage and membership access to the amenities of the town. For example, the Shangri-la Residence has a book room with private access for the residents. Also the Grade A residential buildings provide adequate number of parking spaces, usually allotted more than 2 parking lots per household.

B Grade Residential Buildings

Grade B properties tend to be a little older than Class A properties. Usually between 10 and 30 years old and so Class B properties will result in a more needy maintenance to maintain them. Properties may still have some great amenities such as hardwoods, but it isn't always required. Located in stable, good communities with good schools and the potential for appreciation. The tenant class can be a mix of professionals and higher earning blue collar workers. While the rents are not as high as Class A properties, the acquisition costs are much lower. So overall, cash flow is acceptable with potential appreciation.

They are typically found in the city centre of Ulaanbaatar (CBD, Administrative zone, SDS) as well as in some of the areas outside of the city centre such as Yarmag area, Zaisan, Stadium, National Park, Narantuul, Sansar and railway station zones.

PROPERTY NAME	DISTRICT	OPENING YEAR	NUMBER OF FLOORS	NUMBER OF APARTMENTS	DEVELOPER	SALE PRICE/PER SQM	RENT PRICE/PER SQM / MONTH - 2018
Tuguldur 12	Sukhbaatar	2014	15	62	N/A	N/A	12,681 (~USD 5,2)
Shine tugul	Sukhbaatar	2008	5	110	Bodi properties	4,150,000 (~USD 1,725)	14,543 (~USD 6)
Erel	Sukhbaatar	2008	5	60	Erel Properties	1,650,000 (~USD 686)	N/A
Park view residence	Sukhbaatar	2007	9	31	Mongolian Properties Construction	N/A	28,455 (~USD 11,8)
UB town	Sukhbaatar	2012	12	200	Undur Buyant LLC	2,166,666 (~USD 900)	20,689 (~USD 8,6)
DeLux center	Sukhbaatar	2013	13	21	Lux House	N/A	37,975 (~USD 16)
Monhouse 77	Sukhbaatar	2012	12	77	Monhouse LLC	N/A	N/A
United apartment 1	Sukhbaatar	2015	12	63	Uguuj Khishig LLC	3,400,000 (~USD 1423,7)	17,814 (~USD 7,4)
United apartment 2	Sukhbaatar	2018	12	55	Uguuj Khishig LLC	3,800,000 (~USD 1580)	N/A
Elite 3	Sukhbaatar	2008	15	72	Elite Urguu LLC	N/A	16,471 (~USD 6,8)
Bridge Apartment	Sukhbaatar	2006	5	20	Bridge group	N/A	20,000 (~USD 8,3)
Khos Jurj	Sukhbaatar	2004	15	160	Jiguur Grand Group	2,900,000 (~USD 1205,8)	18,181 (~USD 7,5)
Golomt town apartment	Sukhbaatar	2006	15	315	Bodi Properties	2,300,000 (~USD 956)	14,000 (~USD 5,8)

TABLE 11: 8 GRADE RESIDENTIAL BUILDINGS IN ULAANBAATAR							
PROPERTY NAME	DISTRICT	OPENING YEAR	NUMBER OF FLOORS	NUMBER OF APARTMENTS	DEVELOPER	SALE PRICE/PER SQM	RENT PRICE/PER SQM / MONTH - 2018
Nomun town	Sukhbaatar	2010	15	176	RBA International	2,500,000 (~USD 1039)	13,560 (~USD 5.6)
Zuglin Uur / Beehive	Sukhbaatar	2011	10	98	Chono group	2,500,000 (~USD 1039)	N/A
Selbe apartment	Sukhbaatar	2005	5	N/A	MCS Properties	2,000,000 (~USD 831.6)	18,644 (~USD 7.7)
Lux 1	Chingeltei	2006	2	21	Lux House LLC	N/A	N/A
Khilmori	Chingeltei	2008	9	96	Max Urguu LLC	N/A	11,764 (~USD 4.8)
Avzaga 2	Chingeltei	2005	13	104	Avzaga Trade	2,200,000 (~USD 915)	17,142 (7)
Central apartment	Chingeltei	2018	15	45	Ame Trade LLC	2,600,000 (~USD 1061)	N/A
KH apartment	Khan-Uul	2013	15	632	Khurd group	2,789,869 (~USD 1160)	16,603 (~USD 6.9)
Golden villi Zaisan	Khan-Uul	2015	10	100	Vollam LLC	3,300,000 (~USD 1372)	14,880 (~USD 6)
Azotea town	Khan-Uul	2013	6	66	ChMM LLC	N/A	N/A
Orgil star town	Khan-Uul	2013	10-12	473	Undur buyant LLC	2,000,000-2,700,000 (~USD 831.6-1122.6)	13,937 (~USD 5.7)
Orgil shiltgeen town	Khan-Uul	2010	9-12	110	Orgil construction LLC	N/A	18,309 (~USD 7.6)
Khansvill hothon	Khan-Uul	2013	15	463	Tektonik LLC	1,775,700 (~USD 736)	10,752 (~USD 4.4)
Noblesse	Khan-Uul	2010	2	20	Noblesse Construction	1,680,587 (~USD 699)	N/A
Nomun mountain Village	Khan-Uul	2012	10	228	MSPD	2,950,000 (~USD 1227)	N/A
Altai house	Khan-Uul	2012	2	37	Altai construction	N/A	N/A
Gerelt town	Khan-Uul	2012	1	12	Royal Stone Company	N/A	N/A
Narkhan hothon	Khan-Uul	2010	15	400	Altai construction	N/A	9677(~USD 4)
Bulgary apartment	Khan-Uul	2015	15	65	Bal mend LLC	3,375,000 (~USD 1403.3)	N/A

VI. ANCILLARY INFORMATION

1. MEASUREMENTS

A. MONGOLIAN MEASUREMENT STANDARD

Mongolia - Methodology of housing unit area calculation in residential buildings" or MNS 6058:2009, approved in 2009 and implemented in 2010.

a. Mongolian Measurement Standard - MNS 6058:2009

Methodology of housing unit area calculation in residential, office and retail buildings

General overview

As per the Mongolian legislation "Methodology of housing unit area calculation in residential buildings" or MNS 6058:2009, approved in 2009 and implemented in 2010, the following standard must be followed for:

- the measurement of housing unit area calculation in residential buildings
- the measurement of common area in residential building
- the measurement of office and retail spaces

Those measurements should rely on the Net Internal Area (NIA) defined below.

Definition

The Net Internal Area (NIA) is defined as the usable area within a building measured to the internal face of the perimeter walls at each floor level.

Including:

- Living room
- Bedrooms(s)
- Working space(s)
- Standard facilities, i.e. Kitchen, bar & food area, toilets, storage rooms, corridors and bathrooms
- External areas, i.e. Lodge, balcony, terrace and Veranda

Measurement practices:

Areas such as lodge, balcony and terraces should be included in the measurement calculation but adjusted with the factors below.

Table 1: Mongolian Measurement standard - area measurement calculation reporting

Room type		Area/ m2	Notes
Living areas			
Living room	S1		
Bedroom 1	S2		
Bedroom 2	S3		
Working space/office room	S4		
Standard facilities			
Kitchen	S5		
Bar/food area	S6		
Toilet	S7		
Closet/storage room	S8		
Corridor	S9		
Bathroom	S10		
External areas			Adjustment factor
Lodge	Sl		0,5
Balcony	St		0,3
Terrace	Ste		0,3
Veranda	Sv		
Total housing area (NIA)	Sa total		



This report has been reviewed and approved by:

John Doe

Signature (and stamp)

27 Jan 2022

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