



July - September, 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 September 2014.

Union budget 2014-15 was presented in July and Government has announced various steps to focus on improving growth by providing a fillip to manufacturing and keeping inflation under check. RBI data indicates that GDP grew by 5.7% in Q1 2014 vs 4.4% in Q1 2013. Focus on lowering the current account deficit and reducing subsidies is likely to improve India’s credit rating and attract further foreign investment.

The Reserve Bank of India (RBI) kept the Repo Rate unchanged in the its Monetary Policy Review on August 05, 2014, but lowered the Statutory Liquidity Ratio (SLR) by 50 bps. This policy decision was driven by an expectation that Consumer Price Index (CPI) will remain high in the short term.

Demand for housing has remained subdued though it is expected to improve with the onset of festive season. Demand will mainly be led by commercial activity, job creation in suburbs of major cities which are priced in the affordable range. Reduction in mortgage rates coupled with freebies are likely to drive the end user demand across all major cities.

During this quarter, the fund has made the sixth distribution of Rs.11.30 crores. Fund plans to distribute another 8 crores by end of October 2014.

We have completed the due diligence for one of the indentified transactions and are in the process of signing term sheets for other two deals to fully deploy the fund within the coming quarter.

We take this opportunity to wish you & your families a very Happy Diwali.

We thank you for your continued support.

Regards,



Alok Aggarwal

Managing Partner & CEO – Real Estate

## Milestone Domestic Scheme III

### FUND SUMMARY AS ON SEPTEMBER 30, 2014

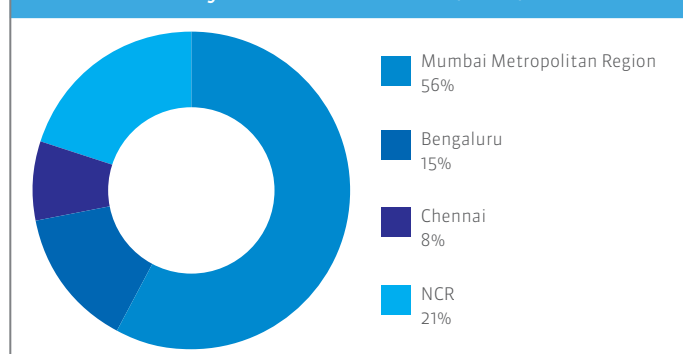
Funds Received	Rs. 394.0 Crores
Final Closing Date	31st January 2012
Term	3.5 years + 1 year + 1 year
No. of Investments	8
Committed Amount	Rs. 279.5 Crores
Capital Divested	Rs. 15.0 Crores (4%)
Income Generated (Pre-tax)	Rs. 80.6 Crores
Total Exit Amount	Rs. 95.6 Crores (24%)

### INVESTMENT SUMMARY AS ON SEPTEMBER 30, 2014

Rs. CRORES

No.	Partner	Location	Initial Investment Date	Fund's Commitment
1	Ackruti City Ltd.	Andheri, Mumbai	Mar-11	73.50
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>279..50</b>

### 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 SEPTEMBER 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	73.5	12.0%	73.5	-	38.9	38.9	-
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	-	16.0	16.0	-
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	-	6.75	6.75	-
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>279.5</b>		<b>279.5</b>	<b>15.0</b>	<b>80.6</b>	<b>95.6</b>	

## Hubtown, Mumbai



Location	Andheri, Mumbai
Partner	Hubtown Limited*
Asset Class	Commercial
Committed Amount	Rs. 73.5 Crores <sup>#</sup>
Disbursed Amount	Rs. 73.5 Crores <sup>#</sup>
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 Q4, 2015

\*Previously known as Ackruti City Ltd

<sup>#</sup>We are excluding co-investor amount of Rs. 26.5 crores for reporting purposes

### 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 the 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 is in discussions with brokers and potential buyers to sell the balance unsold area to repay the outstanding amount.
2. Developer has requested for extension of time to pay the balance outstanding amount and we are in consultation with them on revised terms for such extension.

## 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	Fully Exited
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.

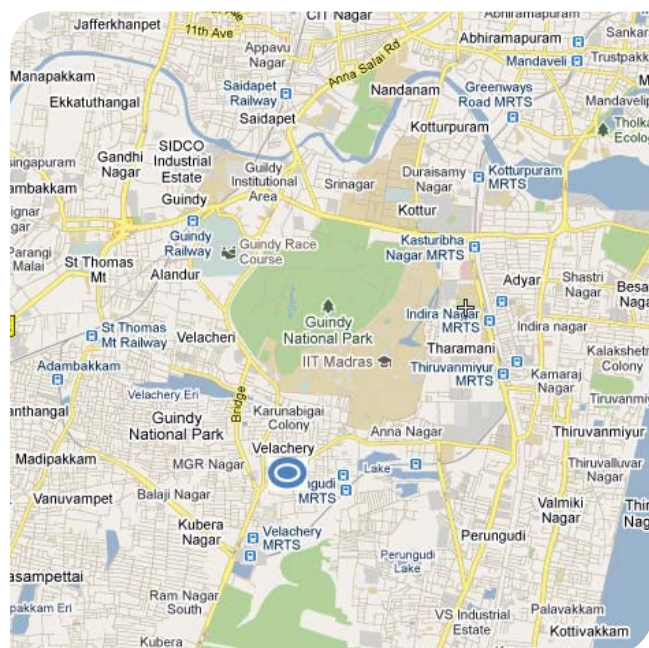
### Securities

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 hutments that were affecting the footprint of sale building A are removed almost 80% and the developer expects to remove the remaining in next 2-3 months
3. The flats in the eight rehab buildings are expected to be handed over in next 2-3 months.
4. Due to the delays in approvals, and amendment agreement has been executed with the developer. The repayment period has been extended and we expect full exit by Q1 2015.
5. About Rs. 7.5 crores of interest payment was received in September 2014 under the terms of the amendment agreement.

# 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

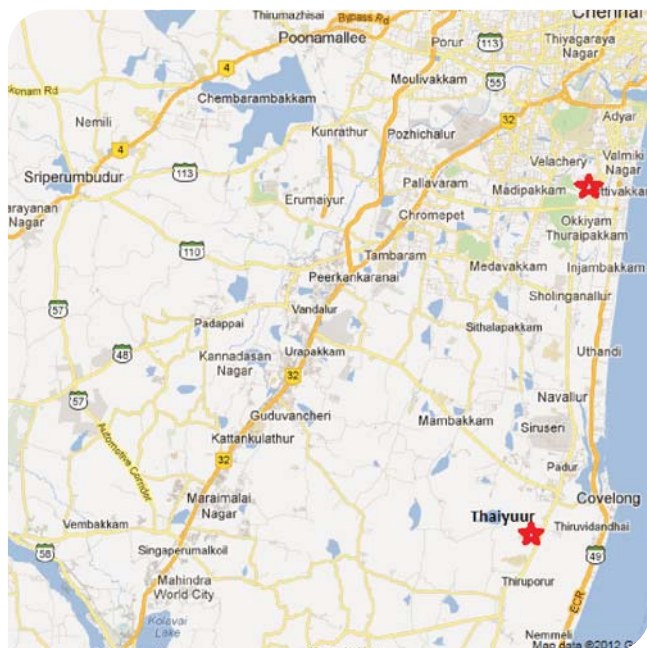
1. Charge on project land (52.9%) and structure thereupon
2. Assignment of project receivables
3. Escrow account for monitoring project cash flows and receivables
4. Personal Guarantee from the Promoters

## 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.
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	3 years
Investment Period	Exit expected in Q3, 2015

## 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 and national developers for villa and plotted development in Thaiyur 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	Exit expected in Q4, 2015

### 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. Company paid the semi-annual coupon (at 15% per annum) of Rs 2.25 Cr in August 2014 as per the agreed date
2. 5th floor columns for Tower C and 4th floor columns for Tower B has been completed
3. Current Sales velocity continues to be slow and company has launched branding campaign to improve visibility and is engaged with wealth managers and channel partner to improve sales.

## 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	Exit expected in Q2, 2016

### 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. Construction of the sale tower has reached the second podium level.
2. The Company has received approval (Commencement Certificate) up to eight floors for the sale tower.
3. 70 out of 138 flats have been sold. The Company is finalising the marketing strategy for the remaining flats and will re-commence marketing in the festive season.
4. The finishing work of the rehab building is ongoing and part possession shall be provided in Oct – Nov 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 3.5x FAR
Land Area	14 acres
Total Saleable Area	2,414,410 sq ft (approximately)
Expected Rate of Return	23% IRR
Instrument	Debentures
Investment Period	Exit expected in Q1, 2017

### 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 is developing a residential project 'ATS Dolce' in Sector Zeta – I, Greater Noida

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

The project consists of 13 towers of 26 - 29 floors each with 14 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. Environmental Clearance has been obtained.
2. Site mobilization has been completed and the site/marketing office constructed at the project site. The Company has begun excavation and expects to reach the plinth level by March 2015.
3. The sales have picked up in the last 3 months as compared to prior months. The Company has sold 676,600 sq ft by August 2014, which is about 28% of the total saleable area.
4. The project has received a 5-star rating from CRISIL
5. Company is in the process of raising bank loan to meet the construction requirements of the project and ensure timely delivery.

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602, Hallmark Business Plaza, Sant Dhyaneswar Marg, Opp. Guru Nanak Hospital,  
Bandra (East), Mumbai - 400051. India.  
email: [milestone@camsonline.com](mailto:milestone@camsonline.com), [info@milestonecapital.in](mailto:info@milestonecapital.in), website: [www.milestonecapital.in](http://www.milestonecapital.in)