



October-December, 2013



MILESTONE DOMESTIC SCHEME - I

Dear Investors,

Wish you a Happy and Prosperous New Year.

Please find enclosed the investment update for Milestone Domestic Scheme – I (the “Fund”) for the quarter ended December 31, 2013.

Real growth in Indian economy has picked-up marginally, driven largely by agricultural activity and supported by an improvement in net exports. However, the weakness in industrial activity persists and subdued domestic consumption demand suggests continuing headwinds to growth. In its latest mid-quarter policy, RBI has indicated that the current inflation is too high and increase in inflation has been attributed mainly to food prices. While RBI is on wait and watch mode and has maintained status quo on key policy rates, it has indicated that its future action would depend on the food inflation and global macro environment.

After extensive interactions, SEBI has green-lighted REIT’s in India by releasing a second draft of the REIT regulations for public feedback. It is expected to be positive outcome for the developers who will be able to bring Grade A commercial properties to investors interested in rental income. A few critical issues on taxation and property valuation need to be addressed before REITs become a reality.

Investments in the real estate sector grew by 25% over the last year during the same period to Rs. 4710 crores . This amount is further expected to increase as PE investments further increase. Mumbai and NCR real estate market continue to witness slow sales on account of high prices and affordability issues. There is considerable inventory overhang in both these markets though reputed developers with good execution track records are able to achieve higher sales. Bangalore and Chennai real estate markets continue to be stable due to affordable sale price targeted at mid segment projects. Both markets are expected to witness new project launches and hence the inventories in these two cities may remain steady.

During this quarter, Fund has fully exited its investment in Insignia, Mumbai at a gross IRR of 20%. In addition, we are in receipt of payment towards partial exits from Orchid (Jaipur) and Platina (Hyderabad).

We continue to focus on managing the portfolio and plan for exits during the fund life.

We thank you for your continued support.

Regards,



Nitin Goel

Partner – Real Estate Investments

Milestone Domestic Scheme I

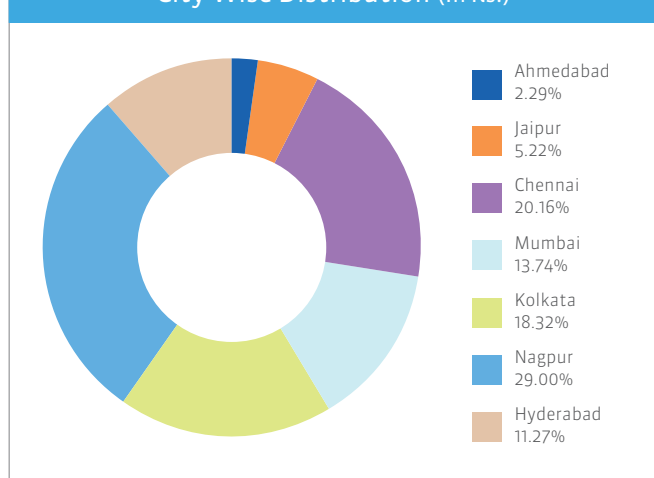
FUND SUMMARY AS ON DECEMBER 31, 2013

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. 218.30 Crores
Capital Divested	Rs. 124.95 Crores (54%)
Income Generated (Pre-tax)	Rs. 55.09 Crores
Total Exit Amount	Rs. 180.03 Crores (79%)

INVESTMENT SUMMARY AS ON DECEMBER 31, 2013

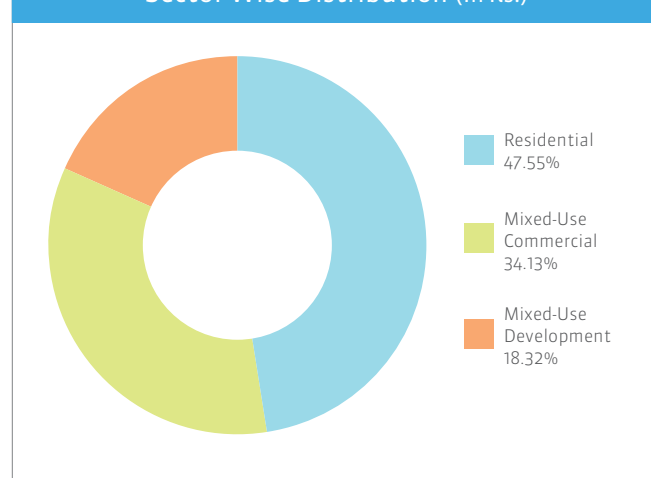
					Rs. Crore
No.	Project	Partner	Location	Initial Investment Date	Fund's Commitment
1	Sanand Kadi Highway	Sheth Builders	Ahmedabad	Feb-08	5.00
2	Various	Ramaniyam	Chennai	Various	44.00
3	Harihar	Harihar Housing	Nagpur	Dec-07	10.00
4	Assa House	Milestone Group	Nagpur	Jan-08	43.50
5	Leela Gardens	Leela Arcades	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.)



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

Sector Wise Distribution (In Rs.)

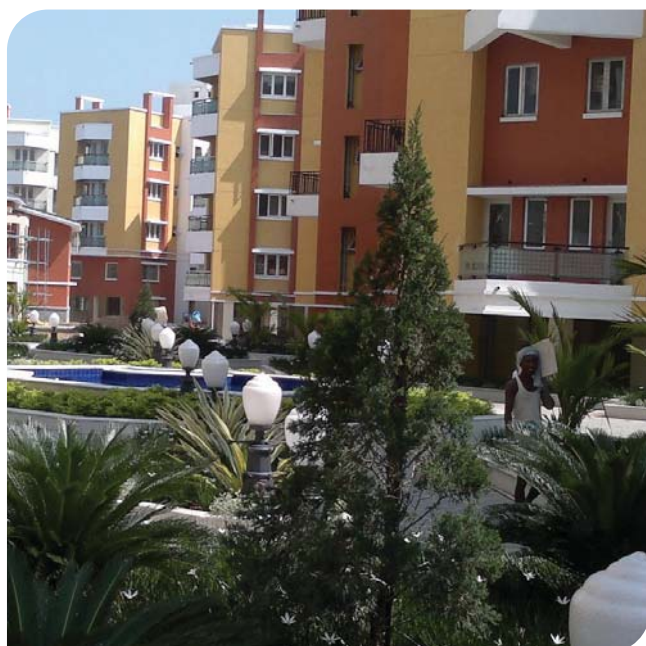


Shown above is the sector-wise distribution (in Rs.) of the various projects in the portfolio

Milestone Domestic Scheme I

PORTFOLIO EXIT DETAILS AS ON AS ON DECEMBER 31, 2013							RS. CRORE	
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	19.1	7.2	26.3	79.4%
4	Auroville	Pallikarnai, Chennai	3.2	3.2	2.8	0.7	3.5	87.6%
5	Lalah Tower	Nelson Manickem Rd., Chennai	6.4	6.4	-	-	-	-
6	Harihar	Wardha Road, Nagpur	10.0	10.0	-	4.0	4.00	-
7	Assa House	Kingsway, Nagpur	43.5	38.0	-	-	-	-
8	Leela Gardens	Snehnagar, Nagpur	9.8	9.8	0.8	-	0.8	7.7%
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	19.9	49.5	100.0%
11	Orchid	Ajmer Road, Jaipur	11.4	11.4	4.7	-	4.7	41.6%
12	Platina	Gachibowli, Hyderabad	24.6	24.0	12.2	2.7	14.9	50.8%
Total			218.3	212.2	124.9	55.1	180.0	

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 and Sales
Land Area	4.32 Acres
Total Saleable Area	191,093 sq ft (approximately)
Approval Status	Major approvals in place
Construction Status	Nearing completion
Sales Status	55% sold
Target Completion Stage	December 2011
Disinvested 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 will also include a clubhouse which will have a fitness center, movie theatre, meditation hall, party hall and activity studio among other amenities.

Exit Strategy

The project is fully constructed, however only 55% of the project is sold. Due to sales pressure, the Fund has exited from this project at capital value, keeping in mind the fund life.

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 98% sold
Divested Amount	Rs. 19.07 Crores across 4 projects
Income Generated	Rs. 7.21 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, II and III - All work is complete. Completion Certificate obtained.

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. 19.07 Crores across 4 projects
Income Generated	Rs. 7.21 Crores across 4 projects

Current Status and Recent Developments

Project 85% completed & 92% sold
RCC Structure ready. Brick work & plastering in progress.
Finishing work in progress.

Project Plan

Expected completion in next 3–6 months

Way Forward and Exit Strategy

There is a possibility 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	N A
Construction Status	N A
Divested Amount	Rs. 19.07 Crores across 4 projects
Income Generated	Rs. 7.21 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.

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. 19.07 Crores across 4 projects
Income Generated	Rs. 7.21 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

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	Construction and Sales/Partial Exit
Land Area	1.25 Acres
Total Saleable Area	151,110 sq ft (approximately)
Approval Status	In Place
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

Final finishing work & handing over preparation are on.

Completion Certificate has been received.

Way Forward and Exit Strategy

Partial exit has already been made from this project.

The fund expects to fully 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

Fire Fighting installations in progress.

Staircase work and external hard paving in progress.

Commercial leasing market is very dull. Plan to complete construction in next 4-6 months, and developer has increased efforts towards sale / leasing of project.

Way Forward and Exit Strategy

Potential sale discussions are yet to conclude towards exit from the project.

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	Presently on hold
Sales Status	Outright sale in progress
Divested Amount	-
Income Generated	4.00 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 at affordable prices.

Current Status and Recent Developments

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

Sample flat constructed on site.

Currently project development is on hold.

Way Forward and Exit Strategy

Fund has signed exit agreement with developer at 13% return (Simple interest). Initial payment of Rs. 4 crores received.

Expect to completely exit in next 9-12 months.

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	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 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.

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

All floor slabs completed at 1.25 FSI.

Ramp from Upper Basement to Ground in progress.

Sale of shops & offices is being actively pursued.

Project construction expected to be completed in next 3–6 months.

Plans for approval of additional 0.75 FSI have been submitted to authorities.

Way Forward and Exit Strategy

Fund is in discussion to sell the project on 'as-is basis' and is also exploring strata title sale.

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	Constuction 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	Fully Exited
Land Area	24.22 Acres
Total Saleable Area	2,900,000 sq ft (approximately)
Approval Status	In Place
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 19.7% IRR (pre-tax, pre-expenses).

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
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 20% IRR (pre-tax, pre-expenses).

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 70% sold
Divested Amount	Rs. 4.74 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 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 proposes to 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, B, C - Structure complete, Finishing in progress

Block D - 7th floor slab is in progress.

Over 70% of the flats have been sold.

The sales over last few months have been slow.

Construction expected to be completed by mid 2014.

Way Forward and Exit Strategy

Fund has signed exit agreement with the developer.

Expect to completely exit by end of 2014.

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. 12.19 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.

The fund has signed exit agreement with the developer.

Amount of Rs. 6.61 crores received. Balance money is expected to be received over next 6 months.

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