

Milestone Domestic Scheme - II



Newsletter for Quarter ended December 2015

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Dear Investors,

Wish you a very Happy New Year. We are pleased to share with you our fund update on Milestone Domestic Scheme-II (The Fund) for the quarter October-December 2015.

The GDP growth of the Indian economy increased marginally to 7.4% in Q3 2015 and surpassed that of China growing at 6.9%. With Government of India's focus on pro-business legislations, expeditious clearances to large scale infrastructure projects, lowering the deficits, controlling inflation, there are expectations of a major economic revival and growth in the coming year. The approval of the much awaited Real Estate (Regulation and Development) Bill by the Union Cabinet in December 2015 aims at providing various measures to safeguard consumer interests and achieve timely project completion. This is expected to bring about transparency in the real estate sector and boost consumer and investor confidence in the long run.

The launch of new residential units declined by 37.6% from 54,936 units in Q2-2015 to 34,276 units in Q3-2015, further lowering the inventory levels. Although absorption levels have declined overall in Q3 2015, it is expected to increase as business sentiment improves leading to more employment creation.

The Fund is actively working on exit from Daruhera and Bhiwandi projects and we expect to complete the remaining portfolio exits by May 2016.

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

- In Acorn Warehouse - Dharuhera, the due diligence is currently underway by the potential buyer and definitive agreements are to be executed post completion of due diligence.

Proposed Action

- The Fund expects to complete the sale transaction of Acorn Warehouse - Dharuhera by Q1 2016

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Newsletter for Quarter ended Decemehr 2015



FUND SUMMARY AS ON DECEMBER 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
Invested Amount	Rs. 317.0 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
Total Divested Amount	Rs. 396.6 Crores (99%)

PORTFOLIO EXIT DETAILS AS ON DECEMBER 31, 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%
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	217.3	125.4	342.7	

ACORN Warehouses and Logistics Parks, NCR



Location	Dharuhera, NCR
Partner	Milestone Group
Invested Amount	Rs. 52.3 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 406,452 sq ft is leased out at an average rental of Rs 15 per sq ft. Efforts are on to lease the remaining vacant area.

Exit Status

The Fund has signed MOU for the sale of the entire Project on an 'as is' basis. The due diligence process is at an advanced stage and we expect to complete the transaction by Q1 2016.

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 CRZ survey has been completed which will enable us to showcase the development potential to JDA partners. The Fund is working closely with the developer for entering into a Joint Development Agreement (JDA) which will facilitate the Fund's exit from the project.

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 Velachery, a well developed residential area of Chennai.

Exit Status

The Fund has signed the exit agreement with the developer. The developer is in advanced stages of discussions with banks for refinancing to provide us exit. We expect to achieve exit by Q2 2016.

Kattima, Chennai



Exit Status

The Fund has signed the exit agreement and expects to completely exit the project by Q2 2016 on completion of refinancing through banks.

Various, Chennai



Exit Status

The Fund has substantially achieved exit for about 75% of the capital invested. The Fund is discussions with the developer and expects to exit the balance investment by Q2 2016.

Swaraja, Mumbai



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 Q1 2016 as per the exit terms agreed with the developer.

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.

Location	Thiruvanniyur, Chennai
Partner	Ramaniyam Group
Invested Amount	Rs. 34.5 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 Thiruvanniyur 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.

Location	Ambivali, Mumbai
Partner	Neptune Group
Invested Amount	Rs. 21.8 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.

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