

# Milestone Domestic Scheme - III



Newsletter for the quarter July –September 2016

AN ISO 9001:2008 CERTIFIED COMPANY

Dear Investors,

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

The past quarter witnessed two key events which are expected to change the economic landscape. The first being the passage of the GST Bill which is expected to drive up economic activity over the medium term. The second being the demonetization of Rs 500 and Rs 1000 currency notes in November 2016 by the Government of India. As real estate sector is a key sector where unaccounted money is utilized, this move will kill dependency on cash linked transactions in the secondary markets and the market will witness true pricing across residential projects. In the Tier I cities, Grade A developers are least likely to get impacted as majority of these developers had stopped cash linked primary sales. This is also expected to increase dependency on institutional capital resulting in higher yields on debt transactions.

On the interest rate front, RBI reduced the interest rate by 25 bps, showcasing 'growth' as a key priority of RBI and on account of expectations of moderate inflation. Inflation rates may fall further on account of the demonetization and provide more room for RBI to reduce interest rates. This will improve the end user sentiment for home purchases.

The Fund is actively working on exits from all its investments. The Fund has divested from its investment in ATS in November 2016 at an IRR of 23.0% and has received Rs. 40 crores. The Fund also expects to divest from its investments in Hubtown in the quarter ending 31 December 2016. For other projects, including Prisha Properties, Land Marvel and Chaubey Realities, the Fund is in discussions with the developer to achieve exit.

We thank you all for the continued support.

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

**Nilesh Karkhanis**  
Partner – Real Estate Investments

# Milestone Domestic Scheme - III

Newsletter for the quarter July – September 2016

## FUND SUMMARY AS ON NOVEMBER 15, 2016

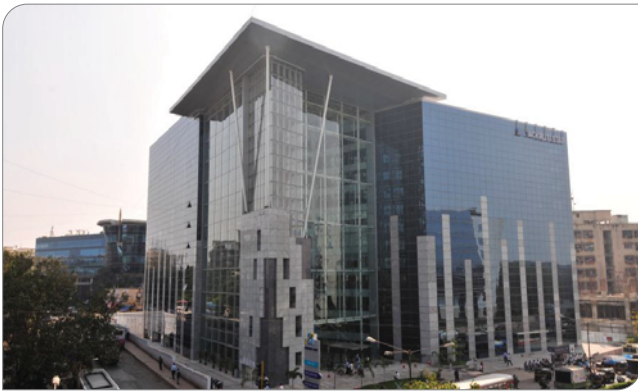
Funds Received	Rs. 394.0 Crores
Final Closing Date	31st January 2012
Term	3.5 years + 1 year + 1 year
No. of Investments	10
Invested Amount	Rs. 393.0 Crores
Capital Divested	Rs. 170.5 Crores
Income Generated (Pre-tax)	Rs. 192.06 Crores
<b>Total Divested Amount</b>	<b>Rs. 362.56 Crores (92%)</b>

## PORTFOLIO EXIT DETAILS AS ON NOVEMBER 15, 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	-	18.8	18.8	-
6	Signature	Dahisar, Mumbai	20.0	-	2.4	2.4	-
7	Pelican Realty	Puducherry	15.0	-	3.19	3.19	-
8	Landmark Torrence	Chennai	65.0	-	2.07	2.07	-
<b>FULLY EXITED INVESTMENTS</b>							
9	Jain Heights & Structures Pvt. Ltd.	C.V. Raman Nagar, Bengaluru	15.0	15.0	6.4	21.4	100%
10	ATS Group	Greater Noida, NCR	98.5	98.5	34.49	133.01	100%
<b>Total</b>			<b>393.0</b>	<b>170.5</b>	<b>192.06</b>	<b>362.56</b>	

## Hubtown, Mumbai



### Recent Developments and Way Forward

The Fund has divested 150% of the total investment amount of this investment. The Balance exit proceeds will be received over the next 2 – 3 months which shall provide full exit to the Fund.

The Fund holds adequate security including mortgage of unsold area in Ackruti Star, 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.

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

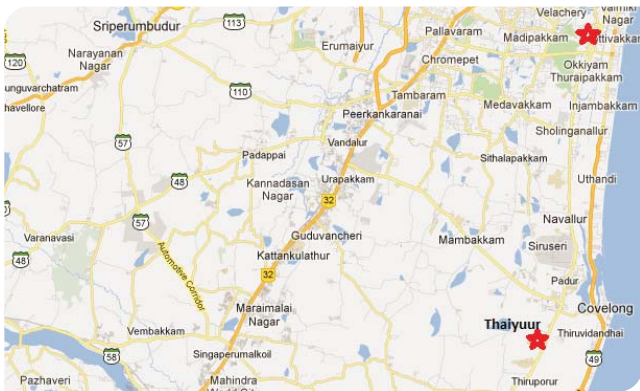
The Fund invested in a residential project in a joint venture with Ramaniyam Group through an SPV viz. Amarnedhi Realtors Private Limited. The SPV entered into a joint development agreement with Land Marvel Homes to develop

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 active negotiations with developer and third parties to achieve exit from this investment.

## 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 consent terms to achieve full exit over the next nine months. In parallel, the Fund is actively pursuing outright sale of 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 fund is in discussion with the developer partner for the purpose of achieving complete exit from the project. A third party financial institution is evaluating the project and is expected to sign the term sheet within this quarter.

## 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 actively discussing with the developer to ensure exit over the next six months. In parallel, the Fund is also exploring JDA proposals with a renowned developer to exit from 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 Fund has fully exited from this project in November 2016 and received Rs. 40 crores as the final redemption amount. Overall the Fund has made an IRR of 23.0% on the investment amount of Rs. 98.5 crores.

## 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

28,000 sq. ft of the area mortgaged to the Fund has been sold till date. The micro market has slightly slowed down in terms of sales velocity. However, area mortgaged to us provides us adequate cover on the Investment amount and return.

## 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 has already received the revised CMDA (Chennai Metropolitan Development Authority) advice for the Project. The Company plans to launch the project in the next couple of months. In parallel, the Company is in discussions with strategic and financial investors to provide us exit.

For Queries Contact: [info@milestonecapital.in](mailto:info@milestonecapital.in) OR Call CAMS : +91 44 3021 2493/94, 2843 2493/94

Write to: Computer Age Management Services Pvt. Ltd. (CAMS)

Unit : Milestone, 158, Rayala Towers, Tower I, V Floor, Anna Salai, Chennai - 600 002



### MILESTONE CAPITAL ADVISORS LIMITED

602, Hallmark Business Plaza, Sant Dhyaneswar Marg, Opp. Guru Nanak Hospital  
Bandra (East), Mumbai - 400051. India.

email: [info@milestonecapital.in](mailto:info@milestonecapital.in), website: [www.milestonecapital.in](http://www.milestonecapital.in)

**Disclaimer:** The contents of this bulletin is for information purpose only and should not be construed as advice, representation or warranties from Milestone Group. Milestone Group will not be liable for any loss or damage whatsoever arising as a result of any person acting or refraining from acting in reliance on any information contained therein or anything stated or omitted to be stated herein or for any other reason whatsoever. Milestone Group accepts no liability for any errors, misprints, inaccuracy or omission in this publication.