

Investor Update

Milestone Real Estate High Yield Debt Series - II

Relstruct Group, Mumbai – Residential Development

Developer Group	Relstruct Group
Company	Relstruct Dream homes Private Limited
Project	Anand Tower, Tilak Nagar and Hill View, Chembur
Location	Tilak Nagar / Chembur
Type	Residential Development
Project Overview	<ul style="list-style-type: none"> • Hill View is a slum redevelopment project in Chembur. The project comprises three rehab wings and one sale wing with a saleable area of 2.44 lakh sq ft. Two rehab towers have been fully completed and handed over. • Anand Tower is a MHADA redevelopment project being undertaken at Tilak Nagar in Mumbai comprising two rehab wings and one sale wing with a saleable area of 1.11 lakh sq ft across 1 and 2 BHKs and shops at the ground level.
Current Investment (Through PMS)	INR 5.32 Cr
Principal Outstanding	INR 5.11 Cr
Investment Structure	Investment in NCDs
Details of purchase and sale during the year	Nil
Beneficial interest received during the year in form interest, dividend, bonus, shares, right shares etc	Nil
Expenses incurred in managing the portfolio	Nil
Details of risk foreseen by the portfolio manager for investment or disinvestment	Not Applicable
Default in payment of coupon or any other default	Not Applicable
Details of commission paid to distributors	Nil
Security	<ul style="list-style-type: none"> • Mortgage of development rights of both projects • Personal guarantee of promoters of the SPV • Pledge of 100% shares of the SPV
Investment Date	June 2017
Tenure	36 months
Transaction Overview	<ul style="list-style-type: none"> • Investment with the Relstruct Group for two ongoing projects in Chembur and Tilak Nagar. • The investment is in a structured debt format through Non-Convertible Debentures for a tenure of 36 months.
Project Status	<p>The promoter who was not available since December 2018 due to the ongoing investigation (in relation to his other project) has also resumed work in November 2020. The Fund has initiated the process to take stock of the status of the projects from him,</p> <p>Anand Tower</p> <p>Based on preliminary information provided by the developer, the project is in the last leg of completion and application for the Occupancy Certificate (“OC”) will be made soon. Basis our discussion and according to the preliminary information provided by the developer delay in project execution and promoter not being available for almost 2 years has led to cost escalations in the project. We have sought further details and clarification on the project details which is yet to be made available to us.</p> <p>Hillview</p> <ul style="list-style-type: none"> • We are still awaiting the updated project status from the developer. On the basis of information made available to us till date, the developer has cast till the 26th slab which is the full potential under the current commencement certificate. Two out

of the three rehab buildings are fully complete and have been handed over. All the slabs have been cast for the third rehab building. The project is fully sold except for one flat. Though the collections from customers have completely dried up, the construction is being undertaken through funding from the project construction contractor, albeit at a slow pace. As a result, the project has been delayed in comparison to the timelines set in the business plan.

- The developer has represented that it is in advanced stages of obtaining the revised letter of intent ("LOI"). However, the lockdown has impacted the approval process timeline.
- The increased FSI is expected to increase the sale component potential of the project.
- In view of the default in interest and principal payments, the Fund has recalled the entire investment amount requiring the developer and promoters to repay the entire investment amount along with interest.
- In the light of above developments, the Fund has stopped accruing interest on NCDs from April 2019.

Legal and Regulatory Update

- One of the promoters of the company (through another firm) had developed another residential project at Tilak Nagar, where a fire broke out. Investigation in the matter is currently ongoing. The Fund's investee company has no involvement in that project. However, because of the ongoing investigation against the Promoter, the pace of the work at Anand Tower and Hill View was largely constrained. The Promoter of the company has now resumed work on both the projects which had earlier slowed down due to the ongoing investigation
- Event of Default (EOD) as per DTD was invoked and EOD notice was sent in April 2019 and a follow up EOD notice in August 2019
- Subsequently a Recall Notice for redemption of all debentures was sent in October 2019
- A notice invoking the personal guarantee provided by the promoters of Relstruct was sent in March 2020. After the Covid-related restrictions ease, the Fund shall initiate further legal proceedings, if required
- There has been a delay from the developer in sharing the required information. The Fund has sent a notice to the Company to expedite the sharing of information in January 2021.
- Further, on the basis of preliminary information shared by the developer, we have noticed irregularities in the handling of the project cash flows and deviations from the business plan agreed in the DTD. Clarifications on the all these points have been sought from the promoter but we are yet to receive explanations for all the points raised. Hence a legal notice was sent to initiate criminal action against the promoters and company in March 2021. We are evaluating all options for recovering our investment and appropriate action in that regard will be taken soon.
- Commercial suit was filed in the Mumbai High Court on 29th November, 2021 through the lawyers Manilal Kher. In order dated 26th February, 2022, our submissions were unequivocally admitted and the Relstruct Group was directed to provide details of the project receivables and their personal assets. A court receiver may soon be appointed.
- Further efforts have been initiated to enter into a negotiated settlement with the society of the projects Hill View to provide an exit to Milestone PMS and Edelweiss AIF Fund who have jointly invested in the project. However the same have failed to produce any outcome as the society was not forthcoming with any offer.

- The Nominee Debenture Holders namely Edelweiss AIF Fund has sought proposals from potential buyers through JLL by placing 2 paper advertisements, an offer of Rs. 5,00,00,000/- (Rupees Five Crore) against the total investment of Rs. 25,00,00,000/- (Rupees Twenty Five Crore) was received from M/s Kuber Heritage LLP. Further the Debenture Trustee obtained approval from majority Debenture holders to exit from the investment. Further, an Agreement for Sale and Transfer of Debentures was signed with M/s Kuber Heritage LLP & Catalyst Trusteeship Limited (Debenture Trustee acting on behalf of various debenture holders) to sell & transfer 2,500 (Two Thousand Five Hundred) senior fully secured redeemable non-convertible debentures of the face value of INR 1,00,000/- (Rupees One Lakh) each, aggregating to an total amount of INR 25,00,00,000/- (Rupees Twenty-Five Crores), ("NCDs") for an aggregate consideration of Rs. 5,00,00,000/- (Rupees Five Crores). The distribution of above sale consideration has been proportionately made available to the NCD holders post setting aside all the cost & expenses incurred till the date of transfer of NCD from the sale consideration as determined by an independent chartered accountant. Accordingly, Milestone Capital Advisors Private Limited ("MCAPL") acting as a discretionary Portfolio Management Services (PMS) Manager for the investors of Milestone Real Estate High Yield Debt Series - II holding 511 NCDs of Relstruct Dream Homes Private Limited through its PMS investors has received an amount of Rs. 80,88,466/- (Rupees Eighty Lakhs Eighty Eight Thousand Four Hundred and Sixty Six Only) and the same is being distributed to the debenture holders on a pro rata basis. As majority debenture holders demat account are in freeze mode we are in the process of activating their account and making payout to all the debenture holders against transfer of their NCDs to the buyer. With this exit, the Milestone Real Estate High Yield Debt Series - II has successfully exited from its pending investment in Relstruct Dream Homes Private Limited.