Real Estate Market Indicators - 2017.III quarter

The House Price Index is estimated by the Hedonics regression method, as of September 2017, it reached 1,010 units that is 0.2% lower than last year. New house price index rose 1.1 percent to 1,156 while the old house price index dropped 2 percent to 0.911.

The average price of a new apartment per square meter is 2.16 million MNT. Its square meter price depends upon the class is from 1.6 to 7.4 million MNT. The average price of old 2 bedroom apartment per square meter is 1.75 million MNT.

The average office per square meter is 3.53 million MNT, per square meter of single-family house and multi-family town house is 2.15 million MNT and detached house is 39.3 million MNT.

From the beginning of the year, a total of 11,592 apartment units was sold, of which 72.3% were new apartments and 27.7% were old apartments. Sales activity of the apartment has increased by 12.6% compared to the previous year.

In the market, construction projects of the 81,000 household apartments are carried out, thus the project of 34,000 household apartments is receiving orders, the project of 20,000 household apartments is commissioned and remaining project of 14,000 household apartments has not yet been commissioned. 83.6% of these apartments are standard and middle class and 16.4% are business and high class.

The number apartments with receiving order decreased by 7.2% from the previous year and 73.5% out of 958 apartments with receiving order is multi-family and 89.4% is single-family house. 84.2% or 807 apartments with receiving order is in use.

The most demanded rental apartment in the real estate market is a 2 bedroom apartment and average rental price increased by 7.8% from last year to MNT 571,000.

Office rental price per square meter is between 15,000 and 29,000 MNT depending on the district and the highest average price of rental office is in Sukhbaatar district.

### Real estate price

<table>
<thead>
<tr>
<th></th>
<th>2016-09</th>
<th>2017-09</th>
</tr>
</thead>
<tbody>
<tr>
<td>House price index</td>
<td>1.013</td>
<td>1.011</td>
</tr>
<tr>
<td>General index</td>
<td>1.1439</td>
<td>1.157</td>
</tr>
<tr>
<td>New apartment</td>
<td>0.9299</td>
<td>0.912</td>
</tr>
<tr>
<td>Old apartment</td>
<td>2.16</td>
<td>1.61</td>
</tr>
<tr>
<td>New apartment</td>
<td>2.04</td>
<td>2.16</td>
</tr>
<tr>
<td>High grade</td>
<td>6.57</td>
<td>7.38</td>
</tr>
<tr>
<td>Business grade</td>
<td>3.51</td>
<td>3.37</td>
</tr>
<tr>
<td>Average grade</td>
<td>2.14</td>
<td>2.19</td>
</tr>
<tr>
<td>Standart grade</td>
<td>1.032</td>
<td>0.819</td>
</tr>
<tr>
<td>Old apartment (2 room)</td>
<td>1.78</td>
<td>1.76</td>
</tr>
<tr>
<td>Other real estate price</td>
<td>3.42</td>
<td>3.54</td>
</tr>
<tr>
<td>Average price house price</td>
<td>1.85</td>
<td>2.15</td>
</tr>
<tr>
<td>Detached housing price</td>
<td>39.10</td>
<td>39.25</td>
</tr>
</tbody>
</table>

Source: Bank of Mongolia, Tenkhleg Zuuch LLC

### Apartment sale

<table>
<thead>
<tr>
<th>Sale, from the beginning of the year (household)</th>
<th>2016-09</th>
<th>2017-09</th>
</tr>
</thead>
<tbody>
<tr>
<td>New apartment</td>
<td>7,807.0</td>
<td>8,386.0</td>
</tr>
<tr>
<td>Old apartment</td>
<td>2,492.0</td>
<td>3,396.0</td>
</tr>
<tr>
<td>Detached house</td>
<td>21,424.0</td>
<td>21,756.0</td>
</tr>
<tr>
<td>Order status (household)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Under construction in total</td>
<td>87,881</td>
<td>81,203</td>
</tr>
<tr>
<td>Order did not start</td>
<td>37,585</td>
<td>37,432</td>
</tr>
<tr>
<td>Order stopped</td>
<td>8,210</td>
<td>10,205</td>
</tr>
<tr>
<td>Receiving order</td>
<td>42,113</td>
<td>33,566</td>
</tr>
<tr>
<td>Commission time (household)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Receiving order</td>
<td>42,113</td>
<td>33,566</td>
</tr>
<tr>
<td>Commissioned</td>
<td>28,448</td>
<td>19,565</td>
</tr>
<tr>
<td>This year to be commissioned</td>
<td>10,917</td>
<td>8,819</td>
</tr>
<tr>
<td>Next year to be commissioned</td>
<td>2,652</td>
<td>5,017</td>
</tr>
<tr>
<td>Second year to be commissioned</td>
<td>96</td>
<td>165</td>
</tr>
</tbody>
</table>

Class (household)

<table>
<thead>
<tr>
<th>Class (household)</th>
<th>2016-09</th>
<th>2017-09</th>
</tr>
</thead>
<tbody>
<tr>
<td>Receiving order</td>
<td>42,113</td>
<td>33,566</td>
</tr>
<tr>
<td>High class</td>
<td>754</td>
<td>841</td>
</tr>
<tr>
<td>Business class</td>
<td>3,967</td>
<td>4,661</td>
</tr>
<tr>
<td>Middle class</td>
<td>23,500</td>
<td>16,437</td>
</tr>
<tr>
<td>Standart class</td>
<td>13,892</td>
<td>11,627</td>
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</table>

Order status (household)

<table>
<thead>
<tr>
<th>Order status (household)</th>
<th>2016-09</th>
<th>2017-09</th>
</tr>
</thead>
<tbody>
<tr>
<td>Under construction in total</td>
<td>5,143</td>
<td>4,645</td>
</tr>
<tr>
<td>Receiving order</td>
<td>1,032</td>
<td>958</td>
</tr>
<tr>
<td>Order stopped</td>
<td>4,111</td>
<td>3,687</td>
</tr>
<tr>
<td>Order did not start</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

Order type (household)

<table>
<thead>
<tr>
<th>Order type (household)</th>
<th>2016-09</th>
<th>2017-09</th>
</tr>
</thead>
<tbody>
<tr>
<td>Townhouse (multi-family)</td>
<td>703</td>
<td>704</td>
</tr>
<tr>
<td>House (single-family)</td>
<td>369</td>
<td>856</td>
</tr>
</tbody>
</table>

Commission date (household)

<table>
<thead>
<tr>
<th>Commission date (household)</th>
<th>2016-09</th>
<th>2017-09</th>
</tr>
</thead>
<tbody>
<tr>
<td>Commissioned</td>
<td>553</td>
<td>807</td>
</tr>
<tr>
<td>This year to be commissioned</td>
<td>210</td>
<td>475</td>
</tr>
<tr>
<td>Next year to be commissioned</td>
<td>309</td>
<td>278</td>
</tr>
</tbody>
</table>

Rent

<table>
<thead>
<tr>
<th>Rent</th>
<th>2016-09</th>
<th>2017-09</th>
</tr>
</thead>
<tbody>
<tr>
<td>Apartment rental price (thousand ₮ )</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1 room apartment</td>
<td>414.8</td>
<td>440.7</td>
</tr>
<tr>
<td>2 bedroom apartment</td>
<td>529.4</td>
<td>570.7</td>
</tr>
<tr>
<td>3 bedroom apartment</td>
<td>679.5</td>
<td>685.7</td>
</tr>
<tr>
<td>4 bedroom apartment</td>
<td>857.6</td>
<td>861.4</td>
</tr>
<tr>
<td>Office rental price (1m2 thousand ₮ )</td>
<td>22.7</td>
<td>22.3</td>
</tr>
</tbody>
</table>

Source: Tenkhleg Zuuch LLC
Mortgage loan performance – 2017.III quarter

Total mortgage loan accounts reached 72,357 and loan outstanding reached MNT 4.2 trillion, which indicates an increase of 6.7 percent from the previous year. 77.5% of the mortgage loan outstanding is issued under “Program on Stabilizing Mortgage Financing System” and 73.6% of which was purchased by MIK.

As of September, loan with violation more than 0 day was 4.30% of total mortgage loan and this figure was 3.39% in the previous year. The overdue loan rate reached 2.36% and increased by 4.1% from the same period of last year, while nonperforming loans reached 1.94% and increased by 73.4%.

Mortgage grant has increased by 12.2% from the beginning of the year and of which loan grant of “Program on Stabilizing Mortgage Financing System” decreased by 3.6% to MNT 118.4 billion, and loan grant by banks and other sources increased by 77.2% to MNT 52.9 billion.

Weighted average term of granted mortgage loan in that month is 16.7 years and 12.5% interest rate. As of the end of September, the average mortgage loan outstanding is MNT 58.1 million.

The general characteristics of the MIK’s purchased loan portfolio are shown in the "Indicators of Aggregate loan portfolio".