



Mongolia Growth Group Ltd. May 2014 Monthly Letter to Shareholders

TORONTO, CANADA, July 8, 2014 /FSC/ Mongolia Growth Group Ltd. (YAK – TSXV and MNGGF – USA), a real estate investment and development company pursuing 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 May 2014 Shareholder Letter.

May 2014 Shareholder Letter

To the Shareholders of Mongolia Growth Group Ltd.,

In May 2014, MGG's core commercial property portfolio* experienced a same-store rental increase of 28.8% relative to May 2013 on properties owned 12 months or longer, as measured in local currency (Mongolian Togrog). Total billed revenue for May 2014 was 257.0 million Mongolian Togrog, as compared to 220.1 million Mongolian Togrog in May of 2013 or a 16.8% increase.** The occupancy rate for the core portfolio in May of 2014 was 95.8% including an occupancy rate of 98.4% for core retail properties and an occupancy rate of 89.7% for core office properties.

Investment Portfolio and Q1 Commercial Property Report

Investment Portfolio

During the month of May, we continued to implement our strategy of shifting MGG's asset mix away from smaller properties that cost more to maintain and manage, towards larger institutional-quality assets that are easier to scale, as we continue to build MGG into Mongolia's leading commercial real estate concern. During May, we disposed of one property, along with finalizing the transfer of the three properties noted in the press release on May 29, 2014. In the first five months of 2014, we have disposed of a total of nine properties.

Q1 Commercial Property Report

MGG has now published Mongolia's first bilingual commercial property report covering the retail sector in central Ulaanbaatar. MGG intends to continue publishing quarterly commercial property reports with the second quarter report focused on the office market.

When we first arrived in Ulaanbaatar in the summer of 2010, it was difficult to get practical information about the commercial property market. As an industry leader, we feel a responsibility to bring transparency to the commercial property market, both for investors and potential tenants interested in learning more about the current state of the market. We are very excited to be releasing the first of many future institutional quality commercial property reports.

To access Mongolia's first commercial property report, please click [here](#).

Mongolian Economic Update

During the first quarter of 2014, Mongolia's GDP grew 7.4%

Since our previous update to you:

- GDF Suez-led group signs a 450 MW power plant concession agreement with the Mongolian government to build a US \$1.2 billion power plant in Ulaanbaatar. The plant is scheduled for commissioning in 2017. According to the concession agreement, the group will fund, construct, and operate the plant for 25 years; sell its power to the central grid, and then transfer the facility to the government. Terms of the power purchase agreement and heat purchase agreement are still under discussion (*Bloomberg*)
- The official launch of the Altanbulag free trade zone on the border with Russia took place on June 24th. The Free Trade Zone was established to improve cross-border trade and diversify the Mongolian economy (*UB Post*)
- Mongolian Airlines (MIAT) has launched twice-weekly direct flights from Ulaanbaatar, Mongolia to Frankfurt, Germany (*Montsame*)
- Hunnu Air has launched twice-weekly flights from Ulaanbaatar, Mongolia to Paris, France (*Anna Aero*)
- Mongolia's copper concentrate exports rose 87% year-over-year in the first four months of 2014, reaching US \$718.3 million (*Bloomberg*)

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

Sincerely,

Harris Kupperman
Executive Chairman
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.