

## January 2013 Monthly Newsletter

Dear Shareholders of Mongolia Growth Group Ltd.,

January in Mongolia is a period of rather intensely cold weather, yet despite the temperature, our team has remained quite busy. On the acquisitions side, we obtained three properties and I should point out that these are the first purchases that we have made in very many months. Much more importantly, we have successfully completed two of our three sizable renovation projects.

As you will remember, in the early summer, we began a plan to improve the quality and efficiency of three of our office property assets. After a few months of planning, the exterior work was undertaken before the cold set in and the majority of the interior work has been completed during November, December and January. There are still some minor exterior details that need attention after the thaw, but the work is now essentially done on two of these three assets.

**White:** White is a very well located office building that had not been used for a number of years due to legal issues which were resolved upon acquisition. When we acquired this asset, it needed to be completely remodeled. This process involved; new exterior cladding, windows, roof, heating, plumbing, electrical systems and replacing many of the non-structural walls which were damaged. In total, renovations have increased the total cost basis of the building by approximately a quarter, however we are quite pleased with the current quality of the asset and even more pleased by the overall purchase price of the asset which was at a sizable discount to current market prices. This building has now been renamed “The Anand Building” (which means “Bliss” in Sanskrit, and was selected by our employees). Since renovations were completed in January, 35% of the building has been leased with relative ease—even given the constraints caused by moving during the cold. We anticipate that we will be able to completely lease the building by the early spring. Given the scope of the work undertaken, we felt that a quick video would be the best way to show the changes to the building. I hope that you enjoy it.

<http://www.youtube.com/watch?v=9wzCcH1nsJ0&feature=youtu.be>

**Pink:** If you recall from the May 2012 letter, we added a fifth floor to this well located building. At the time, we had also planned extensive renovations to the lobby, stairs and other interior spaces. However, we chose to put these off as a tenant occupying two of the five floors was moving out and we felt that waiting a few months for this tenant to move would be a much more practical way to do a complete overhaul of the building. Since this tenant moved out in September, we have completely repainted the exterior of the building, remodeled two interior floors, painted the stairs, wired the building for internet access and retrofitted an existing garage so that it could serve as retail space and add to the revenues of the building. Since the renovations were completed, we have begun to market the building and have leased out 57% of the building, with verbal commitments on additional space. Once again, we anticipate that we will have the building completely rented by early spring. This building has now been renamed “Denver Center”.

In summary, we believe that these changes will substantially increase the returns from these assets, while adding minimally to our recurring costs of operating these buildings.



Before renovation of Denver Exterior



After Renovation of Denver Exterior

On a final note, on January 22nd members of our board and management team rang the opening bell at the TSXV.



Sincerely,

**Harris Kupperman**  
**Chairman & CEO**  
**Mongolia Growth Group Ltd.**

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:  
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## 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 development of real property in Mongolia and the insurance business in Mongolia; competition, financing and refinancing risks; risks related to economic conditions; risks related to regulation of the real estate and insurance business in Mongolia; political risk in Mongolia; changes in Mongolian taxation rules; claims against our insurance policies differing from our assumptions; reliance on key personnel; environmental matters; tenant and policyholder risks; risk of insurance fraud; 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.

