



Mongolia Growth Group Ltd. November 2015 Monthly Letter to Shareholders

TORONTO, CANADA, December 30, 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 November 2015 Shareholder Letter.

November 2015 Shareholder Letter

To the Shareholders of Mongolia Growth Group Ltd.,

In November 2015, MGG’s core commercial property portfolio* experienced a same-store rental decline of 13.4% relative to November 2014 on properties owned 12 months or longer, as measured in Mongolian Togrog (MNT). Total billed revenue for November 2015 was 245.3 million MNT, as compared to 248.9 million MNT in November of 2014 or a 1.4% decrease.** The occupancy rate for the core portfolio in November of 2015 was 87.3% including an occupancy rate of 84.4% for core retail properties and an occupancy rate of 91.4% for core office properties***.

Market Lease Rates & Year-End Review

Market Lease Rates

Over the past few months, what initially started as a gradual decline in rental rates in mid-2014 has accelerated rather dramatically. With declining economic activity, we had been expecting lower rental rates, but we have been quite surprised by the severity of recent declines—particularly as we see nothing to indicate that rates have stabilized, especially as commodity prices continue to decline. Winter is often a period of decreased economic activity in Mongolia and we anticipate that this winter will be particularly difficult.

At MGG, we continue to remain proactive in ensuring high occupancy, particularly in this very difficult environment and the cornerstone of this effort is an increased expenditure on marketing and a willingness to be pragmatic about the current state of the economy when negotiating leases.

Year-End Review

I am proud of the progress that we have made throughout the year despite a struggling economy. As of now, our operations are substantially more efficient, we have embarked upon our new fee-based



agency initiative and most importantly, after years of losses we are finally within sight of becoming cash flow positive. If not for the precipitous decline in lease-rates due to the economic situation in Mongolia, we would likely have ended the year with positive monthly cash flow—indicative of the dramatic turn-around that was achieved during 2015.

I believe that the momentum we now have into year-end will continue into 2016. Despite a deteriorating economy, 2015 was the best year in the history of our company and we are in a position to survive regardless of how bad the economy becomes in 2016. The fact that we have maintained occupancy and revenues at such strong levels is testament to the effectiveness of our team, as we are significantly outperforming overall industry conditions.

I want to thank everyone who has been so instrumental in turning our operations around and ensuring that this business did not fail when it seemed the darkest in early 2015. When the Mongolian economy eventually recovers, I know that we can do great things.

Mongolian Economic Update

Since the most recent letter:

- Oyu Tolgoi Signs \$4.4 Billion Project Finance Marking Historic Milestone Toward recommencement of Underground Development (MarketWired)
- Mongolia's Nov. CPI increased 0.2% m/m and was up 2.9% y/y, the slowest rise since Oct 2009 when inflation was 0.9% (Bloomberg)
- Mongolia's mineral exports declined to \$3.36b in the first 11 months of the year from \$4.32b a year earlier (Bloomberg)
- Total external trade at end-Nov. fell 22.8% y/y to \$7.74b, a drop of \$2.3b (Bloomberg)

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

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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.