



April-June, 2013



MILESTONE DOMESTIC SCHEME - I

Dear Investors

Greetings!

Please find enclosed the Investors Update for Milestone Domestic Scheme – I (“the Fund”) for the quarter ending June 30 2013.

The real estate sector continues to face funding crunch especially from institutional players on account of risk aversion and weak sector outlook. RBI announced further 25 basis point cut in the bank rate in the current quarter. However, RBI’s tone remains hawkish given the current account deficit and weakening exchange rate, indicating tight liquidity scenario to continue for some time. RBI has also allowed External Commercial Borrowings for affordable housing through a centralized mechanism.

In the Real Estate sector, India has moved one more step closer to regulate and bring transparency to the sector; the Cabinet has recently proposed the draft Real Estate Regulation and Development Bill, aimed to protect consumer interests, promote accountability and reinforce confidence and trust amongst investors.

The developers are launching aggressive marketing campaigns (20:80 schemes), offering pre-launch discounts, complimentary features etc. to lure customers. The constant changes in development regulations, environmental laws led to some uncertainty in the sector, which has resulted in home buyers opting for well known developers.

Mumbai real estate market witnessed slow down in new launches, slow sales and high property prices leading to rising inventories. Recent launches with aggressive marketing campaigns and pre-launch discounts are expected to improve sales velocity.

Bangalore and Chennai have experienced highest absorption rates with relatively low inventories. The prices are expected to continue to move upwards.

NCR is showing some signs of stress with slow down in absorption and stagnating prices. However, with massive infrastructure getting created, new periphery locations are emerging. Noida and Greater Noida markets have witnessed price stagnation due to large constant supply.

Pune is a stable market with moderate price increase. New launches are mainly driven around IT/ITES corridors.

With regards to MDS - I, it is fully committed and invested across 15 investments primarily in the residential developments across India.

During this quarter, the Fund has concluded partial exits from Insignia (Mumbai) and Orchid (Jaipur) project and has received divestment proceeds from both these deals. The Fund is in an advanced stage of discussions with the developers to provide exit from Nagpur and Hyderabad projects. We expect to conclude these in next 45-60 days.

The Fund has also initiated the annual valuation exercise through Knight Frank (India) Pvt. Ltd. (International Property Consultant) for its investment portfolio. The same is under finalization and the final report will be shared separately with the Investors on completion.

We thank you for your continued support.

Regards,

Board of Directors

Milestone Domestic Scheme I

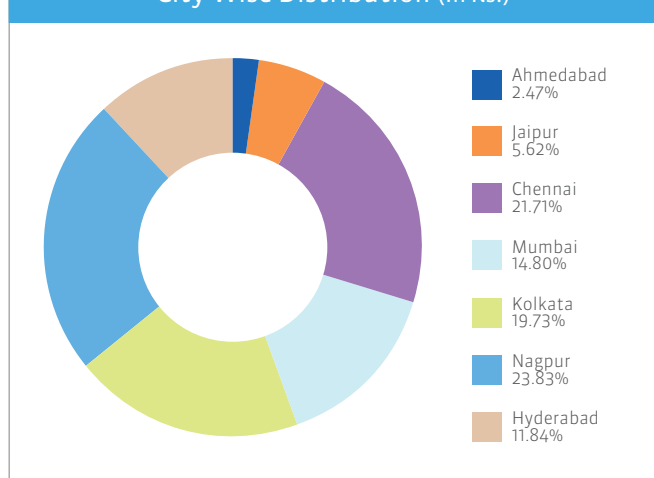
FUND SUMMARY AS ON JUNE 30, 2013

Total Fund Size	Rs. 229.30 Crores
Final Closing Date	31st March, 2008
Term	5 years + 1 year + 1 year
No. of Investments	15
Committed Amount	Rs. 203.30 Crores
Capital Divested	Rs. 92.87 Crores (41%)
Income Generated (Pre-tax)	Rs. 48.26 Crores
Total Exit Amount	Rs. 141.13 Crores (62%)

INVESTMENT SUMMARY AS ON JUNE 30, 2013

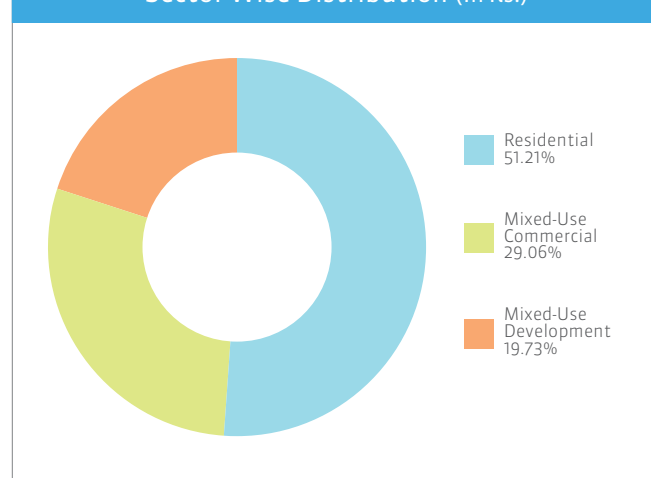
					Rs. Crore
No.	Project	Partner	Location	Initial Investment Date	Fund's Commitment
1	Orchid	UDB Group	Jaipur	Aug-07	11.40
2	Platina	Koncept Ambience Manjeera & Gowra Ventures	Hyderabad	Sep-07	24.60
3	Various	Ramaniyam	Chennai	Various	44.00
4	Leela Gardens	Leela Arcades	Nagpur	Jan-08	9.80
5	Assa House	Milestone Group	Nagpur	Jan-08	28.50
6	Harihar	Harihar Housing	Nagpur	Dec-07	10.00
7	Prakriti	Godrej Properties	Kolkata	Aug-09	40.00
8	Insignia	Dheeraj	Mumbai	Jan-08	30.00
9	Sanand Kadi Highway	Sheth Builders	Ahmedabad	Feb-08	5.00

City-Wise Distribution (In Rs.)



Shown above is the city-wise distribution (in Rs.) of the various projects in the portfolio

Sector Wise Distribution (In Rs.)



Shown above is the sector-wise distribution (in Rs.) of the various projects in the portfolio

Milestone Domestic Scheme I

PORTFOLIO EXIT DETAILS AS ON JUNE 30, 2013							RS. CRORE
No.	Project	Location	Capital Invested	Capital Divested	Income Generated (Pre Tax, Pre expenses)	Total	% Capital Divested
1	Platina	Gachibowli, Hyderabad	24.00	5.58	2.71	8.29	23.25%
2	Ramaniyam Group Projects*	"Siruseri Sholinganallur, Thiruvanmiyur, Pallavakkam, Koyembedu, Pallikarnai and Nelson Manickem Road in Chennai"	44.00	25.67	7.49	33.16	58.34%
3	Leela Gardens	Snehnagar, Nagpur	9.80	0.75	0.00	0.75	7.65%
4	Ahmedabad	Sanand, Kadi Highway	5.00	5.00	0.90	5.90	100.00%
5	Insignia	Kalina, Mumbai	30.00	14.86	17.83	32.69	49.53%
6	Godrej Prakriti	Sodepur, Kolkata	40.00	39.51	19.33	58.84	98.78%
7	Orchid	Jaipur	11.40	1.50	0.00	1.50	13.16%
Total			164.20	92.87	48.26	141.13	

*Across 7 projects in multiple locations

Gauravv, Chennai



Location	Sholingallur, Chennai
Partner	Ramaniyam
Asset Class	Residential
Committed Amount	Rs. 24 Crores across 4 projects
Disbursed Amount	Rs. 24 Crores across 4 projects
Date of Initial Investment	March 2008
Project Stage	Construction and Sales/ Partial Exit
Land Area	2.4 Acres
Total Saleable Area	169,477 Sq. Ft. (approximately)
Approval Status	Approvals in place
Construction Status	Nearing completion
Sales Status	More than 95% sold
Divested Amount	Rs. 12.47 Crores across 4 projects
Income Generated	Rs. 6.62 Crores across 4 projects

Transaction Overview and Investment Rationale

The project is in partnership with Ramaniyam Real Estates Pvt. Ltd. - a well established and experienced developer in Chennai.

The project is a premium residential project that is strategically located around Old Mahabalipuram Road - the IT corridor of Chennai.

Project Plan

The project plan is to develop 4 blocks of premium residential apartments over 2.4 Acres, amounting to approximately 169,477 sq ft of saleable area.

Current Status and Recent Developments

Block I and Block III - All work is complete. Landscape work is in progress. Applied for Completion Certificate.

Block IV - Final Finishing work is in progress.

Few apartments have been handed over for fitouts.

OC for Block - II obtained.

Way Forward and Exit Strategy

Partial exit from this project has already been made, and the Fund hopes to make a full exit on the completion of construction and on the sale of the entire project.

Chaitanya, Chennai



Location	Koyembedu, Chennai
Partner	Ramaniyam
Asset Class	Residential
Committed Amount	Rs. 24 Crores across 4 projects
Disbursed Amount	Rs. 24 Crores across 4 projects
Date of Initial Investment	March 2008
Project Stage	Partial Exit
Land Area	2.48 Acres
Total Saleable Area	184,400 sq ft (approximately)
Approval Status	In place
Construction Status	Commenced
Sales Status	Launched
Divested Amount	Rs. 12.47 Crores across 4 projects
Income Generated	Rs. 6.62 Crores across 4 projects

Current Status and Recent Developments

Project 60% completed & 90% sold
RCC Structure ready. Brick work & plastering in progress.

Project Plan

Expected completion in next 9 months

Way Forward and Exit Strategy

There is a chance of land acquisition from the Chennai Metro Rail Limited (CMRL). Fund expected to exit on completion and sale of the project.

Pallavakkam Bungalows, Chennai



Location	Pallavakkam, Chennai
Partner	Ramaniyam
Asset Class	Residential
Committed Amount	Rs. 24 Crores across 4 projects
Disbursed Amount	Rs. 24 Crores across 4 projects
Date of Initial Investment	March 2008
Project Stage	Construction/Partial Exit
Land Area	0.99 Acres
Total Saleable Area	40,000 sq ft (approximately)
Approval Status	Approvals received for 3 bungalows
Construction Status	In progress
Divestment Amount	Rs. 12.47 Crores across 4 projects
Income Generated	Rs. 6.62 Crores across 4 projects

Transaction Overview and Investment Rationale

The project is in partnership with Ramaniyam Real Estates Pvt. Ltd. - a well established and experienced developer in Chennai.

The project is a gated bungalow community at reasonable prices that is located less than 500 meters from the sea.

Current Status and Recent Developments

The project development is on hold due to zoning issue

Way Forward and Exit Strategy

We are in the process of finalising exit through sale of our equity interest back to developer, which is expected to be finalised in coming 2-3 months.

Stone Arc, Chennai



Location	Thiruvanmiyur, Chennai
Partner	Ramaniyam
Asset Class	Residential
Committed Amount	Rs. 24 Crores across 4 projects
Disbursed Amount	Rs. 24 Crores across 4 projects
Date of Initial Investment	March 2008
Project Stage	Full Exit
Land Area	0.94 Acres
Total Saleable Area	50,557 sq ft (approximately)
Approval Status	In Place
Construction Status	Completed
Sales Status	Sold
Divested Amount	Rs. 12.47 Crores across 4 projects
Income Generated	Rs. 6.62 Crores across 4 projects

Transaction Overview and Investment Rationale

The project is in partnership with Ramaniyam Real Estates Pvt. Ltd. - a well established and experienced developer in Chennai.

The project is an up market residential complex with 11 blocks that is located in Thiruvanmiyur, a suburb of Chennai with excellent infrastructure and good connectivity.

Exit

Full exit has been made from this project.

Auroville, Chennai



Location	Pallikarnai, Chennai
Partner	Ramaniyam
Asset Class	Residential
Committed Amount	Rs. 3.2 Crores
Disbursed Amount	Rs. 3.2 Crores
Date of Initial Investment	May 2008
Project Stage	Construction and Sales/Partial Exit
Land Area	1.25 Acres
Total Saleable Area	151,110 sq ft (approximately)
Approval Status	In Place
Construction Status	In progress
Sales Status	97% sold
Divested Amount	Rs. 2.80 Crores
Income Generated	Rs. 0.71 Crores

Transaction Overview and Investment Rationale

The project is in partnership with Ramaniyam Real Estates Pvt. Ltd. - a well established and experienced developer in Chennai.

The project is located on the road connecting Old Mahabalipuram Road and Grand Southern Trunk Road with a strong catchment of IT/ITeS players making it a good location for a premium residential project.

Project Plan

The project plan is to build 151,110 sq ft (approximately) of premium residential space on 1.25 Acres of land in an upcoming residential area in Chennai offering state of the art amenities and features at affordable prices.

Current Status and Recent Developments

External development and handing over preparations in progress.

Final finishing work & handing over preparation are on.

Completion Certificate being applied for.

Way Forward and Exit Strategy

Partial exit has already been made from this project.

The fund expects to exit from this project on completion of construction and sales.

Lalah Tower, Chennai



Location	Nelson Manickem Road, Chennai
Partner	Ramaniyam
Asset Class	Commercial
Committed Amount	Rs. 6.40 Crores
Disbursed Amount	Rs. 6.40 Crores
Date of Initial Investment	July 2008
Project Stage	Construction
Land Area	2.26 Acres
Total Saleable Area	287,072 sq ft (approximately)
Approval Status	Approvals are in place
Construction Status	In progress
Leasing Status	Negotiations under way
Divested Amount	-
Income Generated	-

Transaction Overview and Investment Rationale

The project is in partnership with Ramaniyam Real Estates Pvt. Ltd. - a well established and experienced developer in Chennai.

The project is strategically located on Nelson Manickam Road - one of the fastest growing commercial areas in Chennai with excellent infrastructure.

Project Plan

The project plan is to develop 287,072 sq ft (approximately) of premium commercial space on 2.26 Acres of land in the heart of Chennai.

Current Status and Recent Developments

Block work & outer plaster work is in progress.

Negotiations are underway with potential tenants for leasing of office space.

Completion Certificate being applied for.

Way Forward and Exit Strategy

Sale of project on 'as is basis' to 3rd party being contemplated to facilitate exit.

Harihar, Nagpur



Location	Wardha Road, Nagpur
Partner	Harihar Housing
Asset Class	Residential
Committed Amount	Rs. 10 Crores
Disbursed Amount	Rs. 10 Crores
Date of Initial Investment	December 2007
Project Stage	Construction
Land Area	25.00 Acres
Total Saleable Area	670,000 sq ft (approximately)
Approval Status	Layout approvals received
Construction Status	In progress
Sales Status	Outright sale in progress
Divested Amount	-
Income Generated	-

Transaction Overview and Investment Rationale

The project is in partnership with Harihar Housing (now Harihar Infrastructure Development Corporation) - a well known developer in Central India.

The project is an integrated residential township, located off Wardha Road close to the MIHAN project (Multi-modal International Cargo Hub and Airport) that has initiated a lot of demand and activity in the area.

Project Plan

The project plan is to develop an integrated residential township over 25 acres at affordable prices.

Current Status and Recent Developments

Infrastructure and construction work has commenced. Internal road and approach road is partly completed.

Sample flat constructed on site.

Way Forward and Exit Strategy

Fund in discussion for a negotiated sale back to developer and proceeds expected to be received over the next 18 months

Assa House, Nagpur



Location	Kingsway, Nagpur
Partner	Milestone Group
Asset Class	Commercial
Committed Amount	Rs. 28.5 Crores
Disbursed Amount	Rs. 28.5 Crores
Date of Initial Investment	January 2008
Project Stage	Construction
Land Area	0.54 Acres
Total Saleable Area	53,000 sq ft (approximately)
Approval Status	1.25 FSI Approval Received
Construction Status	In progress
Sales Status	Not launched
Divested Amount	–
Income Generated	–

Transaction Overview and Investment Rationale

The development of the project is being carried out by the Milestone Group.

The project is located on Jai Narayan Marg, Mohan Nagar, in the heart of Nagpur and offers tremendous opportunity due to its central location.

Project Plan

The project plan is to develop a 87,000 sq ft (based on FSI of 2.0x) of commercial space in the heart of Nagpur.

Currently we have received approval for 1.25x FSI resulting in 53,000 sq ft saleable area.

However, there is a potential for increase upto 87,000 sq ft upon clarification from Nagpur Municipal corporation.

Current Status and Recent Developments

3rd floor slab is complete.

4th floor slab is in progress. Ramp foundations are in progress.

Leasing & sale options being explored but the market is weak currently.

Project construction is in progress & expected to be completed by year end.

Way Forward and Exit Strategy

Milestone plans to exit from the project once construction is complete and most of the property is leased/sold in order to ensure maximum gains from the project.

Balance increase in area is dependent on clarification from Nagpur Municipal Corporation.

Leela Gardens, Nagpur



Location	Snehnagar, Nagpur
Partner	Leela Arcades
Asset Class	Residential
Committed Amount	Rs. 9.80 Crores
Disbursed Amount	Rs. 9.80 Crores
Date of Initial Investment	January 2008
Project Stage	Construction and Sales/Partial Exit
Land Area	0.84 Acres
Total Saleable Area	119,383 sq ft (approximately)
Approval Status	In place
Construction Status	Nearing Completion
Sales Status	Sold Out
Divested Amount	Rs. 0.75 Crores
Income Generated	-

Transaction Overview and Investment Rationale

The project is a premium residential development, located in Snehnagar which is 2 Km from the Dr. Babasaheb Ambedkar Airport (Nagpur Airport) and is opposite upcoming 5 star hotels like Radisson, Hyatt and the Orchid.

Project Plan

The project plan is to develop 119,383 sq ft of premium residential space in a good location in Nagpur.

Current Status and Recent Developments

Major construction is complete. However currently project is stalled.

Way Forward and Exit Strategy

Fund is exploring legal options to recover the investment made in the project.

Prakriti, Kolkata



Location	Sodepur, Kolkata
Partner	Godrej Properties
Asset Class	Residential Development
Committed Amount	Rs. 40 Crores
Disbursed Amount	Rs. 40 Crores
Date of Initial Investment	August 2009
Project Stage	Construction and Sales/Partial Exit
Land Area	24.22 Acres
Total Saleable Area	2,900,000 sq ft (approximately)
Approval Status	In Place
Construction Status	In Progress
Sales Status	In progress
Divested Amount	Rs. 39.51 Crores
Income Generated	Rs. 19.33 Crores

Transaction Overview and Investment Rationale

The project is in partnership with Godrej Properties - a well established national brand that is known for its good locations, great value and excellent construction.

The project is located on Barrackpore Trunk Road (an arterial road in Kolkata) in Sodepur close to Rajarhat, the upcoming IT/ITeS hub in Kolkata.

Project Plan

The project plan is to develop an integrated residential community spread over 24.22 acres which offers all the comforts and conveniences of modern and urban living.

Current Status and Recent Developments

Phase I - Completely sold.

Phase II - 409 units sold.

Phase III - 275 units sold.

Phase IV - 308 units sold.

Phase V - Launched recently.

Way Forward and Exit Strategy

The fund has made significant exit from the project generating approx 19.5% IRR (pre-tax).

Balance stake also expected to be divested by August 2013.

Insignia, Mumbai



Location	Kalina, Mumbai
Partner	Dheeraj Realty
Asset Class	Residential
Committed Amount	Rs. 30 Crores
Disbursed Amount	Rs. 30 Crores
Date of Initial Investment	February 2010
Project Stage	Construction and Sales/Partial Exit
Land Area	2.25 Acres
Total Saleable Area	580,000 sq ft (approximately)
Approval Status	In Place
Construction Status	In progress
Sales Status	80% sold
Divested Amount	Rs. 14.86 Crores
Income Generated	Rs. 17.83 Crores

Transaction Overview and Investment Rationale

The project is in partnership with Dheeraj Realty - an experienced and renowned name in the industry.

The project is located in Kalina, Mumbai - just outside Bandra Kurla Complex, the secondary business district of Mumbai that is fast becoming the national head quarters for major international and national businesses.

Project Plan

The project plan is to develop premium residential space close to Mumbai's commercial hub hence offering homes close to offices along with state of the art amenities like an open-sky swimming pool, jogging track, children's play area among other things.

Current Status and Recent Developments

Construction work has commenced on all six wings. Basement partly completed.

Revised approval for development under process.

The project has received a good sales response and 80% of the apartments are already booked. On receiving the required approvals, construction will commence and further payments from the buyers will be due which will mobilize cash flows.

Way Forward and Exit Strategy

The fund has negotiated an exit & has already received part of the amount Rs. 22 crores (approx) in June 2013 quarter.

Orchid, Jaipur



Location	Ajmer Road, Jaipur
Partner	Unique Dream Builders
Asset Class	Residential
Committed Amount	Rs. 11.40 Crores
Disbursed Amount	Rs. 11.40 Crores
Date of Initial Investment	August 2007
Project Stage	Construction and Sales
Land Area	2.61 Acres
Total Saleable Area	252,455 sq ft (approx.)
Approval Status	In Place
Construction Status	Commenced
Sales Status	Over 60% sold
Divested Amount	Rs. 1.50 Crores
Income Generated	-

Transaction Overview and Investment Rationale

The project is in partnership with Unique Dream Builders, a renowned name in the construction industry in Rajasthan. The project is a luxurious residential complex located on Ajmer Road with well-developed infrastructure and good frontage.

Project Plan

The project plan is to develop 4 towers with a total of 246 flats totaling to approximately 252,455 sq ft of residential space on Ajmer Road, Jaipur. The development will offer a club house and amphitheatre among other amenities for its residents.

Current Status and Recent Developments

Construction of Block A, Block B, Block C and Block D is in progress.

Block A - Structure complete, external painting in progress

Block B - Structure complete, internal finishing in progress

Block C - 7th floor slab work completed.

Block D - 4th floor slab is in progress.

Over 65% of the flats have been sold.

Way Forward and Exit Strategy

The fund has negotiated exit by selling its interest back to the developer.

Money is expected to be received over the next 12 months.

Platina, Hyderabad



Location	Gachibowli, Hyderabad
Partner	GM Infra Ventures
Asset Class	Mix use Commercial
Committed Amount	Rs. 24.60 Crores
Disbursed Amount	Rs. 24.00 Crores
Date of Initial Investment	September 2007
Project Stage	Construction/Partial Exit
Land Area	2.60 Acres
Total Saleable Area	Commercial - 400,000 sq ft Hotel - 150,000 sq ft (approx)
Approval Status	Major approvals in place
Construction Status	In progress
Sales Status	In progress
Divested Amount	Rs. 5.58 Crores
Income Generated	Rs. 2.71 Crores

Transaction Overview and Investment Rationale

The project is being developed by GM Infra Ventures, a joint venture between Manjeera, Gowra Ventures, Konzept Ambience and Milestone - all reputed names in the industry.

The project is a premium commercial space located at Gachibowli - a major IT suburb of Hyderabad and home to many top IT companies like Microsoft IDC, Wipro and Infosys.

Project Plan

The project plan is to develop 400,000 sq ft of premium office space and approximately 150,000 sq ft for a hotel in Gachibowli, Hyderabad.

Current Status and Recent Developments

Construction work for both Block A and Block B has commenced.

Internal finishes & services work in progress in both blocks.

Further approx Rs. 60 cr. to be spent on construction.

Sales and leasing discussions are under way. Approximately 1,50,000 sq. ft. has been sold.

Project completion expected by June 2014

Way Forward and Exit Strategy

Due to time over-run of the project and uncertain socio-political environment in Hyderabad, project has been delayed from original plan.

Negotiating an exit with developer to receive money over 6 months.

Disclaimer: The contents of this bulletin is for information purpose only and should not be construed as advice, representation or warranties from Milestone Group. You are advised to carry out an independent inquiry, investigation / analysis before relying on the information provided herein. Milestone Group will not be liable for any loss or damage whatsoever arising as a result of any person acting or refraining from acting in reliance on any information contained therein or anything stated or omitted to be stated herein or for any other reason whatsoever. Milestone Group accepts no liability for any errors, misprints, inaccuracy or omission in this publication.



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