

Milestone Domestic Scheme - I



Newsletter for Quarter ended December 2014

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Dear Investors,

We are pleased to share with you our fund update on Milestone Domestic Scheme-I (The Fund) for the quarter October-December 2014

Reserve Bank of India has cut rate by 25 bps since the consumer inflation has reduced to a historic low of 4.4% and wholesale inflation is down to zero. GDP growth is expected to increase to 6% in FY 2015 from 5% previously. Further rate cuts are expected in FY15, which will help soften mortgage rates and interest costs for developers. Increase in confidence, boosted by reforms announced by the Government is likely to provide impetus to housing demand as well.

Easing of FDI restrictions for the construction industry, 100 new smart cities planned and change in land acquisition norms will attract capital for the development of real estate. Though residential absorption (area sold) in key cities of India fell 21%YoY in 2QFY15 (Prop Equity data), the pace of demand decline has slowed over the past four consecutive quarters. Going forward, we believe the demand will stabilize in major cities owing to creation of new job opportunities and corporate expansion plans.

During this quarter, the fund has made its ninth distribution of Rs.15.6 crores in November 2014 on account of the proceeds received from partial divestment of Assa House-I project and an additional income of Rs.4.9 crores in Godrej Prakriti project

I thank you all for your continued support.

A handwritten signature in black ink, appearing to read 'Alok Aggarwal', with a horizontal line underneath.

Alok Aggarwal

Managing Partner & CEO – Real Estate

Portfolio updates

- Fund has fully exited Assa House – I during January 2015.

Proposed Action

- Agreement to completely exit remaining projects with Ramaniyam under finalisation. Fund will receive the exit proceeds towards full exit.
- Tenth distribution of approx Rs. 21.5 crores is expected to be made by end of January 2015.

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FUND SUMMARY AS ON DECEMBER 31, 2014

| | |
|------------------------------|--------------------------------|
| Funds Received | Rs. 219.3 Crores |
| Final Closing Date | 31st March, 2008 |
| Term | 5 years + 1 year + 1 year |
| No. of Investments | 15 |
| Invested Amount | Rs. 212.2 Crores |
| Capital Divested | Rs. 166.4 Crores |
| Income Generated (Pre-tax) | Rs. 76.1 Crores |
| Total Divested Amount | Rs. 242.5 Crores (111%) |

PORTFOLIO EXIT DETAILS AS ON DECEMBER 31, 2014

RS. CRORES

| No. | Project | Location | Capital Invested | Capital Divested | Income Generated (Pre Tax, Pre expenses) | Total Exit | % Capital Divested |
|---------------------------------|---------------------------|------------------------------|------------------|------------------|---|--------------|--------------------|
| | | | (A) | (B) | (C) | (B+C) | |
| 1 | Gaurav Ramaniyam | Chennai | 2.0 | - | - | - | - |
| 2 | Auroville | Pallikarnai, Chennai | 3.2 | 2.8 | 0.7 | 3.5 | 87.50% |
| 3 | Lalah Tower | Nelson Manickem Rd., Chennai | 6.4 | - | - | - | - |
| 4 | Harihar | Wardha Road, Nagpur | 10.0 | - | 5.0 | 5.0 | - |
| 5 | Assa House* | Kingsway, Nagpur | 38.0 | 20.0 | - | 20.0 | 52.63% |
| 6 | Leela Gardens | Snehnagar, Nagpur | 9.8 | 0.8 | - | 0.8 | 8.16% |
| FULLY EXITED INVESTMENTS | | | | | | | |
| 7 | Ahmedabad | Sanand Kadi Highway | 5.0 | 5.0 | 0.9 | 5.9 | 100.0% |
| 8 | Water Front | Siruseri, Chennai | 10.4 | 10.4 | 0.2 | 10.6 | 100.0% |
| 9 | Prakriti | Sodepur, Kolkata | 40.0 | 40.0 | 24.77 | 64.77 | 100.0% |
| 10 | Insignia | Kalina, Mumbai | 30.0 | 30.0 | 19.5 | 49.5 | 100.0% |
| 11 | Orchid | Ajmer Road, Jaipur | 11.4 | 11.4 | 0.8 | 12.2 | 100.0% |
| 12 | Platina | Gachibowli, Hyderabad | 24.0 | 24.0 | 12.71 | 36.7 | 100.0% |
| 13 | Ramaniyam (3 projects) | Chennai | 22.0 | 22.0 | 11.5 | 33.5 | 100.0% |
| Total | | | 212.2 | 166.4 | 76.1 | 242.5 | |

* Fund has fully exited the project during January 2015.

Gauravv, Chennai



Exit Status

The Fund has fully exited from Phase I of this project in April 2014 and on a cumulative basis with Stone Arc the fund has achieved a gross IRR of 24 %. Fund has invested Rs. 2 crore in phase II & expects to exit by March 2015

Auroville, Chennai



Exit Status

The Fund expects to exit completely by March 2015

Lalah Tower, Chennai



Exit Status

The construction is expected to get completed in the next 4–6 months, and the leasing / marketing efforts are underway. The Fund expects to exit the project by April/May 2015.

| | |
|----------------------------|---------------------------------|
| Location | Sholingallur, Chennai |
| Partner | Ramaniyam |
| Invested Amount | Rs. 24 Crores across 4 projects |
| Date of Initial Investment | March 2008 |
| Total Saleable Area | 169,477 Sq. Ft. (approximately) |

Transaction Overview

The project is a premium residential project, in partnership with Ramaniyam Real Estates Pvt. Ltd. - a well established and experienced developer in Chennai and is strategically located around Old Mahabalipuram Road - the IT corridor of Chennai.

| | |
|----------------------------|-------------------------------|
| Location | Pallikarnai, Chennai |
| Partner | Ramaniyam |
| Invested Amount | Rs. 3.2 Crores |
| Date of Initial Investment | May 2008 |
| Total Saleable Area | 151,110 sq ft (approximately) |

Transaction Overview

The project is a premium residential project, in partnership with Ramaniyam Real Estates Pvt. Ltd. and is located on the road connecting Old Mahabalipuram Road and Grand Southern Trunk Road.

| | |
|----------------------------|-------------------------------|
| Location | Nelson Manickem Road, Chennai |
| Partner | Ramaniyam |
| Invested Amount | Rs. 6.40 Crores |
| Date of Initial Investment | July 2008 |
| Total Saleable Area | 287,072 sq ft (approximately) |

Transaction Overview

The project is a commercial asset in partnership with Ramaniyam Real Estates Pvt. Ltd. and is strategically located on Nelson Manickam Road-one of the fastest growing commercial areas in Chennai.

Harihar, Nagpur



Exit Status

The Fund has signed exit agreement with developer at 13% return (simple interest). Initial payment of Rs. 5.0 crores received. Developer has defaulted on further payments under the Exit Agreement and the Fund has initiated legal action against them.

| | |
|----------------------------|-------------------------------|
| Location | Wardha Road, Nagpur |
| Partner | Harihar Housing |
| Invested Amount | Rs. 10 Crores |
| Date of Initial Investment | December 2007 |
| Total Saleable Area | 670,000 sq ft (approximately) |

Transaction Overview

The project is an integrated residential township over 25 acres in partnership with Harihar Infrastructure Development Corporation, and is located off Wardha Road close to the MIHAN project (Multi-modal International Cargo Hub and Airport).

Assa House, Nagpur



| | |
|----------------------------|------------------------------|
| Location | Kingsway, Nagpur |
| Partner | Milestone Group |
| Invested Amount | Rs. 38 Crores |
| Date of Initial Investment | January 2008 |
| Total Saleable Area | 53,000 sq ft (approximately) |

Exit Status

Fund has fully exited the project during January 2015.

Leela Gardens, Nagpur



| | |
|----------------------------|-------------------------------|
| Location | Snehnagar, Nagpur |
| Partner | Leela Arcades |
| Invested Amount | Rs. 9.80 Crores |
| Date of Initial Investment | January 2008 |
| Total Saleable Area | 119,383 sq ft (approximately) |

Exit Status

Fund had signed consent terms with the developer and was entitled to receive Rs. 2.5 crores. However, developer has defaulted on the payment and fund is exploring legal action to recover the investment amount.



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