

Milestone Domestic Scheme - II



Newsletter for Quarter ended March 2015

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Dear Investors,

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

The Finance Minister unveiled the Union Budget in Feb 2015 with emphasis on high economic growth, improving ease of doing business and enhancing transparency. The Reserve Bank of India (RBI) cut the repo rate further by 25 bps in March 2015 on the back of reduction in inflation levels due to a slump in global oil prices. Banks are expected to cut interest rates which could provide a fillip to the residential real estate segment.

We believe that during this year, developers will focus on clearing the built up inventory and completing ongoing projects. Overall residential sales have dropped across six cities (source: Knight Frank) and the focus on affordable housing will expand the volumes. This could lead to an increase in housing sales which is estimated to rise this year to 1.92 lakh units in India's top seven cities viz. Delhi-NCR, Mumbai, Chennai, Kolkata, Bengaluru, Hyderabad and Pune (source: JLL India). With business sentiment improving, commercial office demand has improved and this in turn will have a positive impact on the residential real estate sector.

During the quarter the Fund has made a total distribution of Rs 12.2 Crores. The Fund has also signed exit MOUs for Acorn, Mumbai and Acorn, Dharuhera.

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

- The Fund has achieved full exit of Pushkar II (Salaam Towers) and has received token money of Rs 10 crores for exit from Acorn, Bhiwandi. The Fund has signed an exit agreement for Velachery 1 and Katima projects with Ramaniyam

Proposed Action

- The Fund expects to receive part of the exit proceeds from Acorn Daruhera and Ramaniyam Projects during the current quarter

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FUND SUMMARY AS ON MARCH 31, 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. 217.0 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
Total Divested Amount	Rs. 396.6 Crores (99%)

PORTFOLIO EXIT DETAILS AS ON MARCH 31, 2015

RS. CRORES

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%
FULLY EXITED INVESTMENTS							
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%
Total			317.0	217.0	125.4	342.7	

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 Strategy

The Fund has signed MOU for sale of PEB and RCC Warehouses. The Fund is also exploring options to sell the balance developed land in order to fully exit this project.

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 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.

Recent Developments and Way forward

MOU has been signed with the developer for sale of investment back to them and token advance of Rs.10 crores has been received. Fund expects to completely exit by Q3 2015.

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 for complete exit by June/July 2015

Kattima, Chennai



Exit Status

The fund has signed the exit agreement with Ramaniyam and expects to exit completely by June/July 2015.

Various, Chennai



Exit Status

The Fund has fully exited from Thiruvanimiyur project at a gross IRR of 18% and partially exited from Thiruvanimiyur (L B Road) & Mandavelli project. The Agreement to completely exit balance project is under finalization.

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 Velachery, 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	Thiruvanimiyur, 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 Velachery, Mandavelli and Thiruvanimiyur and 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.

Way Forward and Exit Strategy

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 Q2 2015.

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