



March 21, 2014

February 2014 Monthly Newsletter

Shareholders of Mongolia Growth Group Ltd.,

In February 2014, MGG's core commercial property portfolio* experienced a same-store rental increase of 41.6% relative to February 2013 on properties owned 12 months or longer as measured in local currency (Mongolian Togrog). Total billed revenue for February 2014 was 242.9 million Mongolian Togrog as compared to 200.1 million Mongolian Togrog in February of 2013 or a 21.4% increase.** The occupancy rate for the core portfolio in February of 2014 was 92.7%, including an occupancy rate of 98.7% for core retail properties and an occupancy rate of 81.5% for core office properties.

Investment Portfolio, Leasing Update and North American Investor Presentations

Investment Portfolio

During the month of February we accelerated our plan to shift MGG's asset mix away from smaller properties that cost more to maintain and manage, and towards larger institutional-quality assets that are easier to scale, as we build MGG into a leading real estate company. We chose to accelerate the pace of sales in order to generate proceeds for the proposed purchase that was announced in January's letter. During February we disposed of 2 properties and have received commitments for an additional 2 property sales that we anticipate closing on over the next few months.

Leasing Update

Since the third quarter of 2013, the re-acceleration of the Mongolian economy has led to a number of new retail leases being signed at substantially higher rates than prior leases.

Most Recent Retail Lease Signings

Lease Type	Lease Renewal Date	Old Price Per Meter (Mongolian Togrog)	New Price Per Meter (Mongolian Togrog)	Percent Increase
High Street Retail Lease	October 2013	21,984	47,051	114%
Secondary Street Retail Lease	October 2013	14,075	19,705	40%
High Street Retail Lease	November 2013	18,670	39,830	113%
Secondary Street Retail Lease	January 2014	16,902	31,978	89%
High Street Retail Lease	February 2014	16,019	35,232	120%



As of the end of February, our average rent for high street retail is 21,253 Mongolian Togrog Per Meter while our rent for secondary street retail is 23,526 Mongolian Togrog Per Meter. We believe that the recent lease signings are much more indicative of current market conditions for well-located retail space in Ulaanbaatar and we anticipate that future lease signings will continue to be executed at market rates, which often tends to be substantially above our existing contracted lease rates.

Management Transition and North American Investor Presentations

The most significant recent news at MGG has been the hiring of Paul Byrne as CEO. We are all very excited to have Paul join the company and during April, I will be travelling with Paul to North America in order to meet with shareholders. We both hope that you can attend one of our four scheduled investor presentations. (Click the link below for more details on the meeting dates)

<http://mongoliagrowthgroup.com/mongolia-growth-group-ltd-newly-appointed-ceo-announces-multi-city-roadshow/>

Mongolian Economic Update

In the most recent quarter for which data is available (Q4 2013) Mongolian real GDP growth was 11.7%.

Since our previous update to you:

- Mongolia issued further information regarding the previously announced MOU with China's Sinopec regarding coal gasification plants. The project is now expected to be use total funding of US \$30 billion, allowing for the construction of four plants which will produce 16 billion cubic meter of gasified coal. By September 2014, feasibility studies of the coal gasification complex are likely to be completed, leading to plant construction in 2015-2018. The project will create 40,000 temporary jobs during construction and lead to 10,000 permanent jobs once it is completed.
- Mongolia's trade deficit during the first two months of 2014 narrowed by 94% year over year as a result of a 17.5% increase in exports
- The Prime Minister of Mongolia, N.Altankhuyag, made the opening remarks at the 4th "Coal Mongolia 2014" conference and stated that 2014 coal exports are expected to increase to 34 million tons from 18 million tons in 2013
- Mining Minister, Gankhuyag Davaajav presented the following PowerPoint at the annual PDAC mining convention in Canada where he noted Mongolia's goal of offering investors, "firm sustainability of politics, economics and legal environment."
http://www.nambc.org/docs/otg_27_02_2014_eng.pdf

We look forward to updating you again on our progress and new developments in the Mongolian economy next month.

Sincerely,

Harris Kupperman
Executive Chairman
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. Revenue numbers assume that Mandal Daatgal 's rental revenue was attributed to MGG during 2013, as opposed to having it removed on consolidation, for ease of comparisons.

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 and the insurance business 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 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.

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.

