

Milestone Domestic Scheme - III



Newsletter for Quarter ended March 2016

AN ISO 9001:2008 CERTIFIED COMPANY

Dear Investors,

We are pleased to share with you our fund update on Milestone Domestic Scheme-III (The Fund) for the quarter January – March 2016.

Today, the Indian economy has been positioned as a stable economy with increasing growth prospects and a key investment destination. This is reflected in FDI hitting an all time high in January 2016 along with healthy GDP growth forecasts of 7.5% – 8% for the coming year.

The Government, in its Union Budget, has focused on growth enablers including agriculture, infrastructure, smart cities and affordable housing while simultaneously being committed to maintaining the fiscal deficit targets. This has paved the way for a decreasing interest rate regime. The Reserve Bank of India in its April policy has decreased the repo rate by 25 bps and further announced measures to increase liquidity in the financial system.

The launch of new residential units declined by 32% from 347,683 units in 2014 to 234,032 units in 2015 reflecting the focus of the developers to execute ongoing projects. The office segment has witnessed increased in absorption volumes and gradual decline in vacancy levels throughout the country. Though the residential sales velocity declined in 2015 as compared to 2014, it is expected that the above government measures along with improving employment scenario shall augment the demand for residential real estate.

The Fund is actively managing the portfolio investments and is focused to achieve regular exits. During this quarter, the Fund has received income from portfolio companies of Rs 7.4 crores and the same has been paid out to you in the 15th Distribution made in April 2016. With this distribution, the Fund has paid out Rs 295.4 Crore (approx 75% of fund corpus, gross of expenses) till date.

I thank you all for the continued support.

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

Nilesh Karkhanis
Head - Projects

Portfolio updates

- For the Landmark Project, Chennai, the developer has obtained revised CMDA advice and the Project is expected to be launched during Q2, 2016.

Proposed Action

- Plan to distribute Rs 10 crore during Q2, 2016 on receipt of money from Hubtown

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Newsletter for Quarter ended March 2016

FUND SUMMARY AS ON MARCH 31, 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. 120.5 Crores
Income Generated (Pre-tax)	Rs. 174.9 Crores
Total Divested Amount	Rs. 295.4 Crores (75%)

PORTFOLIO EXIT DETAILS AS ON MARCH 31, 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	15.7	72.9	88.6	21.00%
2	Richa Realtors	Mulund, Mumbai	50.0	24.8	41.9	66.7	49.80%
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	-	15.8	15.8	-
6	Signature	Dahisar, Mumbai	20.0	-	2.4	2.4	-
7	ATS Group	Greater Noida, NCR	98.5	65.0	26.1	91.1	66.00%
8	Pelican Realty	Puducherry	15.0	-	2.07	2.07	-
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	100.00%
Total			393.0	120.5	174.9	295.4	

Hubtown, Mumbai



Recent Developments and Way Forward

Till date, the Fund has received Rs 88.6 crores, which is about 120% of the amount invested in Hubtown.

For the balance investment amount, Hubtown has requested extension of time period for payment up to Q4 2016. In lieu of the extension, the Fund shall obtain additional security by way of mortgage of apartments in the “Hubtown – Premier Residences Project” at Andheri (W) and the interest rate shall be increased from 20% per annum to 22% per annum for the balance period of investment. The Fund and Developer shall enter into the revised agreement in April/May 2016 and 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

The exit agreement has been signed with the developer and we have divested 50% of the capital. The balance 50% of the capital is expected to be exited by June 2017 at 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

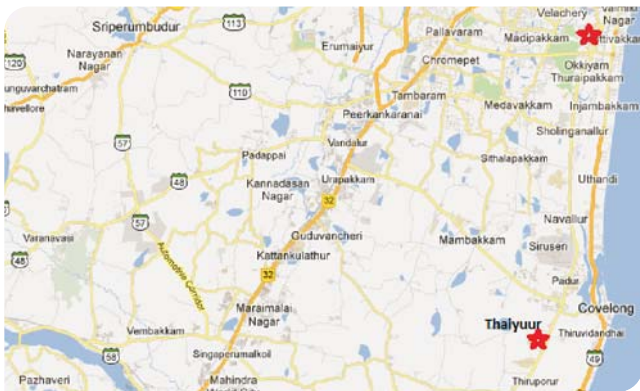
The Fund invested in a residential project in a joint venture with Ramaniyam Group through an SPV viz. Amarnedhi Realtors Private Limited. The SPV entered into a joint development agreement with Land Marvel Homes to develop

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 actively engaged with the developer to ensure repayment of dues. 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 actively working on various strategies to achieve exit and exploring JDA/outright sale proposals for the Project land. The Fund is also in discussions with the developer to expedite exit from this investment.

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

Civil Structure of Tower A, B and C has been completed. Sales are picking up albeit slowly. The due diligence for refinancing by NBFCs is ongoing and is expected to be completed over the next 3-4 months. The Fund shall achieve full exit on completion of this refinancing.

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

Delay in receipt of approvals led to delay in construction of sale building. However, the sales in the micro market are in the range of Rs 9500 – Rs 10,000 psft which is higher than our assumptions thus reflecting the inherent value in the Project.

The Fund is in discussions with the developer to achieve exit.

ATS Dolce - Greater Noida, NCR



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 launched another tower for sale and has completed 1 million sf of sales in this Project under difficult market conditions. Construction is progressing as per schedule and has reached the 16th – 18th slabs across towers.

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

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).

Belfort - Puducherry



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

23,000 sq. ft of the area mortgaged to the Fund has been sold till date. The Company has been regular in servicing the coupon payouts.

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

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

Revised CMDA (Chennai Metropolitan Development Authority) advice has been received for the Project and the Company is expected to launch the Project in Q2 2016.

World Trade Centre (WTC) is being planned in this micro market by Brigade Enterprises and Govt of Singapore fund, which is likely to boost the residential demand in future.

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