

November 2013 Monthly Newsletter

Dear Shareholders of Mongolia Growth Group Ltd.,

In November 2013, MGG's core commercial property portfolio* experienced a same-store rental increase of 23% relative to November 2012 on properties owned 12 months or longer as measured in local currency (Mongolian Togrog). The occupancy rate for the core portfolio in November 2013 was 93.9%, including an occupancy rate of 98.5% for core retail properties and an occupancy rate of 84.7% for core office properties.

Portfolio

During the month of November, we did not acquire or dispose of any property assets.

Operations

As the economy accelerates, we have seen a material increase in tenants paying rent on time. We ended the month with rent over 30 days late at less than 1% of our monthly rental revenue—which is our best rent collection performance thus far and substantially ahead of where our performance had been in prior months.

Occupancy

The Anand Building reached a 78.2% occupancy level as of November, 2013. In addition, we have recently received a request for additional space from an existing tenant which would increase the occupancy to near 92.2% when this lease becomes effective in January, 2014. We view this as a normalized occupancy level for an office building in downtown Ulaanbaatar, and above occupancy rates in comparable buildings. The successful leasing of this building completes a year of work that began with us buying the vacant and distressed asset, undertaking a complete renovation of the property for approximately USD \$300,000 and finally seeing our leasing division turn this into cash flow.

Development

Over the past few months, we have begun planning for the construction of a high-street retail location of approximately 1,000 square meters that will replace portions of an existing structure that is now obsolete. We originally purchased this property with the view to completely re-develop it and it has been vacant since we acquired it. We anticipate that this development will be completed during the fourth quarter of 2014 and involve a budget of approximately USD \$1,000,000.

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:

- Mongolian leaders have embarked on an initiative to attract foreign investment and numerous government officials have travelled overseas in order to explain the benefits of the new investment law.
- Mongolian Central Bank head, Mr. Zoljargal said that GDP could expand as much as 17% next year.
- According to Transparency International, the corruption index of Mongolia declined from 94th place to 83rd place out of 177 countries for 2013. This compares with 2009 when Mongolia was in 120th place.
- The Mining Ministry of Mongolia has issued a report on Mongolia's shale oil reserves noting that the country has approximately 60 shale oil deposits that total to approximately 700 billion tons of estimated reserves. Mongolia will look for investors to develop these resources over the next few years and ease the country off of foreign imports.
- The Development Bank of Mongolia will begin issuing its first 10-year Samurai Bonds which will be backed by a guarantee from the Japan Bank for International Cooperation. This should become a low cost source of capital for infrastructure development.



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.

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

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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.

