Mongolia Growth Group Announces Continued Improvement in Performance Metrics and Third Quarter Results

TORONTO, CANADA, November 27, 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 its financial results for the third quarter of 2015 and is pleased to report continued progress on improving operations and reducing costs as it targets positive Adjusted Funds From Operations (AFFO)*.

Highlights for the quarter:

- Dramatic improvements in operational performance have reduced negative AFFO by (85%) to CDN $97,263 compared to the third quarter of 2014 when negative AFFO was CDN $654,605.
- Continued sequential improvement in financial performance as negative AFFO declined by (53%) to CDN $97,263 compared to the second quarter of 2015 when negative AFFO was CDN $206,685
- Reduced expenses excluding non-cash, non-capitalized development expense by 34% compared to the third quarter of 2014, despite a sizable increase in expenses associated with the operation of Tuguldur Center and various marketing initiatives
- Ended the quarter with a tangible Net Asset Value (NAV) per share of CDN $1.48

“We have spent 2015 focused on restoring our operations and reducing costs,” said Harris Kupperman, Chairman and CEO of MGG. "The results during the third quarter show the dramatic progress that has been made, despite a weak economy in Mongolia leading to lower than expected rental revenue.

Now that our expense levels have normalized at a level that is significantly below the prior year, our focus is on growing our revenues while ensuring that we maintain the same frugal cost structure that we should have maintained previously.

Over the next quarter, MGG expects to realize milestones in a number of areas:

On the revenue side;

- Lease two vacant buildings that have not been part of our leasing pool over the past year
- Lease our newly installed billboards
- Begin to generate 3rd party fee revenue by brokering transactions for clients

On the development side;

- Complete the development of a ~200 meter extension to Tuguldur's retail space

Despite a weakening economy, along with increased vacancy, tenant turnover and bad debt expense, we believe that the initiatives above will allow us to grow our revenues in future quarters.

It has been an arduous journey, getting to the point where we can once again focus on growing the business and I'd like to thank everyone who has helped in successfully turning MGG around."

Prior Quarter Scorecard

Goal-*At the corporate level, we anticipate that our overhead expenses will finally normalize following a complete restructuring of our operations to dramatically reduce costs and improve efficiencies*

Result-With the exception of certain previously deferred consulting fees related to tax planning, our cost structure has now normalized

Goal-*At the property level, we are targeting a more stable tenant base with lower turn-over as we re-structure the tenant mix at Tuguldur and re-lease a number of current vacancies*

Result-We have finally identified our preferred future tenant mix at Tuguldur, but have failed to migrate towards it during the quarter. Offsetting this, we have had success at reducing other vacancies

Goal-*The rollout of various fee based initiatives*

Result-We have begun to populate our MGGProperties.com site with various 3rd party properties that we are marketing, however we have seen a slow uptake in leasing and sales transactions due to the weak economy

Selected Quarterly Financial Information (CAD)

	Quarter ended 30-September 2015 ($)	Quarter ended 30-September 2014 ($)
Revenue		
Rental Revenue	478,747	420,621
Gain/(loss) on Disposal of investment property	(154,152)	4,166
Other revenue	16,276	-
Total Revenue	**340,871**	**424,787**
Expenses		
Salaries and wages	263,692	347,683
Development expense	5,292	-
Share based payment expense	146,582	353,961
Depreciation	33,576	30,553
Public Company Expenses	52,132	35,625
Repairs and maintenance	14,171	62,654
Office expense	25,521	33,722
Professional fees	138,056	352,620
Travel	29,075	48,977
Advertising	1,365	3,752
Other tax expense	60,769	58,515
Insurance	15,200	18,644
Utility expense	35,316	9,008
Other expense	12,873	15,583
Total Expenses	**833,620**	**1,371,297**
Finance Expense	**-**	**179,041**
Net Investment income	3,596	38,771
Unrealized gain on fair value adjustment of investment properties	(2,271,061)	-
Net Income/ (loss) before income tax	(2,760,214)	(1,489,119)
Recovery of (provisions for) income taxes	58,724	(8,350)
Net income/(loss) for the period	(2,701,490)	(1,497,469)
Net income (loss) per share (basic)	**(0.08)**	**(0.04)**
Net income (loss) per share (diluted)	**(0.08)**	**(0.04)**

Funds From Operations (FFO) And Adjusted Funds From Operations (AFFO)*

The analysis below shows a reconciliation of the Corporation's net income to FFO and AFFO for the three months ended September 30, 2015 and September 30, 2014.

	Quarter ended 30-September 2015 ($)	Quarter ended 30-September 2014 ($)
Net Income for the period	(2,701,490)	(1,497,469)
Add (deduct) items not affecting cash		
Unrealized Change in fair value of investment properties	2,271,061	-
Depreciation and amortization of investment Properties	19,405	18,470
Loss (gain) from sales of investment properties	154,152	(4,166)
Tax on gains or losses of sales on investment property	11,875	11,430
Deferred Taxes	(4,140)	60,830
Impairment/losses on all real estate assets	-	-
Impairment of other assets		402,339
Gains or losses on PP&E properties	-	-
Share Based Payments	146,582	353,961
Funds From Operations	**(102,555)**	**(654,605)**
Add (deduct)		
Development costs not capitalized	5,292	-
Significant one-time expenses	-	-
Adjusted Funds From Operations	**(97,263)**	**(654,605)**
Per Unit – Basic		
Funds From Operations	(0.00)	(0.02)
Adjusted Funds From Operations	(0.00)	(0.02)
Per Unit – Diluted		
Funds From Operations	(0.00)	(0.02)
Adjusted Funds From Operations	(0.00)	(0.02)

Overall AFFO showed a dramatic improvement due to a 34% decline in expenses excluding share based payments, depreciation and non-capitalized development expenses. Throughout the quarter, the Company continued to recognize various expenses associated with its cost reduction program along with certain legacy expenses that are expected to be discontinued going forward in 2015.

Additionally, the Company experienced increased maintenance expenditures as preventative spending and upkeep during 2014 had been inadequate. It is expected that this increased spending on maintenance will reduce future spending along with utility costs.

Balance Sheet

	30-September 2015 ($)	31-December 2014 ($)
Current Assets		
Cash and cash equivalents	1,198,439	1,645,421
Other assets	344,521	1,027,703
Non-current assets		
Investment properties	49,844,568	48,458,517
Property and equipment	3,107,933	2,974,950
Total assets	**54,495,461**	**54,106,591**
Liabilities		
Current liabilities		
Trade payables and accrued liabilities	680,916	1,925,655
Income taxes payable	195,812	151,346
Non-current liabilities		
Deferred income tax liability	1,018,861	1,099,141
Total liabilities	**1,895.589**	**3,176,142**
	-	
Equity		
Share capital	54,369,332	53,789,459
Contributed surplus	7,068,267	5,815,656
Accumulated other comprehensive loss	(3,342,624)	(7,607,039)
Deficit	(5,495,103)	(1,067,627)
Total equity	**52,599,872**	**50,930,449**
Total equity and liabilities	**54,495,461**	**54,106,591**

Unrealized Change in Fair Value of Properties

During the third quarter of 2015, the Company determined that property market values had declined as a result of the weakening economy. The company recognized a decline in the fair value of properties of CDN $2,271,061 in order to mark the portfolio to current market conditions. It is anticipated that with the accelerating weakness in the economy, the Company may experience future impairments to its portfolio.

Portfolio Data

The following table represents properties classified as Investment Properties, as of September 30, 2015:

			2015			2014
	# of Properties	Value at 30-Sept-15 $CDN	Meters	# of Properties	Value at 31-Dec-14 $CDN	Meters
Residential	1	273,967	-	2	357,160	-
Office	3	4,674,656	2,650	3	5,039,196	2,650
Retail	27	28,129,390	8,617	34	27,645,411	9,497
Land and Redevelopment	4	16,766,555	7,086	4	15,416,750	7,086
Total	**35**	**49,844,568**	**18,353**	**43**	**48,458,517**	**19,233**

Liquidity and Capital Resources

The Company ended the quarter with $1,198,439 of cash and cash equivalents and no debt. In addition, the Company is currently marketing three properties with a carrying value in excess of CDN $635,000 at the end of the quarter.

The Corporation also refers to Funds from Operations ("FFO") and Adjusted Funds from Operations ("AFFO"). "FFO " is not defined under IFRS. The Corporation calculates FFO in accordance with the Real Property Association of Canada ("REALpac ") White Paper on Funds from Operations issued April 2014. FFO is defined as net income (loss) and comprehensive income (loss) calculated in accordance with IFRS, excluding: (i) Unrealized change in fair value of investment properties (ii) depreciation and amortization of investment properties; (iii) gains (or losses) from sales of investment properties and equipment; (iv) tax on gains or losses of sale on investment properties (v) deferred income tax (expense) recovery; (vi) impairment/losses on all real estate assets (vii) Gains or losses on PPE properties (viii) share based payments. "AFFO " is not defined under IFRS and may not be comparable to AFFO used by other issuers. The Corporation has defined AFFO as FFO subject to certain adjustments, including: development expenses not capitalized, large one-time expenses and other adjustments as determined by Management.

For more information on the Company's financial results, please see the financial statements and supplementary property data filed on SEDAR.

Or contact Genevieve Walkden at 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 and Statements

Information and statements contained in this news release 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 and statements contained in this news release include information with respect to our intention to move forward into the construction of international standard properties in Mongolia.

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 development of real property in Mongolia; competition, financing and refinancing risks; risks related to economic conditions; risks related to regulation of the real estate business 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 release.