

January 2014 Monthly Newsletter

Dear Shareholders of Mongolia Growth Group Ltd.,

We would like to wish all of our shareholders, employees, tenants and friends a very happy Tsagaan Sar and a prosperous year of the Blue Horse.

In January 2014, MGG's core commercial property portfolio* experienced a same-store rental increase of 37.7% relative to January 2013 on properties owned 12 months or longer as measured in local currency (Mongolian Togrog). Total billed revenue for January 2014 was 247.2 million Mongolian Togrog as compared to 199.5 million Mongolian Togrog in January of 2013 or a 23.9% increase.** The occupancy rate for the core portfolio in January of 2014 was 92.2%, including an occupancy rate of 98.7% for core retail properties and an occupancy rate of 79.6% for core office properties.

Investment Portfolio, Operations, and Development Update

Investment Portfolio

Over the past year, MGG has reviewed numerous potential acquisitions. During mid- February, we placed a deposit on a, centrally located, large retail focused asset in downtown Ulaanbaatar. As part of the acquisition process, we have initiated the process of obtaining bank debt from Mongolian banks.

During the month of January we continued on-track with 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. This repositioning is continuing to progress and during January we disposed of 2 additional properties. The proceeds from these sales have been applied towards the purchase price of the asset mentioned above.

Operations

We ended the month with no rental payments that were over 30 days late—which is the first time that this has happened in the history of our company. This is indicative of the financial strength and professionalism of our current tenant base. In addition, this clearly demonstrates that the productivity initiatives that we have undertaken over the past two years are now bearing fruit. We want to thank all of our employees who have worked to achieve this important goal of ours.

Management Transition & Share Transaction

On February 3, MGG announced a CFO transition whereby Talha Siddiqui will replace Matthew Aiken on an interim basis. The board has formally appointed Talha as interim CFO, effective on March 1st, 2014.

When the company initially hired Matthew Aiken in May of 2011, Harris Kupperman (Chairman & CEO) and Jordan Calonego (COO) each agreed to sell Matthew Aiken 100,000 shares of MGG stock at a reduced price as an inducement to join the company. Due to a 3-year lockup agreement that was instituted during the initial listing of MGG, the share transfer could not happen until February 3rd of 2014. It is anticipated that the share transaction will be completed before the end of February 2014. Mr. Aiken has indicated that he has no current intention of selling these shares.

Furthermore, Harris Kupperman has informed the company that he has no plans to sell or transfer any additional shares for the foreseeable future and has purchased shares in the open market during December of 2013.

Mongolian Economic Update

In the most recent quarter for which data is available (Q3 2013) Mongolian real GDP growth was 11.9%. Since we wrote you last:

- Mongolia's trade deficit in January narrowed by 93% year over year as a result of a 14% increase in exports



- The 8% mortgage program has now been responsible for issuing 31,920 low-cost mortgages (as of February 7th)
- The Petroleum Authority of Mongolia will be hosting the first annual “Oil and Oil Shale Mongolia 2014” conference in Ulaanbaatar in April. It is generally believed that Mongolia is rich in traditional oil and oil shale resources, and this conference is designed to increase interest in exploration for petroleum within Mongolia
- Mongolia has improved by 10 spots in the “Reporters Without Borders” world press freedom index, improving from 98th place in 2012 to 88th place in 2013 out of 180 countries that are ranked.

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.

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

*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.

**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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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.

