

Milestone Domestic Scheme - III



Newsletter for the quarter January – March 2017

AN ISO 9001:2008 CERTIFIED COMPANY

Dear Investors,

We are pleased to share with you our Fund update for the quarter ended March 2017.

Indian economy is poised to grow at 7.4% this year backed by higher consumption and increase in public investment. The multiplier effects of this are expected to cascade to all sectors including real estate. With the government focusing on structural reforms in the real estate sector through implementation of RERA, opening of the FDI regime, big impetus to affordable housing and infrastructure, the investment scenario for the real estate sector looks very strong. Real estate attracted US\$32 billion in private equity investments in 2016, of which US\$6 billion was foreign investment. With increasing institutional interest in the sector, the investment momentum is expected to continue for 2017.

The developers focusing on aligning themselves with RERA and completing the existing projects led to the past quarter witnessing lower launches than the absorption in residential real estate. Notification of RERA and the Benami Property Act will lead to consolidation in this sector and developers will have to revamp their business models. The pace at which this happens will depend on fund infusion into the sector by the private equity investors and the strategy adopted by developers.

Overall, accelerated by the present measures of the Government, we expect that the Indian real estate sector will pick up towards the end of this year with organized developers and institutional investors leading from the front.

In this quarter, we have distributed total of Rs 26.4 crores mainly consisting of divestment proceeds from partial exit of Landmark Chennai.

The Fund is working with its various developer partners on achieving exit from its investments. However, we anticipate to completely divest from all portfolio investments over a period of 6 -12 months. In light of the ongoing efforts to exit at optimal valuation, the Fund believes it is necessary to extend the tenure of the Fund by one year till July 2018.

We shall also be sending you an Extension Letter shortly.

We thank you all for the continued support.

A handwritten signature in blue ink that reads 'Nilesh Karkhanis'.

Nilesh Karkhanis
Partner – Real Estate Investments

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FUND SUMMARY AS ON MARCH 31, 2017

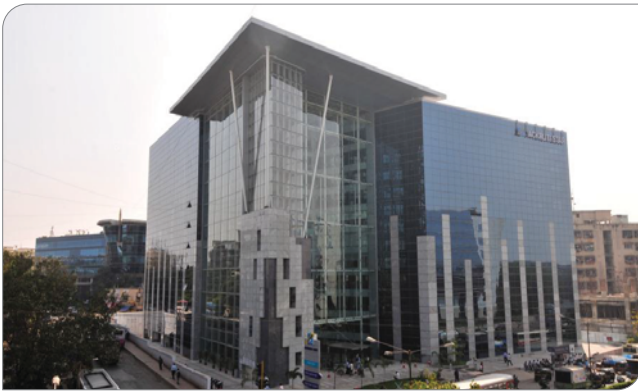
Funds Received	Rs. 394.0 Crores
Final Closing Date	31st January 2012
Term	3.5 years + 1 year + 1 year
No. of Investments	10
Invested Amount	Rs. 393.0 Crores
Capital Divested	Rs. 180.5 Crores
Income Generated (Pre-tax)	Rs. 208.4 Crores
Total Divested Amount	Rs. 388.9 Crores (99%)

PORTFOLIO EXIT DETAILS AS ON MARCH 31, 2017

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	81.6	113.7	44%
2	Richa Realtors	Mulund, Mumbai	50.0	24.9	41.8	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	-	18.8	18.8	-
6	Signature	Dahisar, Mumbai	20.0	-	2.4	2.4	-
7	Pelican Realty	Puducherry	15.0	-	4.3	4.3	-
8	Landmark Torrence	Chennai	65.0	10.0	13.4	23.4	15%
FULLY EXITED INVESTMENTS							
9	Jain Heights & Structures Pvt. Ltd.	C.V. Raman Nagar, Bengaluru	15.0	15.0	6.3	21.3	100%
10	ATS Group	Greater Noida, NCR	98.5	98.5	34.5	133.0	100%
Total			393.0	180.5	208.4	388.9	

Hubtown, Mumbai



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.

Recent Developments and Way Forward

The Fund till date has provided exit (income and capital) of 155% of the capital invested in this project. We are in discussions with the developer for payment of outstanding amount including through sale of area mortgaged to us. We expect to receive the balance exit proceeds over a period of next 5 - 6 months which shall provide full exit to the Fund.

The Fund continues to hold the security including mortgage of unsold area in Ackruti Star and mortgage of 45,000 sf of apartments in Hubtown – Premiere Residences Project in Andheri West. Further, the Fund also has pledge of 25 lakh shares of the promoters of Hubtown Limited.

Richa Realtors, Mumbai



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)

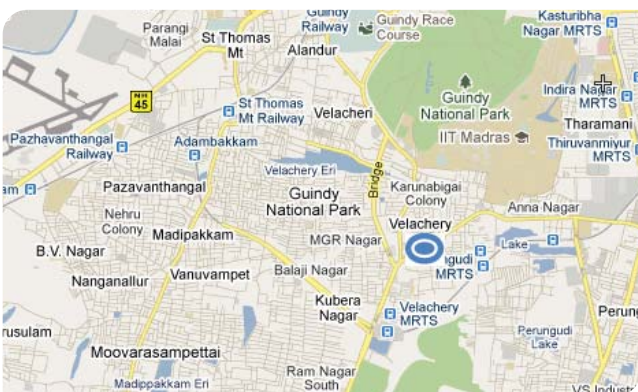
Transaction Overview

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.

Recent Developments and Way Forward

The Fund has already exited 50% of the capital invested with Richa Realtors and generated income of Rs 42 crores. The fund is working closely with the Developer to achieve exit for the balance 50% of the capital along with return by June 2017 in line with the exit agreement.

Land Marvel - Velachery, Chennai



Location	Velachery, Chennai
Partner	Land Marvel
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

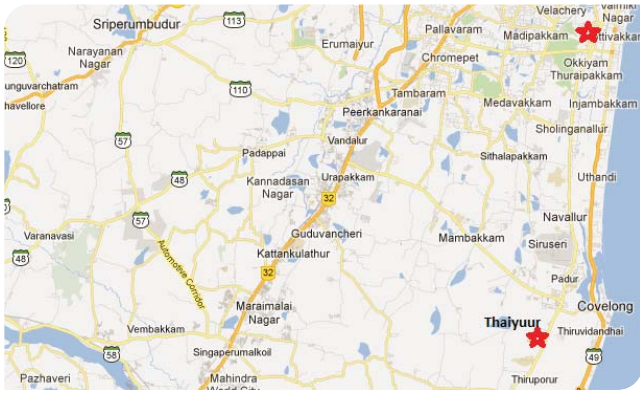
The Fund invested in a residential project to be developed by Ramaniyam Group through an SPV viz. Amarneedhi Realtors Private Limited. The SPV entered into a joint development agreement with Land Marvel Homes to develop the 1.25 acres

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.

Exit Status

The Fund is exploring sale of Land Marvel Homes' share of the land to third parties. Given the subdued real estate sentiment and lack of building approvals, the process of exiting through sale has taken more time than anticipated. The Fund is also working with the Land Marvel Homes to provide exit from own resources.

Land Marvel - Kottivakkam & Thaiyur, Chennai



the project is planned as a high-rise premium residential development consisting 2/3/4 BHK units with modern amenities.

Exit Status

We expect to partially divest from this investment in Q2 2017 and we are working actively with the developer to achieve the balance exit.

Hanging Garden - Hebbal, Bengaluru



Exit Status

The sales in this project have been subdued till date since the main access road had not been completed by statutory authorities. However now that the road is complete, the sales are expected to pick up. Against the back drop of these positive indicators, the Fund is in negotiations with the Developer for achieving exit from the project through refinancing from other interested investors.

Signature - Dahisar, Mumbai



Exit Status

The developer is pursuing further commencement certificate and it is expected in two months. The Fund is in discussions with the developer to provide us exit through refinancing which will be possible once commencement certificate for further floors is obtained.

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

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.

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.

Belfort - Puducherry



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.

Exit Status

32,000 sq. ft of the area mortgaged to the Fund has been sold till date. The Developer is in advanced stages to provide us exit through refinancing and we expect to achieve complete exit in Q2 2017.

Landmark Torrence – Chennai



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

We have achieved partial exit of approx Rs 23.4 crores. We are in discussions with the developer and expect to fully exit the project in the next 3 – 4 months.

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

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

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