

## **Mongolia Growth Group Ltd. August 2015 Monthly Letter to Shareholders**

TORONTO, CANADA, October 1, 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 August 2015 Shareholder Letter.

### **August 2015 Shareholder Letter**

#### **To the Shareholders of Mongolia Growth Group Ltd.,**

In August 2015, MGG’s core commercial property portfolio\* experienced a same-store rental decline of 10.4% relative to August 2014 on properties owned 12 months or longer, as measured in Mongolian Togrog (MNT). Total billed revenue for August 2015 was 243.1 million MNT, as compared to 241.4 million MNT in August of 2014 or a 0.7% increase.\*\* The occupancy rate for the core portfolio in August of 2015 was 92.6% including an occupancy rate of 92.7% for core retail properties and an occupancy rate of 92.4% for core office properties\*\*\*.

#### **August Revenue**

##### *August Revenue*

During August, we experienced a slight increase in revenue when compared to July, due to an increase in occupancy, offset by lower rental rates—particularly in the office market where rental rates continue to decline rapidly. Despite lower received rents, we feel fortunate that our properties remain well occupied during this difficult period of very high vacancy.

Two months ago, we put in place a plan to increase revenues into the second half of the year. Despite heightened turnover, delinquency and bad debt expense, we believe that these initiatives are beginning to bear fruit—though the revenue effect from them will likely take a few months to kick in.

## Mongolian Economic Update

Since the most recent letter:

- Total external trade turnover fell \$1.35b to \$5.8b in the first eight months of 2015 compared to same period in 2014, the National Statistical Office says (Bloomberg)
- Exports fell \$324.2m or 9.1% and imports plunged \$1b or 28.8% compared to same period a year earlier (Bloomberg)
- Trade balance was +\$704.8m in Jan.-Aug., compared to zero a year earlier (Bloomberg)
- Non-performing loans totaled 865.5b tugrik at end-Aug, a 5% increase m/m and 39.6% increase y/y (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](http://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](http://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.