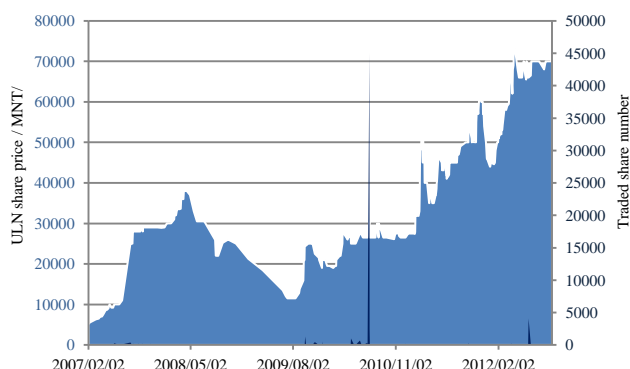


October 2012

Ulaanbaatar Hotel JSC (ULN.MSE)

Sector: Service/Tourism

Share Price (1 year performance: -4.5%)



Source: MSE

Indicators of the ULN stock

Symbol	ULN
Code of stock	3
Number of total shares	335,297
Price of stock (2012.10.04, MNT)	72,550
Market value (2012.10.04, Bil. MNT)	24.3
52-week high/low (MNT)	44,600 / 75,000

Financial indicators	2010	2011
Net asset (Bil.MNT)	6.86	9.15
Net profit (Bil.MNT)	1.26	2.30
Intangible assets and liabilities (Bil.MNT)	0.54	0.68
Shareholders equity (Bil.MNT)	6.32	8.50
Earnings per share (EPS)	3,746	6,863.4
Price-Earnings ratio (P/E)	6.95	6.42
Price to book ratio (P/B)	1.38	1.75
Return on Assets (ROA)	0.18	0.25
Return on Equity (ROE)	0.20	0.27
Dividend per share (DPS)	300	300
Dividend yield	0.01	0.01
Annual average stock price	26,044	44,061
Annual average market cap. (bln.MNT)	8.73	14.77
Volatility	2,667	8,874

Source: Standard Investment LLC

Ulaanbaatar Hotel JSC

Company Information

Ulaanbaatar Hotel (ULN hotel) was firstly build by the initiative of Mongolian state leader Tsedenbal.U's wife Philatova-Tsedenbal A.I in 1959. ULN hotel began its activities in 1961. This hotel became a 4 star in 2011, a 5 star in 2007 and it was Mongolia's first 5 star hotel. It is located in the center of the capital city. ULN hotel has listed in 1992. ULN Hotel JSC has a total of 219 rooms and its total capacity is 450 customers. ULN Hotel JSC has 3 Hotels, the ULN-2 hotel about 80 km away from UB with a Golf field and also the Ar Khuvch Ger hotel.

Management

Tavan Tolgoi JSC's number outstanding of common shares is 335,297. The table below shows the ownership structure.

Shareholder Structure	Proportion
Nomintushig BALDORJ	27.80%
Nandintushig BALDORJ	22.54%
Munkhtushig DUL	22.60%
Shur NAMSRAI	13.02%
Other (658 shareholders)	14.04%

Source: SCHSD 2011, Oct 2012

Board director Munkhtushig. D

Mr. Munkhtushig was born in 1977. He graduated from the Cesar Ritz University Hotel management programme and master degrees of financial, accounting from George Washington university USA. He was deputy director of the market development branch of the MSE. Now he is board director of ULN hotel JSC. Chief executive officer Shur. N's main occupation is journalist. She is also an editor and translator of Russian. She was worked as a CEO of Channel-25 TV and as director of the Mongol News LLC. For now she is a CEO of the ULN Hotel JSC.

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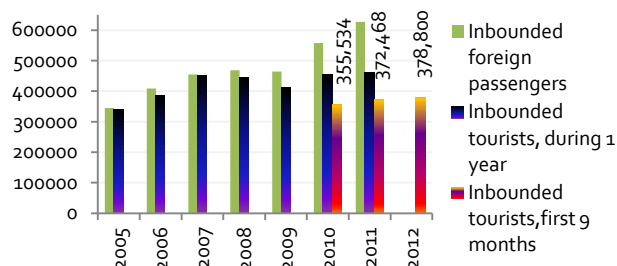
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Market Overview

Hotels	Star	Establishment date	Number of rooms	Capacity visitor number	Number of services	Distance from the city center
Bayangol Hotel	4	1964	215	400	20	3 minutes
Ulaanbaatar Hotel	5	1961	219	450	15	city center
Blue Sky Hotel	5	2012	200	300	5	city center
Kempinski Hotel	4	2005	102	150	6	12 minutes
Ramada Hotel	4	2012	128	200	9	15 minutes
Chinggis Khaan Hotel	4	1995	192	300	14	10 minutes

Source: Standard Investment LLC.



Source: National statistical Office

There are a total of 326 hotels in Mongolia. 135 hotels are in UB city. The number of the passengers and tourists to Mongolia is increasing. For the first 9 months of 2012 the inbounded tourists were 378,800. This is a YoY increase of +1.7%.

Growth and development

ULN Hotel JSC made 2 billion MNT investment for reforms to make itself an international standard modern style 5 star hotel. Also they invested 500 million MNT for the installation of a ventilation system.

ULN Hotel JSC was awarded the best hotel by Mongolian hotel association in 2007. It also received the best enterprise from Mongolian Chamber of Trade and Industry, the first 4 star hotel and the first 5 star hotel from National Board for Hotel Ranking, the presidential productivity award from National Productivity Organization, the most reliable company from Consumer Rights Association.

ULN Hotel JSC has a restaurant for 450-500 guests, four halls that have a capacity for 20-100 people, a sauna, Jacuzzi, fitness and bodybuilding equipment, comfortable rooms for relaxation, buffet service, convenience store, duty free shop, exchange and a coiffeur. ULN Hotel JSC has a branch called "UB-2 hotel" which is located at Terelj. The UB-2 hotel was built in 1997 and it became a 3 star hotel in 2008. It has 37 rooms, five halls, a sauna, Zaan terelj golf court which has a 9 and 19 hole 2 hectare field. Also UB-2 hotel offers services like horseback riding, hiking, fishing, archery, mountain biking, skiing, and skating. Ar Khuvch is a ger hotel which is located in the Terel national park of UB city and the hotel has a capacity of 80 guests and has 12 fully equipped standard and deluxe rooms, and 13 comfortable gers.

Conclusion

ULN Hotel JSC is the one of the biggest and first 5 star hotels in Mongolia. ULN Hotel JSC's income was 5.5 billion MNT, operation cost was 2.34 billion MNT and profit was 2.30 billion MNT in 2011. Short term liabilities were 0.54 bil. MNT in 2010 and it rised by 0.106 bil.MNT and reached 0.65 bil.MNT. The average share price was 26,044 MNT in 2010 and it is reached 44,061 MNT in 2011 because of expectations on the rising economic growth of Mongolia in 2011. Earning per share was 3,746 MNT in 2010 and it reached to 6,863 MNT in 2011 because the total net profit has increased by 83% from 2010 to 2011. Price to book ratio (P/B) was 1.36 in 2010, and 1.75 in 2011. The reason of the rising (P/B) ratio was the rising of profit. We see it as a positive sign for this company. Price-earnings ratio (P/E) was 6.9 in 2010 and decreased to 6.42 in 2011. The reason of this decline was that profit increased more than the average stock price. Return on assets (RoA) and return on equity (RoE) were 18% and 25% and these show us the company's ability to raise the total profit by 18% and 25% using total assets and total equities. These values are higher than 2010 RoA and RoE values. ULN Hotel JSC distributed dividends 78-320 MNT between 1993-2012. Almost 86% of the total ULN shares are accumulated to one family. For investors who want to invest into the tourism and hotel sector ULN Hotel JSC together with Bayangol Hotel and Jenco Tour Buro are the options to chose from.

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