

April 29, 2014

March 2014 Monthly Newsletter

Dear Shareholders of Mongolia Growth Group Ltd.,

In March 2014, MGG's core commercial property portfolio* experienced a same-store rental increase of 34.2% relative to March 2013 on properties owned 12 months or longer as measured in local currency (Mongolian Togrog). Total billed revenue for March 2014 was 267.4 million Mongolian Togrog as compared to 205.9 million Mongolian Togrog in March of 2013 or a 29.8% increase.** The occupancy rate for the core portfolio in March of 2014 was 91.7%, including an occupancy rate of 97.5% for core retail properties and an occupancy rate of 80.6% for core office properties.

Investment Portfolio, Operations Update, 2014 Mongolia Investor Trip & Investor Road Show Presentation

Investment Portfolio

During the month of March, we continued 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. During March we disposed of 1 property. Over the course of the first three months of 2014, we have disposed of a total of 6 properties and received commitments to sell an additional 2 properties.

Operations Update

During March we began an initial analysis of our corporate structure in Mongolia with the goal of achieving efficiencies in that structure. As part of this process we have created MGG Properties LLC, which will serve as the future management company for our property assets. Shifting all expenses to this management company will reduce costs and improve operating efficiency by consolidating most costs into one operating subsidiary. In addition to reducing costs and increasing operating efficiency, having a single management company will increase the attractiveness of our business when we begin to aggressively attract third party asset management contracts in the future. We anticipate that this restructuring will be substantially completed by the third quarter of 2014, leading to reduced operating expenses, particularly in professional fees.

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.

2014 Mongolia Investor Trip

At MGG, we are very proud of the progress we have made over the past three years. As you are likely aware, it's one thing to read company filings and attend a corporate presentation—it's quite different to actually travel to Mongolia, meet our employees and see our assets in person. Most importantly, you'll see a country that has become quite special to me. Since starting this company, we have had dozens of visitors and I hope that you will come and join us in Mongolia this year during our scheduled investor trip from August 29th to 31st.



Investor Road Show Presentation

MGG has now posted its corporate presentation from the investor road show on its website. You can view the presentation by clicking the following link

http://mongoliagrowthgroup.com/wp/wp-content/uploads/2014-Roadshow-Presentation.pdf

Mongolian Economic Update

During 2013, Mongolia's GDP was 11.7%.

Since our previous update to you:

- Mongolia's exports in the first three months of the year increased to US \$986.9 million compared to US \$809.1 million in 2013
- A consortium of three Mongolian mining companies and Shenhua Group Corp of China will jointly construct a
 US \$200 million railroad across the Mongolian-Chinese border. When completed, the railroad will reduce the
 transport cost of coal by approximately \$8 per ton, substantially increasing the competitiveness of Mongolian
 coal.
- Mongolia's central bank said it will extend a bilateral local currency-swap line with the People's Bank of China for three years and double its size to 20 billion Yuan.
- A concession agreement has been signed to build a highway connecting China and Russia through the capital city of Ulaanbaatar. The road will be approximately 1,000 km long and create construction jobs for 5,500 to 7,000 people during the construction period.
- The Ministry of Culture, Sport and Tourism has opened a website <u>www.travel2mongolia.com</u> to provide
 international organizations, individuals and tourists with general news about Mongolia. Tourism is a rapidly
 growing industry in Mongolia and helps to diversify the economy away from the mining industry.

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.



