

Mongolia Growth Group Ltd. September 2015 Monthly Letter to Shareholders

TORONTO, CANADA, October 29, 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 September 2015 Shareholder Letter.

September 2015 Shareholder Letter

To the Shareholders of Mongolia Growth Group Ltd.,

In September 2015, MGG’s core commercial property portfolio* experienced a same-store rental decline of 12.3% relative to September 2014 on properties owned 12 months or longer, as measured in Mongolian Togrog (MNT). Total billed revenue for September 2015 was 248.9 million MNT, as compared to 247.6 million MNT in September of 2014 or a 0.5% increase.** The occupancy rate for the core portfolio in August of 2015 was 93.9% including an occupancy rate of 97.1% for core retail properties and an occupancy rate of 89.7% for core office properties***.

September Revenue & Tuguldur Update

September Revenue

During September, we experienced a slight increase in revenue when compared to August, our second sequential monthly increase in revenue. Last month, I noted that office rents in Ulaanbaatar were rapidly declining; this trend has continued to accelerate as more supply enters the market and multiple firms cease operations or dramatically downsize. We have now noticed this trend extending to the retail market where rents have also suddenly taken a large down-leg as businesses close up due to lack of revenue. Even retail properties in the most trafficked locations in Ulaanbaatar are being affected. Fortunately, there isn’t as much new supply that will impact the retail market, like it has with the office market. However, retail relies on customer turnover, which is clearly declining rapidly.

Tuguldur Development Update

For much of 2015, we have been planning to expand our existing Tuguldur property (TC1) and develop Tuguldur Stage 2 (TC2) as a large retail and entertainment center attached to the existing Tuguldur Center. To date, we have spent considerably to divert various underground utilities away from the

development site along with acquiring the majority of the statutory approvals and permits needed for the TC2 development. However, during the year, it has become clear that the economy of Mongolia is not currently in a condition to absorb a development of the size that was previously contemplated.

Over the past few months, we have reviewed our options and chosen to go with a smaller facility of approximately 4,000 square meters of space, producing approximately 3,100 meters of usable space. We believe that this project will cost approximately US \$3 million and have a much higher return on capital compared to the previous larger structure—even with the substantially reduced rents that exist today in the market. To date, we have received strong indications of interest from various tenants that want to lease space and we are working to secure funding so that we can break ground in early 2016. Despite the current state of the Mongolian economy, I remain convinced that the economy will ultimately turn around and that investing in Mongolia at this junction is a prudent move.

Mongolian Economic Update

Since the most recent letter:

- Centerra Gold and the Mongolian government agree in principle to set a 3% special purpose royalty instead of a 34% government stake in Gatsuurt mine, according to statement published on Mongolian government website.
 - * 3% royalty subject to adjustment based on gold price; final decision on entire agreement requires parliamentary approval
 - * Size of initial investment \$230m, lower than earlier estimate of \$350m (Bloomberg)
- The World Economics Headline Sales Managers' Index (SMI) for Mongolia stood at 36.1, down from 38.6 in September. This indicated a sharper deterioration in business conditions that was the lowest level since March. The index has now been in negative territory for the past twenty months. (World Economics)
- Business confidence remained negative in October linked to weaker domestic demand, high interest rates, uncertainty over commodity prices, and falling direct investment. The Business Confidence Index posted 34.8, down from 40.3 in September, the weakest level since March. According to panellists, business conditions over the coming months are anticipated to deteriorate cold winter weather is expected to have a further impact on demand and logistics. (World Economics)
- As of this week, the General Taxation Authority of Mongolia suspended financial transaction activities of 8,418 legal entities. The spokeswoman of the GTA stated that 3,000 entities had their accounts frozen due to outstanding payables to the Social Insurance Agency and a further 5,418 legal entities had their accounts frozen due to outstanding payments to the General Taxation Authority of Mongolia. At the end of Q2 2015, there were about 120,000 legal entities registered and operating in Mongolia. (MIBG)

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.