

## December 2013 Monthly Newsletter

Dear Shareholders of Mongolia Growth Group Ltd.,

In December 2013, MGG's core commercial property portfolio\* experienced a same-store rental increase of 23.6% relative to December 2012 on properties owned 12 months or longer as measured in local currency (Mongolian Togrog). Total billed revenue for December 2013 was 243.9 million Mongolian Togrog as compared to 187.5 million Mongolian Togrog in December of 2012 or a 30.1% increase.\*\* The occupancy rate for the core portfolio in December 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.

### Investment Portfolio, Operations, and Development Update

#### *Investment Portfolio*

During the month of December 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 making progress and during December we disposed of 1 property. Since we began this plan in May of 2013, we have sold 6 of the 23 assets we set out to dispose of. We expect to substantially conclude the repositioning by the middle of 2014.

#### *Strategy*

During December, we completed the sale of Mandal Daatgal, enabling MGG to re-focus its energies on the property sector which is currently experiencing significant growth alongside the growth of the Mongolian economy. We expect to begin realizing substantial savings at the corporate level, beginning in the first quarter of 2014. In addition, we have re-aligned our rents from Mandal to market rates, leading to an increase in our revenues.

#### *Community Involvement*

Throughout the year, MGG has advanced its mission to help provide equal opportunities for the less fortunate in Mongolia. MGG has continued in its highly successful education initiatives for the third consecutive year, donating over 400 books to the three schools that were selected as part of the program in 2011.

In addition, throughout the year, members of the company donated significant time and personal resources to 3 different orphanages. Employees provided mentorship, food, warm clothes and improvements to each of their facilities.

### 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 Ministry of Economic Development has projected that the GDP will grow at 14.7% in 2014
- Mongolia sold \$290 million worth of Samurai Bonds at an interest rate of 1.52% which are backed by a guarantee from the Japan Bank for International Cooperation (JICA)
- Trade and Development Bank of Mongolia has issued Mongolia's first Renminbi-denominated bond, raising Rmb 700 million (USD \$ 115 million)



- Mongolia has reduced the tax on gold mining from 10% to 2.5% in an effort to increase investment in gold mining
- December's foreign direct investment figure was US \$196.6 million, the highest since May of 2013. The increase is attributed to the new and improved foreign investment law

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](http://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](http://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](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.

