



Mongolia Growth Group Ltd. May 2015 Monthly Letter to Shareholders

TORONTO, CANADA, July 7, 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 May 2015 Shareholder Letter.

May 2015 Shareholder Letter

To the Shareholders of Mongolia Growth Group Ltd.,

In May 2015, MGG’s core commercial property portfolio* experienced a same-store rental increase of 6.2% relative to May 2014 on properties owned 12 months or longer, as measured in local currency (Mongolian Togrog). Total billed revenue for May 2015 was 262.7 million Mongolian Togrog, as compared to 257.0 million Mongolian Togrog in May of 2014 or a 2.2% increase.** The occupancy rate for the core portfolio in May of 2015 was 96.3% including an occupancy rate of 96.6% for core retail properties and an occupancy rate of 95.8% for core office properties***.

Six Month Review, Cash Flow Update and Insider Purchases

Six Month Review

Six months ago, I returned to the CEO role with the twin goals of reversing our accelerating losses along with restoring our operations to their prior levels of performance and efficiency following a noticeable deterioration in our company’s basic operating functions. At the time, it was obvious, that only radical change could put the company on a sustainable path forward. Six months later, I can confidently say that we are ahead of where we thought we would be at this time.

Cash Flow Update

Upon resuming the CEO role, reaching positive cash flow has been my overriding priority. To get there, we could either increase revenues or reduce expenses. Given the state of the economy, the first option seemed far more difficult—particularly when it was obvious how bloated our cost structure was. Over the past six months, we have continued to hack away at these costs—many of which are not only unnecessary, but long overdue for elimination.

It does now seem that the low hanging fruit has been plucked and the goal now, is to ensure that the targeted reductions are completed and new expenses do not crop up to take the place of those that have been eliminated. Based on current rental rates, should we achieve our cost reduction goals, we

anticipate that by the end of the third quarter of 2015, we will see a dramatic reduction in our cash losses, before expenses to advance Tuguldur Stage 2 when compared to our performance before I returned as CEO.

Of course, cost savings can only get you so far and with our continued improvement in productivity, the goal over the second half of the year will be to increase our revenues. Over the next few months, we intend to roll out a number of initiatives that have been in planning for quite some time. I intend to discuss a few of these in future letters.

In summary, we are now ahead of where we expected to be in terms of reducing our costs and restoring our operations. This allows us to once again focus on growing the business—but from a much more sustainable cost base. Despite a weak economy, we believe that there are many untapped opportunities to grow the company.

Insider Purchases

With our turn-around gaining momentum, I felt that our shares were attractively priced and I recently added to my ownership of MGG through open market purchases. Four other insiders felt similarly and joined me in making purchases.

Mongolian Economic Update

Since the most recent letter:

- As much as \$6b of external funding will be raised through third-party project financing and other bank finance, product off-take arrangements and other forms of financing, according to the Oyu Tolgoi Underground Mine Development and Financing Plan, published by Turquoise Hill Resources Ltd. (Bloomberg)
- During seven-year underground stage construction and funding, estimated underground development capital is \$4.7b, sustaining capital is \$1.5b and VAT/duties on capital is \$600m, agreement says. (Bloomberg)
- Government of Mongolia to receive \$2.2b in direct payments; total estimated direct Mongolia spend is \$9b during seven year underground stage construction and funding. (Bloomberg)
- A unit of France's Areva SA receives 3 mining licenses in Mongolia, according to Thierry Plaisant, general director of AREVA Mongol LLC. Licenses to allow mining at Dulaan Uul and Zuvch Ovoo uranium deposits. Licenses issued to Cogegobi, a minerals exploration company 100% owned by AREVA Mongol LLC. Licenses to be transferred from Cogegobi to AREVA Mines LLC, a JV 34% owned by Mon-Atom, 66% owned by AREVA Mongol. AREVA Mongol 66% co-owned by Areva SA and 34% by Mitsubishi Corp. of Japan (Bloomberg)

- Mongolian miner Sharyn Gol JSC has agreed on a preliminary deal that would see its coal shipped to South Korea via Russia and North Korea, as the land-locked nation seeks new markets to counterbalance its dependence on China. (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. 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.

***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.