



April - June, 2014



## MILESTONE DOMESTIC SCHEME - III

Dear Investors,

Please find enclosed the investment update for Milestone Domestic Scheme – III (the “Fund”) for the quarter ended 30 June 2014.

During the last quarter, India witnessed a change in government at the centre as NDA came to power with a clear mandate. Budget 2014-15 clarifies that REITs, which are a fairly successful concept internationally, would get a tax pass-through status. The housing loan rebate on interest paid on self-occupied property has been increased from Rs 1.5 lacs to Rs 2.0 lacs for individuals. Amendment in FDI norms would facilitate access of foreign capital to smaller builders and promote affordable housing. The Reserve Bank of India (RBI) kept the key rates unchanged and reduced the Statutory Liquidity Ratio of scheduled commercial banks by 50bps. This will ensure enough liquidity with the banks to increase lending to the real estate industry.

Residential sales have declined substantially in Q1-2014 compared to previous quarter levels. With nearly 49,391 units being sold during Q1-2014 it is 53% less than the sales recorded during the peak in Q1-2011. Residential sales have remained subdued in the previous quarter on account of high prices making it unaffordable to purchase a house in most markets along with high interest rates. We expect the sales to pick up in the near future owing to improvement in sentiment and likely growth in economy.

During this quarter, the Fund has received income of Rs 11 crores from various portfolio companies. We are in the process of completing the due diligence for one of the identified transactions and expect to deploy monies from the final capital call shortly.

We thank you for your continued support.

Regards,



Alok Aggarwal

Managing Partner & CEO – Real Estate

## Milestone Domestic Scheme III

### FUND SUMMARY AS ON JUNE 30, 2014

Funds Received	Rs. 394.0 Crores
Final Closing Date	31st January 2012
Term	3.5 years + 1 year + 1 year
No. of Investments	8
Committed Amount	Rs. 306.0 Crores
Capital Divested	Rs. 15.0 Crores (4%)
Income Generated (Pre-tax)	Rs. 84.7 Crores
Total Exit Amount	Rs. 99.7 Crores (25.7%)

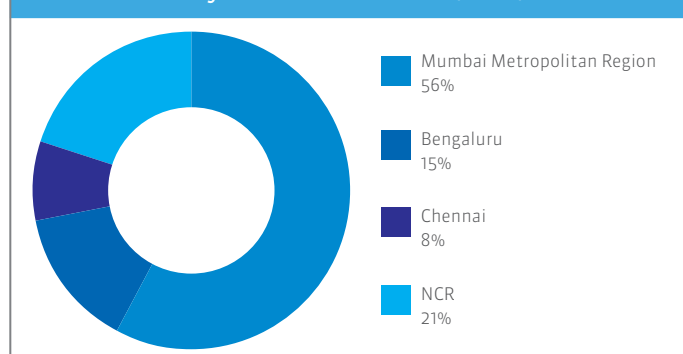
### INVESTMENT SUMMARY AS ON JUNE 30, 2014

Rs. CRORES

No.	Partner	Location	Initial Investment Date	Fund's Commitment
1	Ackruti City Ltd.	Andheri, Mumbai	Mar-11	100.00*
2	Jain Heights and Structures Pvt. Ltd.	C. V. Raman Nagar, Bengaluru	May-11	15.00
3	Richa Realtors	Mulund, Mumbai	Oct-11	50.00
4	Land Marvel	Velacherry, Chennai	Nov-11	11.00
5	Land Marvel 2	Kotivakkam & Thaiyur, Chennai	July-12	15.00
6	Prisha Properties (I) Pvt. Ltd.	Hebbal, Bengaluru	Feb-13	30.00
7	Chaubey Realties	Dahisar, Mumbai	Mar-13	20.00
8	ATS Group	Greater Noida, NCR	Nov-13	65.00
			<b>Total</b>	<b>306.00</b>

\* Includes co-investment of Rs. 26.5 Crores.

### City-Wise Distribution (In Rs.)



City-wise distribution (in Rs.) of the various projects in the portfolio

## Milestone Domestic Scheme III

PORTFOLIO EXIT DETAILS AS ON JUNE 30, 2014								Rs. CRORES	
No.	Project	Location	Capital Commitment	Annual Coupon	Capital Invested	Capital Divested (Pre Tax, Pre expenses)	Income Generated	Total Exit	% Capital Divested
					(A)	(B)	(C)	(B+C)	(B/A)
1	Hubtown (Ackruti City Ltd.)	Andheri, Mumbai	100.0*	12.0%	100.0	-	52.7	52.7	-
2	Jain Heights & Structures Pvt. Ltd.	C.V. Raman Nagar, Bengaluru	15.0	25.0%	15.0	15.0	6.4	21.4	100.0%
3	Richa Realtors	Mulund, Mumbai	50.0	12.0%	50.0	-	8.6	8.6	-
4	Land Marvel	Velachery, Chennai	11.0	NA	11.0	-	3.9	3.9	-
5	Land Marvel 2	Kotivakkam & Thaiyur, Chennai	15.0	12.0%	15.0	-	1.4	1.4	-
6	Hanging Garden	Hebbal, Bengaluru	30.0	15.0%	30.0	-	4.5	4.5	-
7	Signature	Dahisar, Mumbai	20.0	12.0%	20.0	-	2.4	2.4	-
8	ATS Group	Greater Noida, NCR	65.0	15.0%	65.0	-	4.9	4.9	-
<b>Total</b>			<b>306.0</b>		<b>306.0</b>	<b>15.0</b>	<b>84.7</b>	<b>99.7</b>	

\* Includes co-investment of Rs. 26.5 Crores

## Hubtown, Mumbai



Location	Andheri, Mumbai
Partner	Hubtown Limited*
Asset Class	Commercial
Committed Amount	Rs. 100 Crores**
Disbursed Amount	Rs. 100 Crores**
Project Stage	Ready to occupy building
Land Area	N A
Total Saleable Area	122,523 sq ft (approximately)
Expected Rate of Return	between 18% to 20% IRR
Instrument	Debentures
Investment Period	Exit expected in Q2, 2015

\*Previously known as Ackruti City Ltd

\*\*Includes co-investment

### Transaction Structure

Investment has been made by the Fund into the company by way of debentures. Hubtown is a real estate development company listed on BSE/NSE.

### Project Plan

Fund had invested in Hubtown's project in Andheri (West), Mumbai. The project was awarded to Hubtown as a Public-private partnership (PPP).

Subsequently, Fund has in August 2013 entered into restructuring with developer and filed consent terms with Honourable High Court of Bombay. As per the agreed restructuring we have swapped the existing mortgage with a ready commercial office property 'Ackruti Star' in Andheri (East) - Mumbai, having a total area of 122,523 sq. ft.

### Securities

1. Mortgage of 122,523 sq. ft. of commercial property in Ackruti Star, Andheri (East), Mumbai.
2. Escrow account for monitoring the project's cash flows and receivables
3. Personal Guarantee from the Promoters

### Current Status

1. Company has sold 29,486 sf at an average price of Rs 9,700 psf (of the 122,523 sft mortgaged with us) and received approx. Rs 27.6 crores (including amount received by co – investors).
2. Company has recently signed an LOI for leasing about 12,500 sft with a reputed company.
3. Developer is also in discussions with brokers to sell the balance area to repay the outstanding amount.

## Jain Heights, Bengaluru



Location	C. V. Raman Nagar, Bengaluru
Partner	Jain Heights and Structures Pvt. Ltd.
Asset Class	Residential
Committed Amount	Rs. 15 Crores
Disbursed Amount	Rs. 15 Crores
Project Stage	Under development
Land Area	7.37 Acres
Total Saleable Area	650,000 sq ft (approximately)
Expected Rate of Return	25.00% IRR
Instrument	Debentures
Investment Period	Exited

### Exit Status

The Fund has completely exited from the project at a gross IRR of 25%.

Exit proceeds have been distributed in April 2013.

## Richa Realtors, Mumbai



Location	Mulund, Mumbai
Partner	Richa Realtors
Asset Class	Residential
Committed Amount	Rs. 50 Crores
Disbursed Amount	Rs. 50 Crores
Project Stage	Construction (Tenants Bldg.)
Land Area	25 Acres
Total Saleable Area	1,150,000 sq ft (approximately)
Expected Rate of Return	23.50% p. a. (Simple Interest)
Instrument	Debentures
Investment Period	Extended till Q1, 2015

### Transaction Structure

Investment has been made by the Fund by way of debentures

### Project Plan

The Fund has made an investment in a redevelopment project of a large housing colony on the Eastern Express Highway in Mulund (E), Mumbai.

The redevelopment of this colony has been awarded to Richa Realtors by MHADA. Richa Realtors is required to build new houses for the existing tenants and in consideration for this Richa Realtors would be entitled to 1,150,000 sq ft (approximately) of free sale area.

Richa Realtors has signed a Joint Development Agreement with TATA Housing to jointly develop the project.

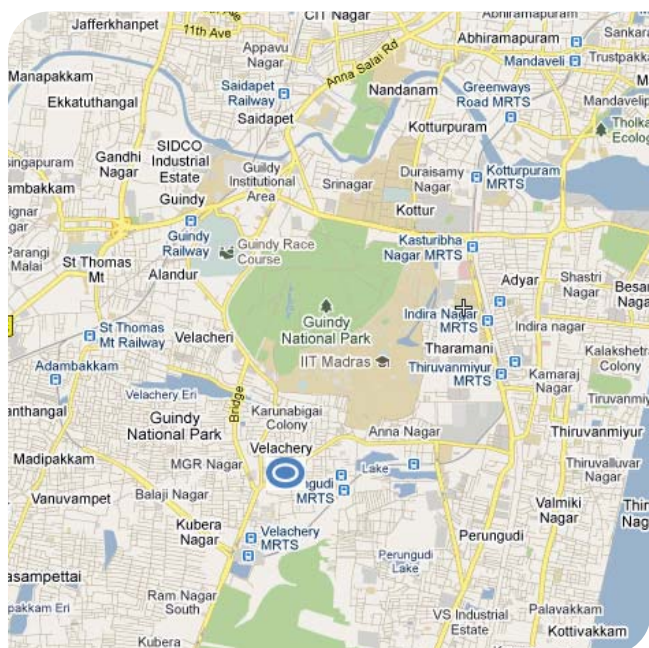
### Securities

1. Charge on an additional project (as collateral)
2. Pledge of Promoter's shares
3. Escrow account for monitoring project cash flows and receivables
4. Personal Guarantee from the Promoters
5. Assignment of receivables from the project

### Current Status

1. Piling works for buildings B and C of the free sale component has been completed by TATA Housing.
2. The flats in the eight rehab buildings are expected to handed over in next 2-3 months.
3. Due to delays in project approvals, the developer has sought an extension for repayment of outstanding amount by March 2015

# Land Marvel - Velachery, Chennai



Location	Velachery, Chennai
Partner	Ramaniyam Group
Asset Class	Residential
Committed Amount	Rs. 11 Crores
Disbursed Amount	Rs. 11 Crores
Project Stage	Approvals awaited
Land Area	1.25 Acres
Total Saleable Area	180,000 sq ft (approximately)
Expected Rate of Return	22.00% IRR
Instrument	Debentures
Investment Period	Extended till Q4, 2014

## Transaction Structure

Investment has been made by the Fund into the SPV by way of debentures.

Investment has been made for a maximum period of 18 months, however since the project has not been launched, developer has requested for extension of repayment.

## Project Plan

The Fund has made an investment in a residential project in Velachery, Chennai.

Amarneedhi Realtors Private Limited (ARPL), a joint venture company of Ramaniyam Group and Milestone Group has entered a Joint Development Agreement with Land Marvel Homes to jointly develop the 1.25 acres of land in Chennai.

The total saleable area for this project is 180,000 sq ft (approximately) that will be shared between the land owner and developer.

## Securities

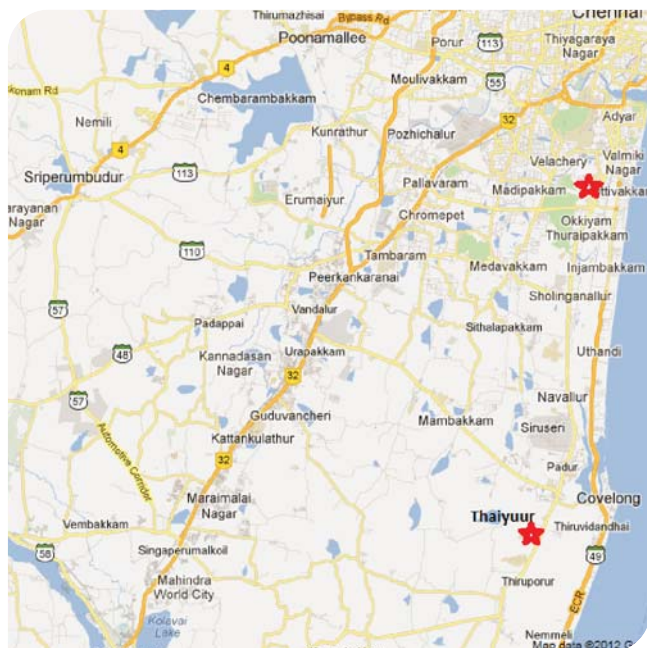
1. Charge on project land (52.9%) and structure thereupon
2. Assignment of project receivables
3. Escrow account for monitoring project cash flows and receivables
4. Personal Guarantee from the Promoters

## Recent Developments

1. Development approvals are pending due to approval of road width and taking over of road by Chennai Corporation/PWD.
2. We are in discussions with developer to exit the project if approvals are not obtained in near future.
3. Developer has requested for extension of time for payment of the interest due to the delay in commencement of project.



# Land Marvel - Kotivakkam & Thaiyur, Chennai



Location	Kotivakkam & Thaiyur, Chennai
Partner	Land Marvel
Asset Class	Residential
Committed Amount	Rs. 15 Crores
Disbursed Amount	Rs. 15 Crores
Project Stage	Approvals awaited
Land Area	10.74 Acres
Total Saleable Area	14,30,000 sq ft (approximately)
Expected Rate of Return	24.00% IRR
Instrument	Debentures
Investment Period	36 months

## Transaction Structure

Investment has been made by the Fund into the SPV by way of debentures.

Investment has been made for a period of 36 months from the investment date of July 2012

## Project Plan

The Fund has made an investment in two residential projects located in Thaiyur and Kotivakkam.

At Thaiyur, the project is proposed to be developed as high rise residential building, which will cater mainly to the mid-income group.

At Kotivakkam, the project is planned as a high rise premium residential development consisting 2,3, and 4 BHK units with modern amenities.

## Securities

1. Mortgage/Hypothecation of all SPV assets including land of the projects
2. Charge on receivables from an additional project
3. Pledge of promoters shares of the SPV
4. Escrow account for monitoring project cash flows and receivables
5. Personal Guarantee from the Promoters

## Recent Developments

1. Developer expects to receive the Directorate of Town and Country Planning (DTCP) approval for Thaiyur project
2. We have received some initial JDA proposals from local developers for plotted development in Kotivakkam which are under negotiations. This will expedite cash flows and exit from this project.
3. Refinancing options are being worked on to partially exit the project.

## Hanging Garden - Hebbal, Bengaluru



Location	Hebbal, Bengaluru
Partner	Prisha Properties
Asset Class	Residential
Committed Amount	Rs. 30 Crores
Disbursed Amount	Rs. 30 Crores
Project Stage	Launched
Land Area	2 Acres
Total Saleable Area	295,000 sq ft (approximately)
Expected Rate of Return	24.00% IRR
Instrument	Debentures
Investment Period	24-30 months

### Transaction Structure

Investment has been made by the Fund into the company, by way of Optionally Convertible Debentures.

Investment has been made for a period of 24-30 months (2 stage staggered redemptions) from the investment date of February 2013.

### Project Plan

The Project is located in Hebbal, Bengaluru.

The Project involves total saleable residential area of 295, 000 sq ft. The Project has received construction commencement approval.

Work already commenced at site

### Securities

1. Mortgage/Hypothecation of the Project land and additional collateral land of the promoter
2. Charge on receivables from the project
3. Pledge of promoters shares of the company (25%)
4. Escrow account for monitoring project cash flows and receivables
5. Personal Guarantee from the Promoters

### Current Status

1. 2nd floor casted for Tower C and 1st floor casted for Tower B. Foundation & basement work in progress for Tower A.
2. 15% of project sold. Current base price is about Rs. 6,000per sq. ft. Company is offering value adds like Air conditioning, home automation and modular kitchen in the Project.
3. Company has initiated branding campaign to improve visibility of the project and is engaging with wealth mangers and channel partner to improve sales
4. Company has paid the coupon (at 15% per annum) of Rs 4.5 crores as per due dates in Feb /March 2014.

## Signature - Dahisar, Mumbai



Location	Dahisar, Mumbai
Partner	Chaubey Realities Pvt. Ltd.
Asset Class	Residential
Committed Amount	Rs. 20 Crores
Disbursed Amount	Rs. 20 Crores
Project Stage	Under development
Land Area	1.8 Acres
Total Saleable Area	129,000 sq ft (approximately)
Expected Rate of Return	23.00% IRR
Instrument	Debentures
Investment Period	36 months

### Transaction Structure

Investment has been made by the Fund into the company, by way of Optionally Convertible Debentures.  
Investment has been made in March 2013 for a period of 36 months.

### Project Plan

The Fund has made an investment in a residential project (Signature) located in Dahisar-East, a northern suburb of Mumbai.

The project mainly caters to the mid income group consisting of 1,1.5, 2 BHK units with modern amenities

### Securities

1. Mortgage of Project land
2. Charge on receivables from the project
3. Escrow account for monitoring project cash flows and receivables
4. Personal Guarantee from the Promoters

### Current Status

1. First slab to be completed by 20th July 2014
2. 70 out of 138 flats sold in Signature - I. The remaining flats will be marketed aggressively on completion of the first two slabs i.e. by August 2014.
3. Construction of the rehab building is in final stages. Part possession to be provided by October 2014
4. Company has paid the coupon of Rs 2.4 crores as per the schedule in April 2014

## ATS Dolce – Greater Noida, NCR



Location	Sector Zeta 1, Greater Noida
Partner	ATS Group
Asset Class	Residential
Commitment Amount	Rs. 65 Crores
Disbursed Amount	Rs. 65 Crores
Project Stage	Building plan approval received for 1.5x FAR
Land Area	14 acres
Total Saleable Area	2,414,410 sq ft (approximately)
Expected Rate of Return	23% IRR
Instrument	Debentures
Investment Period	33 months

### Transaction Structure

Investment has been made by the Fund into Domus Greens Private Limited, a SPV of the ATS group, by way of Optionally Fully Convertible Debentures (OFCD). Investment is for a period of 33 months

Investment has been made in November 2013

### Project Plan

Domus Greens will be developing a residential project 'ATS Dolce' in Sector Zeta – I, Greater Noida

The project will cater to mid income group consisting of 2 and 3 BHK units with all modern amenities

The project will consist of 14 towers of 21 floors each with 16 independent row houses

### Securities

1. Mortgage of project land
2. Hypothecation of all project receivables
3. Personal guarantee of Promoter
4. Pledge of 100% shares of the SPV
5. Escrow of project cashflows

(At least 2.0x security cover will be maintained throughout the tenure of the investment)

### Current Status

1. The Company has received approval for additional FSI of 0.75x (increase to 3.50x from the earlier estimated FSI of 2.75x). Considering the increased FSI, the saleable area has increased to 2,414,410 sf
2. Environment Clearance is expected shortly. Site mobilization has commenced. Construction of site and marketing office is complete. Excavation work for the Phase 1 towers to begin in July.
3. Company has sold 582,800 sf area in the project (25% of the total project saleable area).
4. Company has paid the coupon of Rs 4.87 crores as per schedule in May 2014

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