



Mongolia Growth Group Ltd.

October 2014 *CEO Communiqué* to Shareholders

TORONTO, CANADA, November 28th, 2014 /FSC/ Mongolia Growth Group Ltd. (Canada TSXV: YAK and USA: MNGGF), a real estate investment and development company benefiting from the dynamic growth of the Mongolian economy via ownership of institutional-quality commercial property assets in the capital city of Ulaanbaatar, Mongolia is pleased to announce the release of its October 2014 Shareholders Letter.

CEO Communiqué to Shareholders:

Dear Shareholders,

Since our September update, we have been active on multiple fronts. In this month's *Communiqué*, I would like to focus two key MGG strategic components, which cover the recurring revenue portfolio and value creation development sides of our business.

a) The Real Estate Investment Portfolio (assets owned and managed by MGG)

The re-alignment of our real estate portfolio for commercial property in the downtown area remains our primary objective.

As such, of our 54 properties currently comprised of retail, office and residential holdings, we are currently selling our 4 remaining residential properties, to achieve our strategic objective of not owning any residential property in the future.

In addition, as leases expire, we will continue to evaluate whether to renew with existing tenants or seek new tenants more suitable for updated leasing prices going forward.

All financial proceeds from sales are being recycled into our downtown real estate developments, where management believes it can achieve the highest return-on-capital within our spectrum of available investments.

b) Real Estate Developments (assets developed and constructed by MGG for the portfolio)

Our central focus remains the company's largest and most complex project to date, the redevelopment of the Tuguldur Center in downtown.

In our previous update, we highlighted the existing land and buildings that MGG purchased in February 2014 and the architectural images of what is being built. In this update, we will present you with more detail of the construction progress and pictures.

TUGULDUR CENTER DEVELOPMENT PROJECT

Summary

Our vision for Tuguldur Center is to create a permanent complex for mixed-use development. However, this permanent long-term development requires years of planning and preparation of a substantial master plan. Therefore, we are proceeding with a high-yielding Interim Development for the first 5 years, which will be undertaken in measured low-cost stages in order to maximize cash flows to the parent company.

MGG will provide all funding and lead the development from start to finish.

The Interim Development

Stage 1

This stage consists of the redevelopment facing the Peace Avenue frontage.

- Master planning and design are complete.
- Stage 1 construction commenced in July 2014 and was completed in mid-November 2014.
- Stage 1 occupancy occurred during November, with some early partial handovers for major Tenants, who need to commence interior fit-outs early.
- Stage 1 Pre-Leasing has progressed very well and we are now nearly fully leased, which will generate significant new revenue.

Stage 1 – Pictures of Planned and Actual progress









MGG Ulaanbaatar, Mongolia. Business Activities Update

A Summary Progress Note from the CEO:

i) The Real Estate Investment Portfolio:

As our 54 property portfolio transitions to more investment grade assets, we have begun establishing our Investment Management function to oversee the portfolio, which is replacing our current Management function.

ii) Real Estate Developments:

Major Developments

Tuguldur Center

Construction has been underway since July 2014 and was completed in mid-November, as scheduled. Tenant handover has now commenced and will continue through November.

Peace Tower

We are preparing to widen our business profile for potential Joint Venture Partners related to our larger real estate developments in downtown.

We have a land lot currently referred to as “Peace Tower” on Ulaanbaatar’s busiest through-street (East-West), Peace Avenue, which is the next property asset for us to consider for development.

Small Developments

These will be deferred until the major developments are well underway.

iii) **Leasing:**

Overall Occupancy:

The real estate portfolio is 97% leased (non-inclusive of our land bank).

Retail:

There are currently no vacancies in our retail properties.

Offices:

A few spaces are available in two different buildings and these are currently being marketed.

Tuguldur Leasing:

Our leasing team did an extraordinary effort here with marketing Stage 1 of Tuguldur Center and the team **Pre-leased 95% in the first 7 weeks** of commencing leasing marketing. This confirms the market demands this type of development in this location.

The total number of tenants will be 55.

The major tenants include:

- Khan Bank (www.khanbank.com)
- Unitel Telecoms (www.unitel.mn)
- Wendy's Bakery (www.wendy.mn)

The major tenants will be granted early site handover in order to commence their interior fit-outs.

The remaining tenants are taking occupancy throughout November 2014.

iv) **Property Sales:**

Properties

a) Overall:

As per our strategy of having a real estate portfolio that is only commercial and downtown, we are gradually selling properties outside this strategy and will continue to do so in a timely fashion into 2015. In the future, MGG will not own any residential property for investment purposes.

b) Residential:

We sold 3 residential properties in October 2014. We have 4 residential properties remaining in the portfolio that we will be selling.

c) Commercial (retail and office):

No transactions to report this month.

Land Bank

We have reviewed our various land holdings and identified and prioritized which of those we wish to develop and devote resources to going forward. In addition, we have identified those which we would like to sell over time, with a sales campaign to be prepared in the coming months.

v) **Financial:**

The proceeds from our property sales are being recycled into the capital requirements of our downtown real estate developments.

Tuguldur Center Stage 1 new revenue will commence during November.

vi) **Corporate:**

Media Relations and Public Relations

Another of our goals moving forward is to increase the awareness of MGG and raise our profile among key media influencers and investors and we are preparing a strategy and plan to do just that. We have already commenced and here are a few highlights and planned opportunities:

- I appeared in a lengthy interview on the Money for Lunch Internet radio program on the popular Blog Talk Radio Network.
- I spoke at the *Mongolian Projects & Investment Summit*; the world's largest Mongolian investment event over the last five years
- Arrangements are being made for an interview and podcast with Emerging Frontiers

vii) **Organizational:**

To create more efficiency with high head-count support functions such as security guards, we have reviewed various firms and we will now proceed to outsource our entire security function by early November 2014.

In March 2014, we noted that we should consider in our overall strategy the possibility of being a third party services provider and charge fees in order to gain additional revenue for the company. We have decided to put that item on hold for the time being, as our real estate developments are far more financially beneficial at present and our staff are better utilized in that direction.

Mongolian Economic Update

- New Mongolian Prime Minister Approved With Vow to Revive Growth (Bloomberg)
- On November 6th, 2014, the Mongolian Prime Minister Altankhuyag Norov stepped down in a non-confidence vote.
- The Bank of Mongolia announced that it has expanded its program to allow purchasing larger homes for borrowers in the countryside (UB Post)
- World Bank Economic Update: Mongolia 2014 GDP Forecast Lowered to 6.3% from 9.5% (World Bank)
- The Tevshin Gobi Power Plant project shall invest over 1 billion USD into Mongolia (infomongolia.com)
- Possible world-class oil shale field in Mongolia (Montsame)
- Mongol Bank bought 9.5 tonnes of gold (Mongolian Economy)
- Head of the Presidential Office P.Tsagaan Thursday received a delegation led by Mr James Harman, a chairman of the Anglo American Group in charge of business and development affairs. (Montsame)
- The Asian Development Bank (ADB) signed October 17 a USD 40 million loan agreement with Khan Bank, one of the biggest banks in Mongolia, to provide better access to bank financing for the country's micro, small- and medium-sized enterprises (MSME). (Montsame)

Our business continues to progress very well, regardless of the slower economy. Please feel free to contact me on my email below, if you would like to discuss any of the above further.

Sincerely,

Paul J. Byrne

Chief Executive Officer

Mongolia Growth Group Ltd.

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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.