



April-June, 2014



MILESTONE DOMESTIC SCHEME - I

Dear Investors,

Please find enclosed the investment update for Milestone Domestic Scheme – I (the “Fund”) for the quarter ended 30 June 2014.

During the last quarter, India witnessed a change in government at the centre as NDA came to power with a clear mandate. Budget 2014-15 clarifies that REITs, which are a fairly successful concept internationally, would get a tax pass-through status. The housing loan rebate on interest paid on self-occupied property has been increased from Rs 1.5 lacs to Rs 2.0 lacs for individuals. Amendment in FDI norms would facilitate access of foreign capital to smaller builders and promote affordable housing. The Reserve Bank of India (RBI) kept the key rates unchanged and reduced the Statutory Liquidity Ratio of scheduled commercial banks by 50bps. This will ensure enough liquidity with the banks to increase lending to the real estate industry.

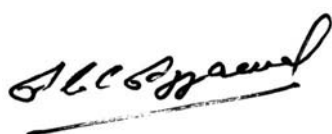
Residential sales have declined substantially in Q1-2014 compared to previous quarter levels. With nearly 49,391 units being sold during Q1-2014 it is 53% less than the sales recorded during the peak in Q1-2011. Residential sales have remained subdued in the previous quarter on account of high prices making it unaffordable to purchase a house in most markets along with high interest rates. We expect the sales to pick up in the near future owing to improvement in sentiment and likely growth in economy.

During this quarter, the Fund has concluded full exits from 3 projects namely – Chaitanya and Gaurav of Ramaniyam group, Chennai and Orchid of UDB, Jaipur. The fund received total proceeds of Rs 22.03 crores from various portfolio companies as divested capital and income. We have recently made the seventh distribution from the Fund in July 2014 for Rs. 26.9 crores.

We will continue to focus on exits during the remaining life of the fund.

We thank you for your continued support.

Regards,



Alok Aggarwal

Managing Partner & CEO – Real Estate

Milestone Domestic Scheme I

FUND SUMMARY AS ON JUNE 30, 2014

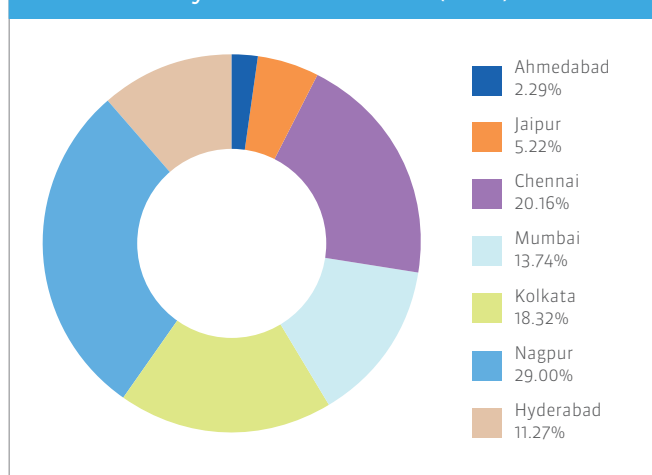
Funds Received	Rs. 219.3 Crores
Final Closing Date	31st March, 2008
Term	5 years + 1 year + 1 year
No. of Investments	15
Committed Amount	Rs. 218.3 Crores
Capital Divested	Rs. 142.5 Crores (65%)
Income Generated (Pre-tax)	Rs. 67.6 Crores
Total Exit Amount	Rs. 210.1 Crores (96%)

INVESTMENT SUMMARY AS ON JUNE 30, 2014

Rs. CRORES

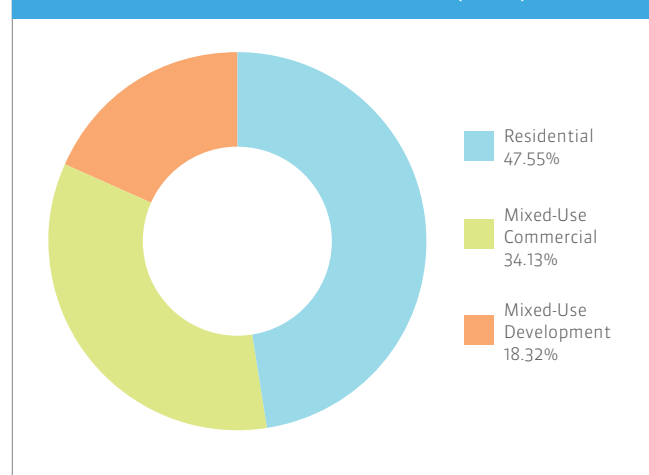
No.	Project	Partner	Location	Initial Investment Date	Fund's Commitment
1	Sanand Kadi Highway	Sheth Builders	Ahmedabad	Feb-08	5.00
2	Various	Ramaniyam	Chennai	Various	44.00
3	Harihar	Harihar Housing	Nagpur	Dec-07	10.00
4	Assa House	Milestone Group	Nagpur	Jan-08	43.50
5	Leela Gardens	Leela Arcades	Nagpur	Jan-08	9.80
6	Prakriti	Godrej Properties	Kolkata	Aug-09	40.00
7	Insignia	Dheeraj	Mumbai	Jan-08	30.00
8	Orchid	UDB Group	Jaipur	Aug-07	11.40
9	Platina	Koncept Ambience Manjeera & Gowra Ventures	Hyderabad	Sep-07	24.60

City-Wise Distribution (In Rs.)



City-wise distribution (in Rs.) of the various projects in the portfolio

Sector Wise Distribution (In Rs.)

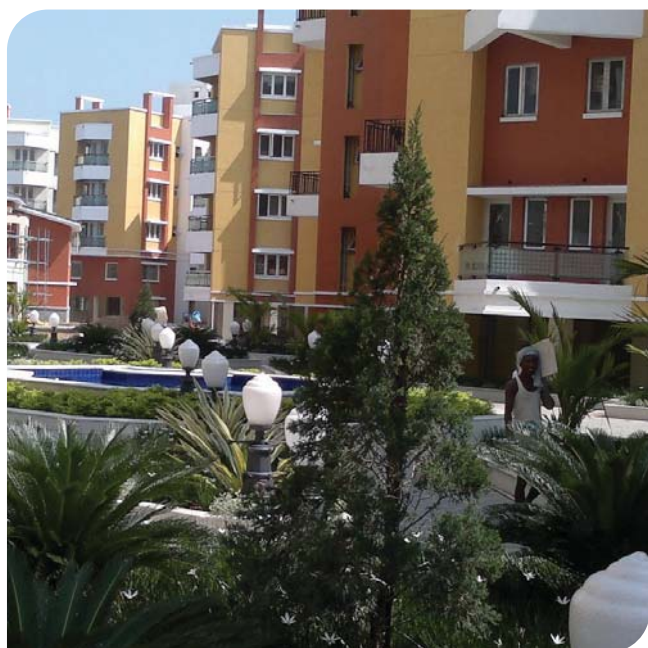


Sector-wise distribution (in Rs.) of the various projects in the portfolio

Milestone Domestic Scheme I

PORTFOLIO EXIT DETAILS AS ON AS ON JUNE 30, 2014							Rs. CRORES	
No.	Project	Location	Capital Commitment	Capital Invested	Capital Divested	Income Generated (Pre Tax, Pre expenses)	Total Exit	% Capital Divested
				(A)	(B)	(C)	(B+C)	(B/A)
1	Ahmedabad	Sanand Kadi Highway	5.0	5.0	5.0	0.9	5.9	100.0%
2	Water Front	Siruseri, Chennai	10.4	10.4	10.4	0.2	10.6	100.0%
3	Ramaniyam (4 projects)	Chennai	24.0	24.0	22.0	11.5	33.5	91.67%
4	Auroville	Pallikarnai, Chennai	3.2	3.2	2.8	0.7	3.5	87.50%
5	Lalah Tower	Nelson Manickem Rd., Chennai	6.4	6.4	-	-	-	-
6	Harihar	Wardha Road, Nagpur	10.0	10.0	-	5.0	5.0	-
7	Assa House	Kingsway, Nagpur	43.5	38.0	-	-	-	-
8	Leela Gardens	Snehnagar, Nagpur	9.8	9.8	0.8	-	0.8	8.16%
9	Prakriti	Sodepur, Kolkata	40.0	40.0	40.0	19.9	59.9	100.0%
10	Insignia	Kalina, Mumbai	30.0	30.0	30.0	19.5	49.5	100.0%
11	Orchid	Ajmer Road, Jaipur	11.4	11.4	11.4	0.8	12.2	100.0%
12	Platina	Gachibowli, Hyderabad	24.6	24.0	20.1	9.1	28.7	83.75%
Total			218.3	212.2	142.5	67.6	210.1	

Water Front, Chennai



Location	Kazipattur, Chennai
Partner	Ramaniyam
Asset Class	Residential
Committed Amount	Rs. 10.40 Crores
Disbursed Amount	Rs. 10.40 Crores
Date of Initial Investment	December 2007
Project Stage	Construction complete
Land Area	4.32 Acres
Total Saleable Area	191,093 sq ft (approximately)
Approval Status	Approvals received
Construction Status	Complete
Divested Amount	Rs.10.40 Crores
Income Generated	Rs.0.16 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 a residential project that is strategically located off Old Mahabalipuram Road - the IT corridor of Chennai.

Project Plan

The project plan is to develop 7 blocks of premium residential apartments over 4.32 Acres, amounting to approximately 191,093 sq ft of saleable area. The development also includes a clubhouse with a fitness center, movie theatre, meditation hall, party hall and activity studio among other amenities.

Exit Status

Fund has exited the investment in April 2012.

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	Under development
Land Area	2.4 Acres
Total Saleable Area	169,477 Sq. Ft. (approximately)
Approval Status	Approvals received
Construction Status	Nearing completion
Sales Status	More than 98% sold
Divested Amount	Rs. 22 Crores across 4 projects
Income Generated	Rs. 11.46 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.

Exit Status

Fund has fully exited from Phase 1 of this project in April 2014. On a cumulative basis with Stone arc the fund has achieved a gross IRR of 24 %.

Fund has reached an in principle understanding with the developer to exit Phase II by October 2014 and the exit returns are being negotiated.

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	Close to completion
Land Area	2.48 Acres
Total Saleable Area	184,400 sq ft (approximately)
Approval Status	Approvals received
Construction Status	Commenced
Sales Status	Launched
Divested Amount	Rs. 22 Crores across 4 projects
Income Generated	Rs. 11.46 Crores across 4 projects

Current Status and Recent Developments

Project 85% completed & 92% sold

Buildings completed 90%. Finishing work in progress inside the apartments. Stilt –finishes in progress

Exit Status

Fund has exited this project in April 2014 at a gross IRR of 12%.

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	Not started
Land Area	0.99 Acres
Total Saleable Area	40,000 sq ft (approximately)
Approval Status	N A
Construction Status	N A
Divested Amount	Rs. 22 Crores across 4 projects
Income Generated	Rs. 11.46 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 was planned as a gated bungalow community at reasonable prices that is located less than 500 meters from the sea.

Exit Status

Fund has fully exited the project in October 2013 at capital plus a nominal profit

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	Complete
Land Area	0.94 Acres
Total Saleable Area	50,557 sq ft (approximately)
Approval Status	Approvals received
Construction Status	Completed
Sales Status	Sold
Divested Amount	Rs. 22 Crores across 4 projects
Income Generated	Rs. 11.46 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 Status

Fund has fully exited from this project in August 2011

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	Near completion
Land Area	1.25 Acres
Total Saleable Area	151,110 sq ft (approximately)
Approval Status	Approvals received
Construction Status	Nearing Completion
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

Completion Certificate has been received.

Way Forward and Exit Strategy

Fund has reached an in-principle understanding with the developer to exit the project completely by September 2014

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	Under construction
Land Area	2.26 Acres
Total Saleable Area	287,072 sq ft (approximately)
Approval Status	Approvals received
Construction Status	In progress
Leasing Status	Not leased
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

Fire Fighting works for all common areas are completed.
Staircase finishes are in progress. External hard paving is complete. Glass facade is nearing completion
Expect to complete construction in next 4-6 months and sale efforts are underway.

Way Forward and Exit Strategy

Developer is in discussions with two potential buyers for selling the building based on which we expect to exit by October 2014.

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	Under development
Land Area	25.00 Acres
Total Saleable Area	670,000 sq ft (approximately)
Approval Status	Layout approvals received
Construction Status	Development on hold
Divested Amount	–
Income Generated	5.0 Crores

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 planned as an integrated residential township, located off Wardha Road close to the MIHAN project (Multi-modal International Cargo Hub and Airport).

Project Plan

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

Current Status and Recent Developments

Infrastructure and construction work had commenced. Internal road and approach road is partly completed. No further works are undertaken on infrastructure.

Sample flat constructed on site. Two bungalows have been commenced as per bookings received. The demand for projects on the outer areas of the city has been subdued and developer has now reinitiated the construction of a few row houses sold recently.

Way Forward and Exit Strategy

Fund has signed exit agreement with developer at 13% return (Simple interest). Initial payment of Rs. 5 crores received.

Assa House, Nagpur



Location	Kingsway, Nagpur
Partner	Milestone Group
Asset Class	Commercial
Committed Amount	Rs. 43.50 Crores
Disbursed Amount	Rs. 38.00 Crores
Date of Initial Investment	January 2008
Project Stage	Under development
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	Sales plan finalized for launch
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 Kingsway Road, 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. Current approval is to develop 53,000 sq ft. However in view of the delay from statutory authorities in processing the proposal for 2.0x FSI, it is decided to complete the project as per current approval. This will help in expediting completion of work at site and timely exit.

Currently we have received approval for 1.25x FSI and based on recent Govt. resolution, the FSI may be increased to 2.0x in the project.

Current Status and Recent Developments

The building is a G +4 structure with two basements for car parking. The RCC structure is fully complete. Blockwork and waterproofing works are 40% complete. These works will be completed in the next two months and external plaster shall be undertaken.

Sale of shops & offices is being actively pursued through local brokers and advertisement board is put up at site. News paper advertisements are planned to be released by August to launch the project formally.

Discussions for sale of Ground floor are in progress and expected to be finalized in next month.

Way Forward and Exit Strategy

Fund is actively pursuing sale of building through local brokers. We expect to sell about 5,000 sft area in next 2-3 months and completely exit the project by Q1 2015.

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	Complete
Land Area	0.84 Acres
Total Saleable Area	119,383 sq ft (approximately)
Approval Status	Approvals received
Construction Status	Nearing Completion
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 has signed consent terms with the developer and will receive Rs 2.5 crore over the next few months.

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	Under development
Land Area	24.22 Acres
Total Saleable Area	2,900,000 sq ft (approximately)
Approval Status	Approvals received
Divested Amount	Rs. 40.00 Crores
Income Generated	Rs. 19.92 Crores

Transaction Overview and Investment Rationale

The project is in partnership with Godrej Properties - a well established national brand that is known for its brand name, 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.

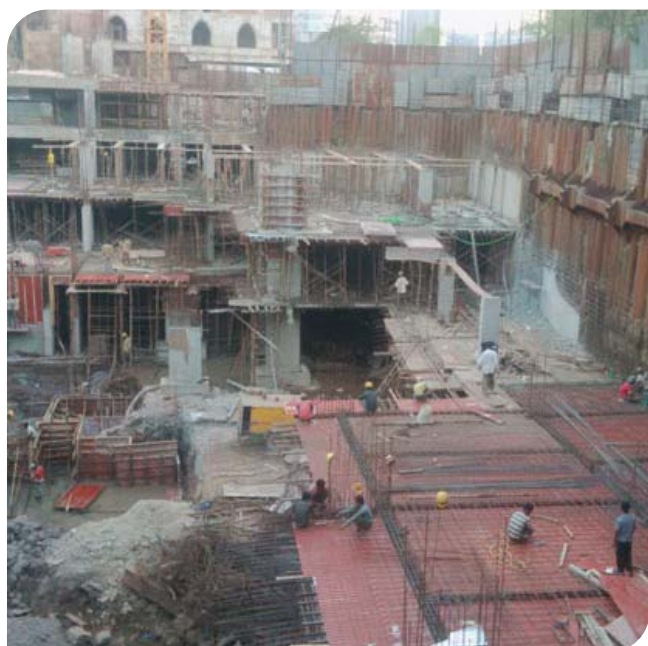
Project Plan

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.

Way Forward and Exit Strategy

Fund has fully exited from the project at a gross IRR of 19.7%

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	under development
Land Area	2.25 Acres
Total Saleable Area	580,000 sq ft (approximately)
Approval Status	Revised plans submitted
Divested Amount	Rs. 30.00 Crores
Income Generated	Rs. 19.46 Crores

Transaction Overview and Investment Rationale

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

The project is located in Kalina, Mumbai - in close vicinity of 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 was to develop premium residential space close to Mumbai's commercial hub offering homes with state of the art amenities like an open-sky swimming pool, jogging track, children's play area with other amenities.

Exit Status

Fund has fully exited in December 2013 from the project at a gross IRR of 20% .

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	Under development
Land Area	2.61 Acres
Total Saleable Area	252,455 sq ft (approx.)
Approval Status	Approvals received
Construction Status	Commenced
Sales Status	Over 70% sold
Divested Amount	Rs. 11.41 Crores
Income Generated	Rs. 0.75 Crores

Transaction Overview and Investment Rationale

The project is in partnership with Unique Dream Builders, a reputed developer of Jaipur.

The project is residential development located on Ajmer Road

Project Plan

The project plan was 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 proposes to offer a club house and amphitheatre among other amenities for its residents.

Exit Status

Fund has fully exited the project in May 2014 at capital with a nominal profit of Rs 75 lacs.

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	Under development
Land Area	2.60 Acres
Total Saleable Area	Commercial - 400,000 sq ft Hotel - 150,000 sq ft (approx)
Approval Status	Approvals received
Construction Status	In progress
Sales Status	In progress
Divested Amount	Rs. 20.10 Crores
Income Generated	Rs. 9.14 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 a hotel of about 150,000 sq ft in Gachibowli, Hyderabad.

Current Status and Recent Developments

Project completion expected by September 2014

Way Forward and Exit Strategy

Fund has signed exit agreement with the developer at a gross IRR of 7%.

Amount of Rs. 29.2 crores received. Balance money is expected to be received by September end.

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