

# Milestone Domestic Scheme - II



Newsletter for Quarter ended June 2015

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Dear Investors,

We are pleased to share with you the fund update on Milestone Domestic Scheme-II (The Fund) for the quarter April - June 2015.

The IIP data, reflecting the output of core industries, grew by 4.4% y-o-y in May 2015 indicating signs of increased growth in the Indian economy. Reserve Bank of India (RBI) cut repo rate by 25 bps in June 2015 on account of stable inflation and improved growth estimates.

Overall residential absorption volumes remained slow across key cities resulting in increased liquidity pressure on real estate developers. Home buyers have been delaying their purchase decisions awaiting a price correction and reduction in home loan interest rates. Higher property prices in city have forced buyers to look at peripheral areas where the infrastructure lags housing demand. In order to improve sales, developers have resized apartments to address the mid income segment rather than high end / luxury buyers. Silver lining is the pick-up in office demand led by e-commerce players and IT/ITES sectors and the increase in rentals witnessed by select Grade A parks. Overall this is likely to improve housing demand over the next few quarters.

I thank you all for your continued support.

A handwritten signature in black ink, appearing to read 'Nitin Goel'.

**Nitin Goel**

Managing Partner – Real Estate Investments

## Portfolio Updates

- The Fund is working closely with the developer to realize balance proceeds from the exit of Acorn, Bhiwandi. Discussion is in advanced stages with potential buyers for Acorn, Dharuhera.

## Proposed Action

- The Fund expects to receive the balance exit proceeds from Ramaniyam during the current quarter.

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Newsletter for Quarter ended June 2015



## FUND SUMMARY AS ON JUNE 30, 2015

Funds Received	Rs. 398.0 Crores
Final Closing Date	30th November, 2008
Term	4 years + 1 year + 1 year
No. of Investments	13
Committed Amount	Rs. 322.9 Crores
Capital Divested	Rs. 217.3 Crores
Income Generated (Pre-tax)	Rs. 125.4 Crores
Total Divested Amount from Portfolio Companies	Rs. 342.7 Crores
Additional Distribution made	Rs. 53.9 Crores
<b>Total Divested Amount</b>	<b>Rs. 396.6 Crores (99%)</b>

## PORTFOLIO EXIT DETAILS AS ON JUNE 30, 2015

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No.	Project	Location	Capital Invested (A)	Capital Divested (B)	Income Generated (Pre Tax, Pre expenses) (C)	Total Exit (B+C)	% Capital Divested
1	ACORN Warehouse & Logistics Parks	Dharuhera, NCR	52.3	-	-	0.0	-
2	ACORN Warehouse & Logistics Parks	Bhiwandi, Mumbai	40.8	10.0	-	10.0	24.51%
3	Marvel I	Velachery, Chennai	9.0	5.9	-	5.9	65.56%
4	Kattima	Thoraipakkam, Chennai	2.0	-	-	0.0	
5	Ramaniyam (4 Projects)	Chennai	34.5	25.8	7.3	33.1	74.78%
6	Swarajya, (Neptune)	Ambivali, Kalyan, Mumbai	21.8	19.5	7.3	26.8	89.45%
<b>FULLY EXITED INVESTMENTS</b>							
7	Assa House II	Kingsway, Nagpur	8.5	8.0	0.0	8.0	100.00%
8	Horizon	Shivaji Park, Mumbai	50.0	50.0	22.9	72.9	100.00%
	Sundernagar	Kalina Mumbai					
9	Prakriti (Godrej)	Sodepur, Kolkata	46.1	46.1	52.4	98.5	100.00%
10	Insignia (Dheeraj)	Kalina, Mumbai	20.0	20.0	13.0	33.0	100.00%
11	Belfort	Pondicherry	20.0	20.0	16.6	36.6	100.00%
12	Pushkar II, (Salaam Towers)	Sholinganallur, Chennai	12.0	12.0	5.9	17.9	100.00%
<b>Total</b>			<b>317.0</b>	<b>217.3</b>	<b>125.4</b>	<b>342.7</b>	

## ACORN Warehouses and Logistics Parks, NCR



Location	Dharuhera, NCR
Partner	Milestone Group
Invested Amount	Rs. 52.30 Crores
Date of Initial Investment	June 2008
Land Area	66.00 Acres

### Transaction Overview and Investment Rationale

The Fund has invested in a warehousing facility in Dharuhera, in the National Capital Region. The overall project plan is to jointly develop 1.65 mn sq ft of warehousing units in Dharuhera. Three PEB blocks amount to 432,000 sq ft leasable area of which

340,822 sq ft is leased out at an average rental of Rs 15.6 per sq ft. Efforts are on to lease the vacant area through brokers in next few months at a market rate of approx Rs. 13 per sq. ft. RCC Blocks amount to 106,000 sq ft of which 25,642 sq ft is leased.

### Exit Status

Fund has signed an MOU for sale of PEB and RCC Warehouses on a strata sale basis and an MOU for the sale of the entire Project on an 'as is' basis. The due diligence process is in an advanced stage and we expect to complete the transaction with one of the prospective buyers.

## ACORN Warehouses and Logistics Parks, MUmbai



Location	Bhiwandi, Mumbai
Partner	Rudrapratap Developers
Asset Class	Integrated Logistic Park
Invested Amount	Rs. 40.80 Crores
Date of Initial Investment	August 2009
Land Area	60 Acres

### Transaction Overview and Investment Rationale

Milestone jointly owns the land with the developer and had invested to develop a warehousing facility in Bhiwandi, on the outskirts of Mumbai. Due to appreciation in land values, fund believes a residential project development plan may offer higher value. Fund is now awaiting notification of Draft Development Plan (DDP) rezoning the land to residential.

### Exit Status

MOU has been signed with the developer for sale of investment back to them and token advance of Rs.10 crores has been received. The Fund is working closely with the developer for arranging financing to facilitate our exit from the project.

## Marvel, Chennai



### Exit Status

The fund has made a partial exit of Rs. 5.9 crores from this project and has signed an exit agreement with the developer and expects to completely exit within this quarter.

## Kattima, Chennai



### Exit Status

The fund has signed the exit agreement with Ramaniyam and expects to exit completely in this quarter.

## Various, Chennai



### Exit Status

The Fund has fully exited from Thiruvanniyur project at a gross IRR of 18% and partially exited from Thiruvanniyur (L B Road) & Mandavelli project. The fund is in discussions with the developer to finalise complete exit from the remaining project.

Location	Velacherry, Chennai
Partner	Ramaniyam Group
Invested Amount	Rs. 9 Crores
Date of Initial Investment	August 2010
Total Saleable Area	178,000 sq ft (approximately)

### Transaction Overview

The project is a residential project in partnership with Ramaniyam Real Estates Pvt. Ltd. and is located in Velacherry, a well developed residential area of Chennai.

Location	Thoraipakkam, Chennai
Partner	Ramaniyam Group
Invested Amount	Rs. 2 Crores
Date of Initial Investment	February 2011
Total Saleable Area	192,000 sq ft (approximately)

### Transaction Overview

The project is a premium residential project in partnership with Ramaniyam Real Estates Pvt. Ltd. and is located in Thoraipakkam, around Rajiv Gandhi Salai (OMR), an area that has evolved into a premier IT corridor.

Location	Thiruvanniyur, Chennai
Partner	Ramaniyam Group
Invested Amount	Rs. 34.50 Crores
Date of Initial Investment	May 2011
Total Saleable Area	550,000 sq ft (approximately)

### Transaction Overview

The investment is across four residential projects located across Chennai in Velacherry, Mandavelli and Thiruvanniyur and is in partnership with Ramaniyam Real Estates Pvt. Ltd. Ramaniyam Group had entered into a Joint Development Agreement with M/s Land Marvel Homes for the development of these projects.

## Swarajya, Mumbai



Location	Ambivali, Mumbai
Partner	Neptune Group
Invested Amount	Rs. 21.75 Crores
Date of Initial Investment	May 2011
Total Saleable Area	5,700,000 sq ft

### Transaction Overview and Investment Rationale

The Fund has invested in an affordable housing project located in Ambivali near Kalyan in the Mumbai Metropolitan Region. The project is being developed by Neptune Group, and is spread across 115 acres spread across 6 Phases and 3 Sectors.

### Exit Status

The Fund has substantially divested from this project at gross IRR of 23%. The Fund expects to exit the balance capital investment of Rs 2.2 crores by Q3 2015.

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