

Mongolia Growth Group Ltd. July 2015 Monthly Letter to Shareholders

TORONTO, CANADA, September 8, 2015 /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 July 2015 Shareholder Letter.

July 2015 Shareholder Letter

To the Shareholders of Mongolia Growth Group Ltd.,

In July 2015, MGG’s core commercial property portfolio* experienced a same-store rental decline of 7.6% relative to July 2014 on properties owned 12 months or longer, as measured in Mongolian Togrog (MNT). Total billed revenue for June 2015 was 231.5 million MNT, as compared to 222.7 million MNT in June of 2014 or a 3.9% increase.** The occupancy rate for the core portfolio in June of 2015 was 86.0% including an occupancy rate of 82.8% for core retail properties and an occupancy rate of 90.4% for core office properties***.

July Revenue & Annual Property Reports

July Revenue

During July, we experienced a lower than normal rate of revenue. This is the result of the continued deterioration of the Mongolian economy, leading to lower market rents along with elevated vacancy and bad debt expense. We have since had some progress at re-leasing this vacant space, leading to an increase in occupancy by early August, but rental rates continue to lag prior rates due to the very weak economy.

As you will note, our revenues have declined sequentially every month since starting the year at 289.9 million MNT. We believe that we are at something of a nadir as the summer months tend to have higher vacancy, but given the accelerating decline in the economy, it is hard to make accurate predictions. The bright spot is that we have seen an increase in property owners who are seeking out MGG to help them market their properties for lease or sale.

At MGG, we are focused on keeping properties leased despite the accelerating vacancy in the market, particularly as we believe that the recent decline in commodity prices will have a knock-on effect on

future market rates and occupancy in the coming months. Therefore, it is preferable to lock in prices at currently reduced rates.

Annual Property Reports

In order to increase visibility into the Mongolian property market, we have produced our second set of annual reports detailing the current state of the retail and office markets. If you would like to read these reports, please go to the following link <http://mongoliagrowthgroup.com/about-mongolia/monthly-economic-update/mgg-property-reports/>

Mongolian Economic Update

Since the most recent letter:

- The Headline Sales Managers' Index for Mongolia remained well below the no-change mark of 50.0 in August, posting 40.8, down from 42.6 in July. This signaled a sharper deterioration in business conditions across the country. The index has now been in negative territory for the past eighteen months. An index above 50 indicates growth, while an index below 50 indicates contraction. The downward movement in the headline figure reflected all five of its components
- Business expectations remained negative during August, with the Business Confidence Index registering 47.1, down from 48.2 on the previous month. A reading above 50 indicates a general positive business outlook while an index below 50 indicates a general negative business outlook. Sales managers commented on weak demand, high interest rates and uncertainty over commodity prices.
- The Market Growth Index fell to 37.5 in August from 40.8 in July, signaling the sharpest drop since December and worsening market conditions across the economy. That said, the latest reading was the lowest since May. Likewise, the Product Sales Index fell to 40.8 from 44.1 in July, indicating the strongest decline in nine months and that reduced domestic demand for goods and services continued to affect overall levels of monthly sales. (World Economics)
- Mongolia's trade balance swings to a US \$604 million surplus in Jan-July, as imports tumble 29% y/y outpacing a 4.3% drop in exports (Bloomberg)
- UB Mayor extends alcohol permits of bars, restaurants to 4am (news.mn)
- Reuters officially switches the spelling of Mongolia's capital from "Ulan Bator" to "Ulaanbaatar" (Cover Mongolia)

We look forward to updating you again on our progress and new developments in the Mongolian economy next month.

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

Or contact:

Genevieve Walkden GWalkden@mongoliagrowthgroup.com

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.