

# Milestone Domestic Scheme - II



Newsletter for the quarter July - September 2016

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Dear Investors,

We are pleased to share with you our fund update for the quarter ended September 2016.

The past quarter witnessed two key events which are expected to change the economic landscape. The first being the passage of the GST Bill which is expected to drive up economic activity over the medium term. The second being the demonetization of Rs 500 and Rs 1000 currency notes in November 2016 by the Government of India. As real estate sector is a key sector where unaccounted money is utilized, this move will kill dependency on cash linked transactions in the secondary markets and the market will witness true pricing across residential projects. In the Tier I cities, Grade A developers are least likely to get impacted as majority of these developers had stopped cash linked primary sales. This is also expected to increase dependency on institutional capital resulting in higher yields on debt transactions.

On the interest rate front, RBI reduced the interest rate by 25 bps, showcasing 'growth' as a key priority of RBI and on account of expectations of moderate inflation. Inflation rates may fall further on account of the demonetization and provide more room for RBI to reduce interest rates. This will improve the end user sentiment for home purchases.

In this quarter, the Fund has entered into an exit agreement for its Bhiwandi investment and has received Rs 45 crores against the same. The Fund has also fully divested from its Ramaniyam Somasimara investment in October 2016. We expect to fully exit from the balance two investments by December 2016. We thank you all for your continued support.

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A handwritten signature in blue ink, appearing to read 'Nilesh Karkhanis', with a horizontal line underneath.

**Nilesh Karkhanis**  
Partner – Real Estate Investments

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## FUND SUMMARY AS ON SEPTEMBER 30, 2016

Funds Received	Rs. 398.0 Crores
Final Closing Date	30th November, 2008
Term	4 years + 1 year + 1 year
No. of Investments	13
Invested Amount	Rs. 317.0 Crores
Capital Divested	Rs. 273.3 Crores
Income Generated (Pre-tax)	Rs. 159.8 Crores
Total Divested Amount from Portfolio Companies	Rs. 333.1 Crores
Additional Distribution made	Rs. 53.9 Crores
<b>Total Divested Amount</b>	<b>Rs. 487.0 Crores (122.4%)</b>

## PORTFOLIO EXIT DETAILS AS ON SEPTEMBER 30, 2016

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	Bhiwandi, Mumbai	40.8	29.3	25.8	55.1	71.8%
2	Ramaniyam (4 Projects)	Chennai	34.5	25.8	7.3	33.1	74.78%
<b>FULLY EXITED INVESTMENTS</b>							
3	Assa House II	Kingsway, Nagpur	8.5	8.0	0.0	8.0	100.00%
4	Horizon	Shivaji Park, Mumbai	50.0	50.0	22.9	72.9	100.00%
	Sundernagar	Kalina Mumbai					
5	Prakriti (Godrej)	Sodepur, Kolkata	46.1	46.1	52.4	98.5	100.00%
6	Insignia (Dheeraj)	Kalina, Mumbai	20.0	20.0	13.0	33.0	100.00%
7	Belfort	Pondicherry	20.0	20.0	16.6	36.6	100.00%
8	Pushkar II, (Salaam Towers)	Sholinganallur, Chennai	12.0	12.0	5.9	17.9	100.00%
9	Swarajya, (Neptune)	Ambivali, Kalyan, Mumbai	21.8	21.8	7.4	29.2	100.00%
10	ACORN Warehouse & Logistics Parks	Dharuhera, NCR	52.3	29.3	-	29.3	100.00%
11	Marvel I	Velachery, Chennai	9.0	9.0	0.5	9.5	100.00%
12	Kattima	Thoraipakkam, Chennai	2.0	2.0	8.0	10.0	100.00%
<b>Total</b>			<b>317.0</b>	<b>273.3</b>	<b>159.8</b>	<b>433.1</b>	

## ACORN Warehouses and Logistics Parks, Mumbai



Location	Bhiwandi, Mumbai
Partner	Rudrapratap Developers
Asset Class	Integrated Logistic Park
Invested Amount	Rs. 40.8 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 may offer higher value. Final Development Plan has been notified.

### Exit Status

The Fund has signed an exit agreement with the developer for a total consideration of Rs 77.5 crores. Of this Rs 10 crores had been received in 2015 and Rs 45 crores was received at the signing of this exit agreement. These exit proceeds have been distributed to you. The balance exit proceeds of Rs 22.5 crores shall be received by December 2016.

## Marvel, Chennai



Location	Velacherry, Chennai
Partner	Ramaniyam Group
Invested Amount	Rs. 9.0 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.

### Exit Status

The Fund has fully exited this investment in October 2016.

## Kattima, Chennai



Location	Thoraipakkam, Chennai
Partner	Ramaniyam Group
Invested Amount	Rs. 2.0 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.

### Exit Status

The Fund has fully exited this investment in October 2016.

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