



April-June, 2013



MILESTONE DOMESTIC SCHEME - II

Dear Investors

Greetings!

Please find enclosed the Investors Update for Milestone Domestic Scheme – II (“the Fund”) for the quarter ending June 30 2013.

The real estate sector continues to face funding crunch especially from institutional players on account of risk aversion and weak sector outlook. RBI announced further 25 basis point cut in the bank rate in the current quarter. However, RBI’s tone remains hawkish given the current account deficit and weakening exchange rate, indicating tight liquidity scenario to continue for some time. RBI has also allowed External Commercial Borrowings for affordable housing through a centralized mechanism.

In the Real Estate sector, India has moved one more step closer to regulate and bring transparency to the sector; the Cabinet has recently proposed the draft Real Estate Regulation and Development Bill, aimed to protect consumer interests, promote accountability and reinforce confidence and trust amongst investors.

The developers are launching aggressive marketing campaigns (20:80 schemes), offering pre-launch discounts, complimentary features etc. to lure customers. The constant changes in development regulations, environmental laws led to some uncertainty in the sector, which has resulted in home buyers opting for well known developers.

Mumbai real estate market witnessed slow down in new launches, slow sales and high property prices leading to rising inventories. Recent launches with aggressive marketing campaigns and pre-launch discounts are expected to improve sales velocity.

Bangalore and Chennai have experienced highest absorption rates with relatively low inventories. The prices are expected to continue to move upwards.

NCR is showing some signs of stress with slow down in absorption and stagnating prices. However, with massive infrastructure getting created, new periphery locations are emerging. Noida and Greater Noida markets have witnessed price stagnation due to large constant supply.

Pune is a stable market with moderate price increase. New launches are mainly driven around IT/ITES corridors.

With regards to the MDS - II, it is fully committed and invested across 13 investments primarily in the residential developments across India.

During this quarter, the Fund has concluded partial exit from Insignia (Mumbai) and has received exit proceeds from the same. Further, the Fund has made partial exit from Prakriti (Kolkata) project as well.

The Fund is in the process of making distribution of approximately Rs 60 crores received from various projects including above partial exits and is expected to be completed shortly.

The Fund has also initiated the annual valuation exercise through Knight Frank (India) Pvt. Ltd. (International Property Consultant) for its investment portfolio. The same is under finalization and the final report will be shared separately with the Investors on completion.

We thank you for your continued support.

Regards,

Board of Directors

Milestone Domestic Scheme II

FUND SUMMARY AS ON JUNE 30, 2013

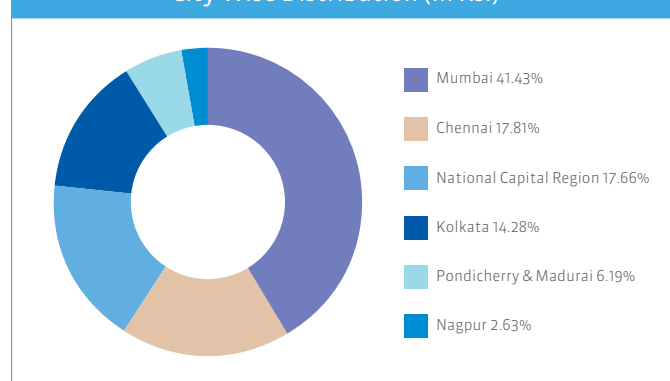
Total Fund Size	Rs. 425 Crores
Final Closing Date	30th November, 2008
Term	4 years + 1 year + 1 year
No. of Investments	13
Committed Amount	Rs. 322.85 Crores
Capital Divested	Rs. 110.87 Crores (26%)
Income Generated (Pre-tax)	Rs. 66.90 Crores
Total Exit Amount	Rs. 177.77 Crores (42%)

INVESTMENT SUMMARY AS ON JUNE 30, 2013

Rs in Crore

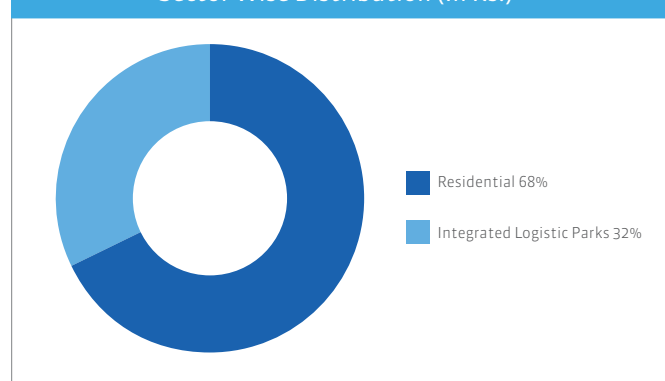
No.	Project	Location	Partner	Initial Investment Date	Fund's Commitment
1	ACORN Warehouses	NCR	Milestone	Jun 08	57.00
2	ACORN Warehouses	Bhiwandi	Rudrapratap Developer	Jun 09	42.00
3	Prakriti	Kolkata	Godrej	Aug 09	46.10
4	Insignia	Mumbai	Dheeraj Realty	Feb 10	20.00
5	Swarajya	Mumbai	Neptune Group	May 11	21.75
6	Horizon	Shivaji Park, Mumbai	Richa Realtors	Jun 10	25.00
7	Sunder Nagar	Kalina, Mumbai	Richa Realtors	Oct 10	25.00
8	Various	Chennai	Ramaniyam	Various	57.50
9	Assa House II	Nagpur	Milestone	Oct 11	8.50
10	Belfort	Pondicherry	Pelican	Jul 10	20.00

City-Wise Distribution (In Rs.)



Shown above is the city-wise distribution (in Rs.) of the various projects in the portfolio

Sector Wise Distribution (In Rs.)



Shown above is the sector-wise distribution (in Rs.) of the various projects in the portfolio

Milestone Domestic Scheme II

PORTFOLIO DIVESTMENT DETAILS UPTO JUNE 30, 2013							Rs. in Crore
No.	Project	Location	Capital Invested	Capital Divested	Income Generated (Pre Tax)	Total	% Capital Divested
1	Marvel	Velacherry, Chennai	9.00	5.85	0.04	5.89	65.00%
2	Belfort	Pondicherry and Madurai	20.00	4.44	12.92	17.35	22.18%
3	Insignia	Kalina, Mumbai	20.00	9.91	11.89	21.80	49.55%
4	Richa	Shivaji Park & Kalina	50.00	50.00	22.94	72.94	100.00%
5	Swarajya	Ambivali, Mumbai Metropolitan Region	21.75	18.75	5.88	24.63	86.21%
6	Prakriti	Sodepur, Kolkata	46.10	15.92	13.23	29.15	34.53%
7	L B Road	Chennai	10.00	6.00	0.00	6.00	60.00%
		Total	176.85	110.87	66.90	177.77	

ACORN Warehouses and Logistics Parks, NCR



Location	Dharuhera, NCR
Partner	Milestone Group
Asset Class	Integrated Logistic Park
Committed Amount	Rs. 57.00 Crores
Disbursed Amount	Rs. 53.00 Crores
Date of Initial Investment	June 2008
Project Stage	Construction and Sales/Leasing
Land Area	22.08 Acres
Total Saleable Area	750,000 sq ft (approximately)
Approval Status	Few approvals pending
Construction Status	In Progress
Sales Status	In Progress

Transaction Overview and Investment Rationale

The Fund has invested in a warehousing facility in Dharuhera, in the National Capital Region.

The economic boom in the country and increase in consumption in particular has led to companies focusing on improving back end infrastructure of material handling and hence has resulted into a higher demand for warehousing facilities.

Dharuhera is slowly shifting from an agrarian economy to an industrial one due to its close proximity to New Delhi and Indira Gandhi International Airport and hence there is a high demand for warehouses in the area.

Project Plan

The project plan is to build 750,000 sq ft of brand new, flexible, modern, state-of-the-art, industry neutral, general purpose warehousing units in Dharuhera. The units are proposed to be developed with full pre-engineered super structures which will be part of an existing big warehousing complex. Upon completion the property is proposed to be occupied by reputed domestic & multinational 3rd Party Logistic service providers (3PL), FMCG, Pharma, Electronics and light engineering companies.

Current Status and Recent Developments

Till date 3 PEB Blocks (W5, W6 and W7) totaling to 360,000 sq ft of Built up Area have been constructed. Additionally, 3 RCC Blocks (B, C and D) totaling to 156,000 sq ft of Built up Area are being constructed. Out of these, Blocks B and C have been completed up to the warm shell condition and are ready for occupation. Block D is 80% complete, but further work on all RCC structures is stopped due to lack of response on RCC warehouses already built. Regular maintenance of PEB and infrastructure is being done.

Till date, around 393,972 sq ft has been leased to nine different tenants. Around 55,800 sq ft of PEB structure is vacant with an active pipeline for leasing. Some of the potential tenants are Brattle Food (extension), Kuhne-Nagel, Capsugel, OCI Express, Nandan Petrochem.

Way Forward and Exit Strategy

The Fund is exploring the option of selling the entire project on an "As Is Where Is" basis. Several potential buyers have shown interest and the Fund is in discussion with them.

ACORN Warehouses and Logistics Parks, Mumbai



*Actual Photograph

Location	Bhiwandi, Mumbai
Partner	Rudrapratap Developers
Asset Class	Integrated Logistic Park
Committed Amount	Rs. 42.00 Crores
Disbursed Amount	Rs. 40.76 Crores
Date of Initial Investment	August 2009
Project Stage	Approvals
Land Area	60 Acres
Approval Status	Pending
Construction Status	Site Planning and Design in progress
Sales Status	Not commenced

Transaction Overview and Investment Rationale

Milestone has invested in a warehousing facility in Bhiwandi, on the outskirts of Mumbai.

The economic boom in the country and increase in consumption in particular has led to companies focusing on improving back end infrastructure of material handling and hence has resulted into a higher demand for warehousing facilities. Bhiwandi has been a front runner among all potential destinations due to its close proximity to Mumbai, India's commercial and financial hub.

Current Status and Recent Developments

Application for approval has been submitted but cannot be pursued until DDP of MMRDA is implemented. Site planning and design is stopped.

Price of land has appreciated substantially and there is a high demand for land in this area.

Way Forward and Exit Strategy

The Fund is negotiating exit with the developer.

Prakriti, Kolkata



Location	Sodepur, Kolkata
Partner	Godrej Properties
Asset Class	Residential
Committed Amount	Rs. 46.10 Crores
Disbursed Amount	Rs. 46.10 Crores
Date of Initial Investment	August 2009
Project Stage	Construction and Sales
Land Area	24.22 Acres
Total Saleable Area	2,900,000 sq ft (approximately)
Approval Status	In Place
Construction Status	In Progress
Sales Status	In progress
Disinvested Amount	Rs. 15.92 Crores
Income Generated	Rs. 13.23 Crores

Transaction Overview and Investment Rationale

The project is in partnership with Godrej Properties - a well established national brand that is known for its good locations, great value and excellent construction.

The project is located on Barrackpore Trunk Road (an arterial road in Kolkata) in Sodepur close to Rajarhat, the upcoming IT/ITeS hub in Kolkata.

Project Plan

The project plan is to develop an integrated residential community spread over 24.22 acres which offers all the comforts and conveniences of modern and urban living.

Current Status and Recent Developments

Phase I - Completely sold.

Phase II - 409 units sold.

Phase III - 275 units sold.

Phase IV - 308 units sold.

Phase V - Launched recently.

Exit

We are partially exited our investment by selling our interest.

Have received 29 crores towards partial exit, to be distributed shortly

Insignia, Mumbai



Location	Kalina, Mumbai
Partner	Dheeraj Realty
Asset Class	Residential
Committed Amount	Rs. 20 Crores
Disbursed Amount	Rs. 20 Crores
Date of Initial Investment	February 2010
Project Stage	Construction and Sales
Land Area	2.25 Acres
Total Saleable Area	580,000 sq ft (approximately)
Approval Status	In Place
Construction Status	In progress
Sales Status	80% sold
Disinvested Amount	Rs. 9.91 Crores
Income Generated	Rs. 11.89 Crores

Transaction Overview and Investment Rationale

The project is in partnership with Dheeraj Realty - an experienced and renowned name in the industry.

The project is located in Kalina, Mumbai - just outside Bandra Kurla Complex, the secondary business district of Mumbai that is fast becoming the national head quarters for major international and national businesses.

Project Plan

The project plan is to develop premium residential space close to Mumbai's commercial hub hence offering homes close to offices along with state of the art amenities like an open-sky swimming pool, jogging track, children's play area among other things.

Current Status and Recent Developments

Construction work has commenced on all six wings. Basement partly completed.

Revised approval for development under process.

The project has received a good sales response and 80% of the apartments are already booked. On receiving the required approvals, construction will commence and further payments from the buyers will be due which will mobilize cash flows.

Way Forward and Exit Strategy

The fund has negotiated an exit & has already received Rs. 15.22 crores in June 2013 quarter.

Belfort, Pondicherry and Madurai



*Prospective Image

Location	Pondicherry and Madurai
Partner	Pelican Group
Asset Class	Residential
Committed Amount	Rs. 20 Crores
Disbursed Amount	Rs. 20 Crores
Date of Initial Investment	July 2010
Project Stage	Construction and Sales
Land Area	87 Acres
Total Saleable Area	1,900,000 sq ft (approximately)
Approval Status	In Place
Construction Status	In Progress
Sales Status	In Progress
Disinvested Amount	Rs. 4.44 Crores
Income Generated	Rs. 12.92 Crores

Transaction Overview and Investment Rationale

The project is in partnership with Pelican, a Chennai based real estate services company that provides property development, realty advisory & project liaison services. The Company is currently developing & marketing projects in Pondicherry, Madurai, Chennai & Kodaikanal.

The Fund has invested in the plotted development, affordable housing segment and high end villas in Pondicherry and Madurai.

Project Plan

Belfort – Plotted Development (Affordable Housing) in Pondicherry totaling to 707 plots (approximately).

Sowebernika – Plotted Development (High End Villas) in Pondicherry of around 15 plots with an average area of 4,000 sq ft.

Subhiksha Bhoomi – Plotted Development in Madurai of around 383 land parcels with an average area of 1400 to 2400 sq ft with modern amenities and recreation facilities.

Current Status and Recent Developments

Belfort - Layout approval received from Pondicherry Planning Authority (PPA). Construction of mock house completed. 414 plots have been booked. Work has commenced on 70% of the plots and some bungalows are already handed over. Infrastructure is 80% complete.

Way Forward and Exit Strategy

Fund has made partial exit at the originally agreed terms. Expected to fully exit by year end.

Marvel, Chennai



Location	Velacherry, Chennai
Partner	Ramaniyam Group
Asset Class	Residential
Committed Amount	Rs. 9 Crores
Disbursed Amount	Rs. 9 Crores
Date of Initial Investment	August 2010
Project Stage	Construction and Sales
Land Area	2.20 Acres
Total Saleable Area	178,000 sq ft (approximately)
Approval Status	In place
Construction Status	In Progress
Sales Status	Over 97% sold
Disinvested Amount	Rs. 5.85 Crores
Income Generated	Rs. 0.04 Crores

Transaction Overview and Investment Rationale

The project is in partnership with Ramaniyam Real Estates Pvt. Ltd. - a well established and experienced developer in Chennai.

The proposed project is a residential project that is located in Velacherry in the midst of a typical residential area of Chennai and about a 5 minute walk from the Perungudi railway station on the OH metro which has been operational for over 3 years.

Project Plan

Ramaniyam Group has entered into a Joint Development Agreement with M/s Land Marvel Homes for the development of the above mentioned residential development. Land Marvel Homes, a Chennai based real estate Developer owns 2.20 acre of land in Velacherry. Ramaniyam Group will construct 178,000 sq ft of residential space on this parcel of land.

Current Status and Recent Developments

Approvals are in place for existing plan. However, the developer has amended these plans and increased the total saleable area.

Handover of flats to begin in next 2-3 months.

Way Forward and Exit Strategy

Construction and sales for this project are progressing well. The fund has made a partial exit from this project and a full exit is expected on completion

Kattima, Chennai



Location	Thoraipakkam, Chennai
Partner	Ramaniyam Group
Asset Class	Residential
Committed Amount	Rs. 2 Crores
Disbursed Amount	Rs. 2 Crores
Date of Initial Investment	February 2011
Project Stage	Construction and Sales
Land Area	2.32 Acres
Total Saleable Area	192,000 sq ft (approximately)
Approval Status	In place
Construction Status	In Progress
Sales Status	In Progress

Transaction Overview and Investment Rationale

The project is in partnership with Ramaniyam Real Estates Pvt. Ltd. - a well established and experienced developer in Chennai.

The proposed project is a premium residential project that is located in Thoraipakkam, a suburb of Chennai that is located around Rajiv Gandhi Salai (OMR), an area that has evolved into a premier IT corridor.

Project Plan

The Katti-Ma Group, a reputed company in the Indian granite trade has tied up with the Ramaniyam Group to develop a premium residential project at Thoraipakkam, off Old Mahabalipuram Road. The plan is to develop around 100 spacious apartments of around 1500 sq ft to 2600 sq ft to service the target group of middle and higher income group working in the IT corridor of Chennai.

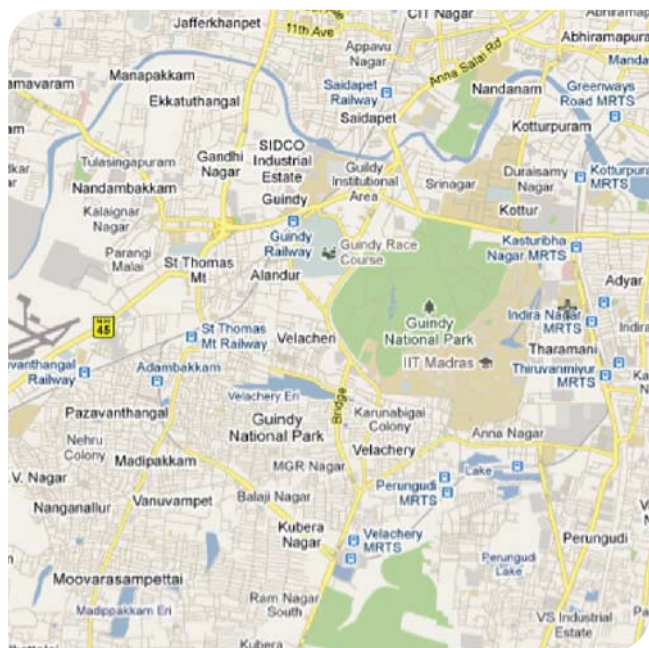
Current Status and Recent Developments

Completion Certificate being applied for.

Project is in advance stage of construction. Finishing work is in progress.

Over 90% of the flats in this project have been sold.

Various, Chennai



Location	Thoraipakkam, Chennai
Location	1. Thiruvanniyur (L.B. Road), Chennai 2. Mandavelli, Chennai 3. Thiruvanniyur, Chennai 4. Velacherry, Chennai"
Partner	Ramaniyam Group
Asset Class	Residential
Committed Amount	Rs. 34.50 Crores
Disbursed Amount	Rs. 34.50 Crores
Date of Initial Investment	May 2011
Project Stage	Design Development
Total Saleable Area	550,000 sq ft (approximately)
Approval Status	In Progress
Construction Status	Preparatory work is in progress
Sales Status	Not launched
Disinvested Amount	Rs. 6.00 Crores

Transaction Overview and Investment Rationale

The investment is in partnership with Ramaniyam Real Estates Pvt. Ltd. - a well established and experienced developer in Chennai.

The above investment is across four residential projects located across Chennai in Velacherry, Mandavelli and Thiruvanniyur.

Project Plan

Ramaniyam Group has entered into a Joint Development Agreement majority with M/s Land Marvel Homes for the development of the above mentioned residential developments. Land Marvel Homes, a Chennai based real estate Developer owns the parcels of land in Velacherry, Mandavelli and Thiruvanniyur on which Ramaniyam plans on developing residential projects.

Current Status and Recent Developments

Thiruvanniyur & Velacherry - Planning and design work is in progress.

Exit

Fund has partially exited from Thiruvanniyur (L B Road) & Mandavelli project and received Rs. 6 cr. towards the same.

Thiruvanniyur exit under discussion, since project approval are awaited for residential development

Pushkar II, Chennai



Location	Sholinganallur, Chennai
Partner	Ramaniyam Group
Asset Class	Residential (Affordable Housing)
Committed Amount	Rs. 12 Crores
Disbursed Amount	Rs. 12 Crores
Date of Initial Investment	Jan 2012
Project Stage	Construction started
Land Area	1.35 Acres
Total Saleable Area	1,70,000 sq ft (approximately)
Approval Status	Applied for
Construction Status	Commenced
Sales Status	Launched

Transaction Overview and Investment Rationale

The project is in partnership with Ramaniyam Real Estates Pvt. Ltd. - a well established and experienced developer in Chennai.

The proposed project is a residential project that is located on OMR-ECR road at Sholinganallur, a suburb of Chennai that has evolved into a premier IT corridor.

Project Plan

M/s Ramaniyam Group, a Chennai based real estate Developer, proposes to develop a residential project consisting a multistorey building with studio, 2 and 3 BHK apartments on the East Coast Road (ECR) and Rajiv Gandhi Salai (OMR) link road at Sholinganallur.

Current Status and Recent Developments

Initial approval is in place.

Pilling work completed. Foundation & plinth work in progress.

Project launched @ Rs. 5250/- per sq. ft. and receiving good response.

Bank loan for payment of premium FSI and construction applied for.

Swarajya, Mumbai



Location	Ambivali, Mumbai
Partner	Neptune Group
Asset Class	Residential (Affordable Housing)
Committed Amount	Rs. 21.75 Crores
Disbursed Amount	Rs. 21.75 Crores
Date of Initial Investment	May 2011
Project Stage	Construction and Sales
Land Area	115 Acres
Total Saleable Area	5,700,000 sq ft (approximately)
Approval Status	Initial approvals in place
Construction Status	In Progress
Sales Status	Phase I – 94% sold Phase II – 98% sold Phase IV B – 40% sold
Disinvested Amount	Rs. 18.75 Crores
Income Generated	Rs. 5.88 Crores

Transaction Overview and Investment Rationale

The Fund has invested in an affordable housing project located in a town called Ambivali near Kalyan in the Mumbai Metropolitan Region. The town is well connected and accessible by suburban railways as well as roadways from Mumbai. The presence of industrial areas in the vicinity provides a natural catchment for industrial workers. Additionally, there is a huge demand for affordable housing in Mumbai.

The project is being developed by Neptune Group, a Mumbai based developer, experienced in the development of residential projects, office complexes, shopping malls and IT Parks.

Project Plan

The proposed development is a Greenfield development aimed at providing affordable housing to the Lower Income Group segment of the Mumbai Metropolitan Region. The project is spread across 115 acres and once completed will consist a total of 10,000 units spread across 6 Phases and 3 Sectors.

Current Status and Recent Developments

Sector 1 - 22 buildings are under construction, out of which 9 building are nearing completion. 94.6% of these units have been sold.

Sector 2 - Construction is ongoing in 27 out of 44 buildings with most buildings RCC upto 4th floor. Total number of planned units in Sector 2 has increased from 2522 to 2693. 98% of these units have been sold. Further sales stopped for Pahse 1 & 2 to allow sale at premium rates later. Sector 4B having 3 buildings; is launched at a premium rate of Rs. 3800/-psf and 97 bookings have been received. Further, NA of additional 6 acres is received. Additional 13 acres expected by August 2013

Way Forward and Exit Strategy

The Fund has substantially divested from this project.

Assa House II, Nagpur



*Prospective Image

Location	Kingsway, Nagpur
Partner	Milestone Group
Asset Class	Residential
Committed Amount	Rs. 8.50 Crores
Disbursed Amount	Rs. 8.50 Crores
Date of Initial Investment	October 2011
Project Stage	Approvals
Land Area	0.25 Acres
Total Saleable Area	13,000 sq ft (approximately)
Approval Status	Few approvals pending
Construction Status	Not Commenced
Sales Status	Not Launched

Transaction Overview and Investment Rationale

The Fund has invested in a plot of land in order to construct a residential project in Nagpur. The land is located on Jai Narayan Marg, Mohan Nagar, in the heart of Nagpur and offers tremendous opportunity due to its central location. The development of the project is being carried out by the Milestone Group. The plot of land is adjacent to a commercial development carried out by the Milestone Group.

Project Plan

The proposed project plan is to develop approximately 13,000 sq ft of based on 1.0x FSI, through earlier plan was to develop 30,000 sq.ft. based on FSI approval of 2.5x. The increase in FSI approval is awaited notification from Nagpur Municipal Corporation.

Current Status and Recent Developments

Site planning and design work is in progress.

Application for building permission submitted to the Nagpur Municipal Corporation.

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