

Mongolia Growth Group Ltd.

August 2014 Monthly Letter to Shareholders

TORONTO, CANADA, October 14, 2014 /FSC/ Mongolia Growth Group Ltd. (YAK – TSXV and MNGGF – USA), a real estate investment and development company benefiting from the dynamic growth of the Mongolian economy via ownership of institutional-quality commercial property assets in the capital city of Ulaanbaatar, Mongolia is pleased to announce the release of its August 2014 Shareholders Letter.

August 2014 Shareholders Letter

To the Shareholders of Mongolia Growth Group Ltd.,

CEO Assumes The Monthly Letter: You will notice a somewhat different style to these Letters from here on and soon you will notice a regularity with their availability. Our goal is to provide you with more-timely and on-the-ground information and an overall easier read to follow our progress on the Investment Portfolio side of MGG and also the Real Estate Development side of MGG. This Letter will provide you updates on our performance and activities in Mongolia that relate to your investment and I thank you for your continued support during so many changes in the world economy.

In August 2014, MGG's core commercial property portfolio* experienced a same-store rental increase of 28.6% relative to August 2013 on properties owned 12 months or longer, as measured in local currency (Mongolian Togrog).

Total billed revenue for August 2014 was 241.3 million Mongolian Togrog, as compared to 217.4 million Mongolian Togrog in August of 2013 or a 10.9% increase.**

The occupancy rate for the core Investment Portfolio in August of 2014 was 94.7% including an occupancy rate of 94.0% for core retail properties and an occupancy rate of 95.2% for core office properties.

MGG Ulaanbaatar Business Activities Update

Key Areas of Strategy

- Organizational restructuring for future strategy has been completed.
- We are now Leveraging our revenue creation functions such as Leasing, plus the value-creation function of real estate development to generate higher returns.

- Revenues are being maximized from existing portfolio properties and the real estate developments that are underway.
- We are keep operating costs to a very commercial minimum, while juggling new costs associated with expansion that bring higher returns.
- All these improvements are accelerating our road to profitability.

The Real Estate Investment Portfolio

- The portfolio focus is set with commercial real estate only (mostly retail with limited office) mainly in the downtown area, with consistent institutional grade and bankable assets.
- We currently own an extensive Portfolio of 57 Properties and we remain on course with disposing of several of these to solidify our portfolio with consistent optimal rising revenue.
- From these sales, we are recycling this financial capital into our real estate developments and renovations, as management believes we receive better returns currently from this part of the business.

Real Estate Developments

- Currently we are actively re-developing our flagship retail project, Tuguldur Center, right in the heart of the downtown area. The project has multiple progressive sequential stages and we are currently undertaking Stage 1, which is due for completion the first week of November, 2014.
- We believe this will be an enormously successful development project and our annual gross leasing revenues are a very impressive forecast. This forecast will be replaced with the actual Leases in early November, 2014. Assuming we progress with Stage 2, these premium leasing revenues would be similar for this key precinct in downtown.

Leasing

- In the Investment Portfolio, all retail properties are virtually fully leased.
- We have 4 spaces vacant in our office portfolio, which we are now actively marketing and we expect to have leased shortly.
- For our flagship major redevelopment project, Tuguldur Center, the leasing team has produced impressive results and we now have a large part Pre-Leased for Stage 1. After construction is complete in early November 2014, we will hand over to the Tenants to occupy, with revenue commencing nearly immediately thereafter.

Property Sales

- As we have previously reported, we are strategically realigning our Investment Portfolio with the goal of primarily downtown. We are progressively disposing of properties that either don't quite align with our new downtown strategy or are not really investment grade. Our intent is to gradually sell several more properties and recycle this capital into the Tuguldur Development Project.

- Since our Land Bank is significant, we have strategically targeted which geographic areas will be our focus over the next 5 years and have assigned resources going forward. Additional land banks outside of this focus are now being progressively sold.

Real Estate Acquisitions

- We are not currently pursuing any acquisitions. Our focus is optimizing our existing properties.

Financial

- The interest rates in Mongolia are rising, therefore we are currently reviewing financial strategic advantages of whether to pay down our loan obligations.

A Note from the CEO

- We are considering the potential to outsource some low level high head count support functions within MGG to create more efficiency and make the organization leaner, which will clear the focus for revenue creation and value creation.
- We are currently looking at elevating our expertise capability going forward with people who can immediately increase our revenue creation, and also value creation in the profitable real estate developments area.
- We will begin considering how we widen our profile in Asia for Investors and potential Joint Venture Partners in our larger real estate developments in downtown.

MGG Office Report

MGG is proud to announce that it has published its second quarterly property report. This quarter's report covers the office sector in central Ulaanbaatar. MGG intends to continue publishing quarterly reports on the property market in Mongolia.

To access MGG's first office report, please go to the following link

<http://mongoliagrowthgroup.com/wp/wp-content/uploads/Q2-2014-MGG-Property-Report--Office.pdf>

Mongolian Economic Update

Since our previous update to you:

- SouthGobi Resources has completed a paved coal haulage road from the Oyu Tolgoi mine to the Chinese Border with a capacity in excess of 20mn t/yr. (Marketwired)
- Mongolia's exports of copper concentrate rose to 703,900t worth USD \$1.2 billion in the first 7 months of 2014, compared to 332,200t worth USD \$470.4 million in 2013. (Bloomberg)
- World Bank lowers Mongolia 2014 GDP forecast from 9.5% to 6.3%
- Mongolian Airlines LLC (MIAT) launched its first flight to Singapore and signaled its intention to extend its East-West route network.

So, we have many internal positives to report and we are confident that the external forces that we must deal with are aligning themselves to our advantage. We look forward to updating you again and more consistently on our progress and new developments in the Mongolian economy next month and moving forward.

Sincerely,

Paul J. Byrne
Chief Executive Officer
Mongolia Growth Group Ltd.

*The core commercial property portfolio is defined as those commercial assets that are held for long term investment and excludes certain development assets which produce minimal rental revenues, certain assets that are actively being marketed and all residential properties. Two properties included in the calculation are accounted for as PP&E assets in the Company's financial statements as filed with SEDAR.

**Billed revenue represents the revenue billed to tenants, net of VAT. It does not take into account bad debt expense, late payment penalties, interest income or management fee revenue. Revenue numbers assume that Mandal Daatgal 's rental revenue was attributed to MGG during 2013, as opposed to having it removed on consolidation, for ease of comparisons.

For further details on the foregoing document, please refer to the Corporation's filing on SEDAR. For more information on Mongolia Growth Group Ltd., please see our website: www.MongoliaGrowthGroup.com

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Mongolia Growth Group Ltd. is a publicly traded and leading property investment and development company in Ulaanbaatar, Mongolia. MGG owns an extensive property portfolio, in diversified segments of the property market, with an emphasis on institutional-grade commercial assets.

MGG undertakes its own property acquisitions, develops brownfield land assets and repositions outdated properties, relying on in-house services for all facets of both the investment portfolio and development side of the business. In addition, MGG acts as a full-service third party provider for institutional clients and tailors transactions covering acquisition-to-suit, build-to-suit, as well as refurbish-to-suit, for property owners and major tenants.

Forward-looking Information Cautionary Statement

Information and statements contained in this Letter to Shareholders that are not historical facts are “forward-looking information” within the meaning of applicable Canadian securities legislation and involve risks and uncertainties.

Forward-looking information is necessarily based upon a number of assumptions that, while considered reasonable by management, are inherently subject to significant business, economic and competitive uncertainties and contingencies. MGG cautions the reader that such forward-looking information involves known and unknown risks, uncertainties and other factors that may cause actual results and developments to differ materially from those expressed or implied by such forward-looking information.

Such risks and uncertainties include, but are not limited to: risks associated with investment in and redevelopment of real property in Mongolia; competition, financing and refinancing risks; risks to the consumer mortgage market; a lack of correlation between disposable income and consumption; risks related to economic conditions; risks related to mining and mining development in Mongolia; risks related to regulation of the real estate in Mongolia; political risk in Mongolia; changes in Mongolian taxation rules; reliance on key personnel; environmental matters; tenant risks; and other risk factors more particularly described in in MGG's filings with Canadian securities regulators, which filings are available at www.sedar.com.

Additional risks and uncertainties not presently known to MGG or that MGG currently believes to be less significant may also adversely affect MGG. Forward-looking information is designed to help you understand management's current views of our near and longer term prospects, and it may not be appropriate for other purposes. MGG does not undertake any obligation to update or revise forward-looking information, whether as a result of new information, future events or otherwise, except to the extent legally required.

The TSXV has not reviewed and does not accept responsibility for the adequacy or accuracy of this Letter to Shareholders.