

Mongolia Growth Group Ltd. December 2015 Monthly Letter to Shareholders

TORONTO, CANADA, January 28, 2016 /FSC/ Mongolia Growth Group Ltd. (YAK – TSXV and MNGGF – USA), (“MGG”) or (“the Company”) a commercial real estate investment and development company participating in the dynamic growth of the Mongolian economy announces the release of its December 2015 Shareholder Letter.

December 2015 Shareholder Letter

To the Shareholders of Mongolia Growth Group Ltd.,

In December 2015, MGG’s core commercial property portfolio* experienced a same-store rental decline of 12.3% relative to December 2014 on properties owned 12 months or longer, as measured in Mongolian Togrog (MNT). Total billed revenue for December 2015 was 244.2 million MNT, as compared to 251.0 million MNT in December of 2014 or a 1.4% decrease.** The occupancy rate for the core portfolio in December of 2015 was 87.4% including an occupancy rate of 84.4% for core retail properties and an occupancy rate of 91.7% for core office properties***.

2016 Mongolian Economic Forecast, 2016 Strategy & Final Note

2016 Mongolian Economic Forecast

The World Economics Headline Sales Managers’ Index (SMI) for Mongolia has indicated a contraction in Mongolian economic conditions since early 2014; however, MGG didn’t feel the effects of this contraction until mid-2014. Since then, the rate of negative activity has accelerated dramatically with much higher tenant turnover, vacancy and bad debt expense along with dramatically reduced market lease rates. During December, these negative trends again accelerated—much in line with readings from the SMI and Business Confidence Index which in December, fell to 32.4 and 27.9 respectively or the lowest readings on record. All of this negative momentum was before the recent decline in commodity prices could be factored into economic conditions. It seems likely that conditions will continue to deteriorate, before hopefully stabilizing in late 2016 as a result of renewed investment into Mongolia’s massive Oyu Tolgoi copper mine. Unfortunately, without a recovery in commodity prices, any economic recovery will likely be subdued at best. Until then, weak conditions will likely get worse.

2016 Strategy

As a result of the accelerating deterioration in rental rates and unpredictability surrounding occupancy levels along with dramatically increased tenant turnover, we no longer have any visibility to predict our revenues going forward. Over the past few months, successful initiatives that have led to increased revenues outside of the core portfolio, have been more than offset by declines in revenues within the core portfolio as tenants continue to abandon existing leases at accelerating rates. Despite the fall off in market rental rates, we remain hopeful that we can keep overall revenues in 2016 from declining too drastically —as compared to our thinking only a few months ago where we expected revenues to increase into 2016 on the back of our revenue initiatives.

The only bright spot in this picture is that we've begun to earn fees from agency work and as our presence in this sector grows, we believe that this could become a larger contributor to revenues in the future. During times of economic stress, property owners seek out experienced firms that can help them to lease and sell property and we should be beneficiaries of this trend.

As the economy continues to deteriorate, the focus of our attention has to once again return to reducing costs in order to ensure that we can survive no matter how bad the economy gets. Following the completion of an addition to leasable space at Tuguldur, we will cease all development activity and refocus on ways that we can reduce costs. Despite having reduced run-rate costs by nearly as much as our annual revenues over the past year, there are likely to be additional cuts that we can make— however these will be much more difficult than prior ones. The only place where we expect for net spending to increase is in marketing, in order to maintain our occupancy.

Final Note

As the largest shareholder of MGG, I have always focused on long- term performance at our business and given the increased volatility in monthly results, I think it is now prudent to focus investor attention to our quarterly and yearly results going forward. As a result, this will be the last monthly letter for the foreseeable future.

Despite the current negativity surrounding the economic situation in Mongolia, over the past few weeks, I have purchased additional shares of MGG. Three other insiders have also joined me in purchasing shares. While things are very difficult today and likely to get worse, I remain a long term believer in the future of Mongolia and believe that MGG is in a position to thrive once the economy recovers.

Mongolian Economic Update

Since the most recent letter:

- As its meeting on 22 December 2015, the Monetary Policy Committee (MPC) of the Bank of Mongolia decided to cut the policy interest rate by 1.0 percentage point to 12.0 percent. Annual inflation measured by CPI decreased to 2.9% as of November 2015, has still been lower than the targeted level for the last 5 months, so it broadens monetary policy room towards expansion. (Monetary Policy Committee)
- Mongolian exports fell 19% y/y to \$4.67b and imports declined 27.5% to \$3.8b in 2015. Trade surplus in 2015 was \$872.3m compared with \$537.7m surplus a year earlier (Bloomberg)
- Mongolia's current account deficit for the first 11 months of 2015 was \$489.4m vs \$1.4b for the same period last year, the nation's central bank says in statement on website. (Bloomberg)

We look forward to updating you again on our progress and new developments in the future.

Sincerely,

Harris Kupperman

Chairman & CEO

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. One property included in the calculation is 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.

***Ground floor retail locations inside of office buildings are classified as office space in terms of rental revenue and meters available to rent.

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.