

Milestone Domestic Scheme - III



Newsletter for the quarter April –June 2016

AN ISO 9001:2008 CERTIFIED COMPANY

Dear Investors,

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

With a favorable monsoon, prudent fiscal consolidation and government's focus on pro-business legislations and faster clearances to projects, the growth drivers are in place for further increased economic activity which shall positively impact real demand over the medium term. Additionally, with increasing focus of the Union Government on housing for all till 2022 under the Prime Minister Awas Yojana, affordable housing will receive a major boost. This will lead to developers and fund providers to actively evaluate and develop affordable housing projects across the country.

The residential launches reduced by 49% in the last quarter thus reducing the inventory overhang in the first half of 2016 and improving the overall market sentiments. Further, developers willingness to re-align their businesses in line with the Real Estate Regulatory Act will impact launches over the near term providing stability to home prices.

During the quarter, the Fund has partially divested from Hubtown, Mumbai by generating total proceeds of Rs. 21.2 crores (including capital and income). Further, the Fund has also received income from investments in Prisha, ATS Dolce, and Pelican Belfort. The total proceeds of Rs. 24.0 crores have been distributed to you in the 16th distribution in July 2016. With this distribution, the Fund has paid out Rs 319.4 crores (approx 81% of fund corpus, gross of expenses) till date.

The first extension of the fund ends on 31st July 2016. The Fund Manager has recommended to the Trustee for extension of the term of the Fund by one year till July 2017 (as per PPM) and same has been approved.

We thank you all for the continued support.

A handwritten signature in blue ink, appearing to read 'Nilesh Karkhanis'.

Nilesh Karkhanis
Head - Projects

Portfolio updates

- The Fund entered into revised consent terms with Hubtown and obtained additional security in a residential project in Andheri-W, Mumbai

Proposed Action

- The Fund expects to achieve full exit from Prisha properties, Bangalore by Q3 2016 by way of refinance by a third party Financial Institution

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FUND SUMMARY AS ON JUNE 30, 2016

Funds Received	Rs. 394.0 Crores
Final Closing Date	31st January 2012
Term	3.5 years + 1 year + 1 year
No. of Investments	10
Invested Amount	Rs. 393.0 Crores
Capital Divested	Rs. 136.9 Crores
Income Generated (Pre-tax)	Rs. 182.5 Crores
Total Divested Amount	Rs. 319.4 Crores (81%)

PORTFOLIO EXIT DETAILS AS ON JUNE 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	Hubtown, (Ackruti City Ltd.)	Andheri, Mumbai	73.5	32.1	77.7	109.8	44%
2	Richa Realtors	Mulund, Mumbai	50.0	24.8	41.9	66.7	50%
3	Land Marvel	Velachery, Chennai	11.0	-	3.9	3.9	-
4	Land Marvel 2	Kotivakka, & Thaiyur, Chennai	15.0	-	1.4	1.4	-
5	Hanging Garden	Hebbal, Bengaluru	30.0	-	17.0	17.0	-
6	Signature	Dahisar, Mumbai	20.0	-	2.4	2.4	-
7	ATS Group	Greater Noida, NCR	98.5	65.0	27.2	92.2	66%
8	Pelican Realty	Puducherry	15.0	-	2.62	2.62	-
9	Landmark Torrence	Chennai	65.0	-	2.07	2.07	-
FULLY EXITED INVESTMENTS							
10	Jain Heights & Structures Pvt. Ltd.	C.V. Raman Nagar, Bengaluru	15.0	15.0	6.4	21.4	100%
Total			393.0	136.9	182.5	319.4	

Hubtown, Mumbai



Recent Developments and Way Forward

Till date, the Fund has received Rs 109.8 crores, which is about 150% of the amount invested in Hubtown.

For the balance investment amount, the Fund has entered into revised consent terms with Hubtown. In lieu of the extension, the Fund has received Rs. 10 crores from the Company and obtained additional security by way of mortgage of apartments in the “Hubtown – Premier Residences Project” at Andheri (W). The interest rate has been increased from 20% per annum to 22% per annum for the balance period of investment. The Fund is expected to completely exit the investment by Q4 2016.

The Fund continues to hold mortgage of unsold area at Ackruti Star and pledge of 25 lakh shares of the promoters of Hubtown Limited.

Location	Andheri, Mumbai
Partner	Hubtown Limited*
Invested Amount	Rs. 73.5 Crores
Initial Investment Date	March 2011
Total Saleable Area	122,523 sq ft (approximately)
Expected Rate of Return	20.00% IRR

*Previously known as Ackruti City Ltd

Transaction Overview

The Fund has invested in Hubtown Limited by way of non convertible debentures. The Fund has mortgage of ready commercial office property ‘Ackruti Star’ in Andheri (East) - Mumbai, having a total area of 122,523 sq. ft.

Richa Realtors, Mumbai



Recent Developments and Way Forward

As per the terms of the exit agreement signed with the developer, the last leg of repayment is due in June 2017 which will ensure a simple interest of 22.5% per annum.

Location	Mulund, Mumbai
Partner	Richa Realtors
Invested Amount	Rs. 50.0 Crores
Initial Investment Date	October 2011
Total Saleable Area	1,150,000 sq ft (approximately)
Expected Rate of Return	22.50% p. a. (Simple Interest)

Transaction Overview

The Fund has made an investment in a redevelopment project of a large housing colony on the Eastern Express Highway in Mulund (E), Mumbai. TATA Housing is developing the project as JDA partner of Richa in the project.

Land Marvel - Velachery, Chennai



Location	Velachery, Chennai
Partner	Ramaniyam Group
Invested Amount	Rs. 11.0 Crores
Initial Investment Date	November 2011
Total Saleable Area	180,000 sq ft (approximately)
Expected Rate of Return	22.00% IRR

Transaction Overview

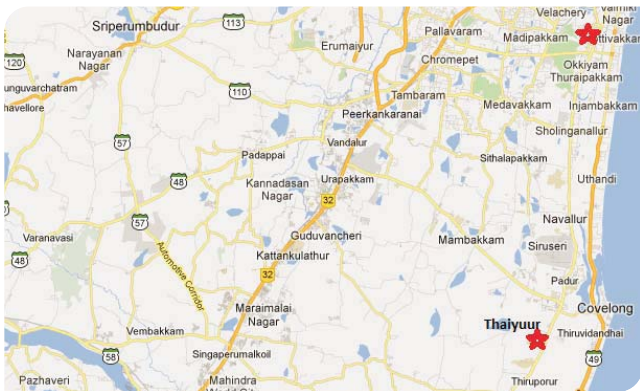
The Fund invested in a residential project in a joint venture with Ramaniyam Group through an SPV viz. Amarnedhi Realtors Private Limited. The SPV entered into a joint development agreement with Land Marvel Homes to develop

the 1.25 acres of land with total saleable area of 180,000 sq. ft (to be shared by developer and land owner). The project has been delayed as the road width and other approvals have still not been obtained.

Recent Developments and Way Forward

The Fund is in discussions with the developer for exit from the project. In parallel, the Fund is also exploring sale of developer’s share of the land to third parties.

Land Marvel - Kottivakkam & Thaiyur, Chennai



Location	Kottivakkam & Thaiyur, Chennai
Partner	Land Marvel
Investment Amount	Rs. 15.0 Crores
Initial Investment Date	July 2012
Total Saleable Area	580,000 sq ft (approximately)
Expected Rate of Return	24.00% IRR

Transaction Overview

The Fund has invested in two residential projects at Kottivakkam and Thaiyur through subscription of debentures of the SPV developing these projects. At Thaiyur, the project will cater mainly to the mid-income group. At Kottivakkam, the project is planned as a high-rise premium residential development consisting 2/3/4 BHK units with modern amenities.

Recent Developments and Way Forward

The Fund is in discussions with the developer to execute an agreement to achieve full exit over the next nine months. In parallel, the Fund is actively exploring JDA/outright sale proposals for the Project land.

Hanging Garden - Hebbal, Bengaluru



Location	Hebbal, Bengaluru
Partner	Prisha Properties
Invested Amount	Rs. 30.0 Crores
Initial Investment Date	February 2013
Total Saleable Area	295,000 sq ft (approximately)
Expected Rate of Return	24.00% IRR

Transaction Overview

Investment has been made by the Fund into the Company, by way of Optionally Convertible Debentures. The Project is located in Hebbal, Bengaluru and comprises total saleable residential area of 295, 000 sq ft.

Recent Developments and Way Forward

The project has got a new access from the Outer Ring Road which is expected to give a boost to the sales. The refinancing process with two financial institutions is progressing and we expect to achieve full exit by Q3 2016.

Signature - Dahisar, Mumbai



Location	Dahisar, Mumbai
Partner	Chaubey Realities Pvt. Ltd. (CRPL)
Invested Amount	Rs. 20.0 Crores
Initial Investment Date	March 2013
Total Saleable Area	129,000 sq ft (approximately)
Expected Rate of Return	23.00% IRR

Transaction Overview

The Fund has invested in CRPL through subscription of optionally convertible debentures. The Fund has invested in a residential project—Signature, located in Dahisar East catering to the mid income group consisting of 1/1.5/2 BHK units with modern amenities.

Recent Developments and Way Forward

The Fund is in discussions with the developer to achieve exit. The Company will initiate re launching of the project in Sep/Oct 2016 at a rate of approx. Rs 9500 psft which is higher than our assumptions thus reflecting the inherent value in the Project.

ATS Dolce - Greater Noida, NCR



Location	Sector Zeta 1, Greater Noida
Partner	ATS Group
Invested Amount	Rs. 98.5 Crores
Initial Investment Date	November 2013
Total Saleable Area	2,414,410 sq ft (approximately)
Expected Rate of Return	23% IRR (part exit completed for Rs 65cr)

Transaction Overview

The Fund has invested Rs 98.5 crores in Domus Greens Private Limited, an SPV of the ATS group in two tranches of Rs. 65 crores (in November 2013) and Rs. 33.5 crores (in November 2014).

Company is developing a mid residential project 'ATS Dolce' in Sector Zeta – I, Greater Noida consisting of 2 and 3 BHK units with all modern amenities. The project consists of 13 towers of 26- 29 floors each and 14 independent row houses. The Project is being executed in two phases of 1.3 and 1.1 million sq. ft.

Recent Developments and Way Forward

The Company has achieved 1.05 million sf of sales in this Project which is higher than the business plan projections. Construction is progressing as per schedule and has reached the 18th – 20th slabs across the launched towers.

The Fund has already exited first tranche investment of Rs 65cr at gross IRR of 23%.

Belfort - Puducherry



Location	Puducherry
Partner	Pelican Group
Invested Amount	Rs. 15.0 Crores
Initial Investment Date	March 2015
Total Saleable Area	850,000 sq ft (approximately)
Expected Rate of Return	22.50% IRR

Transaction Overview

The Fund has invested Rs. 15.0 crores in Pelican Realty Projects Pvt. Ltd (Pelican Realty) through Optionally Fully Convertible Debentures (OFCDs) for development of a senior living and an

affordable housing project. The project is spread over 52 acres in Bahour, Puducherry.

Pelican Realty is a reputed developer in Tamil Nadu/ Puducherry and has also developed projects in locations such as Trichy, Chennai, Madurai & Kodaikanal.

For the development of senior living component, Pelican Realty has entered into an agreement for 50% of plots with Serene Senior Living. The senior living component is being developed as an integrated mini township with amenities/facilities for senior citizens.

Project Status

25,000 sq. ft of the area mortgaged to the Fund has been sold till date. The Company has been regular in servicing the coupon payouts.

Landmark Torrence – Chennai



Location	Perungudi, Chennai
Partner	Landmark Group
Invested Amount	Rs. 65.0 Crores
Initial Investment Date	June 2015
Total Saleable Area	7,30,000 sq ft (approximately)
Expected Rate of Return	22.50% IRR

Transaction Overview

The Fund has invested Rs. 65.0 crores in Landmark Housing Projects India Pvt. Ltd (Landmark India) through Optionally Fully Convertible Debentures (OFCDs) for development of a mid segment residential project in Perungudi, Chennai. The project

is located close to the OMR Toll plaza and is spread over 4.2 acres. The project consists of 4 residential towers of 19 floors comprising of 596 apartments (374 – 2BHK apartments and 222 – 3 BHK apartments)

The Fund has exclusive mortgage of project land and all receivables along with personal guarantee of the promoter and corporate guarantee of Landmark Chennai. In addition, the Fund also has pledge of 100% shares of Landmark India owned by the Promoters.

Project Status

The Company is expected to launch the Project in Q3 2016. The Company has already received the revised CMDA (Chennai Metropolitan Development Authority) advice for the Project and will receive the final building plan approval from Corporation of Chennai in the next couple of months.

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