

Milestone Domestic Scheme - III



Newsletter for Quarter ended December 2015

AN ISO 9001:2008 CERTIFIED COMPANY

Dear Investors,

We wish you a Happy New Year. We are pleased to share with you our fund update on Milestone Domestic Scheme-III (The Fund) for the quarter October - December 2015.

The GDP growth of the Indian economy increased marginally to 7.4% in Q3 2015 and surpassed that of China growing at 6.9%. With Government of India's focus on pro-business legislations, expeditious clearances to large scale infrastructure projects, lowering the deficits, controlling inflation, there are expectations of a major economic revival and growth in the coming year. The approval of the much awaited Real Estate (Regulation and Development) Bill by the Union Cabinet in December 2015 aims at providing various measures to safeguard consumer interests and achieve timely project completion. This is expected to bring about transparency in the real estate sector and boost consumer and investor confidence in the long run.

The launch of new residential units declined by 37.6% from 54,936 units in Q2-2015 to 34,276 units in Q3-2015, further lowering the inventory levels. Although absorption levels have declined overall in Q3-2015, it is expected to increase as business sentiment improves leading to more employment creation.

During this quarter, the Fund has received coupon payments from its portfolio investments totaling to Rs. 14.5 crores and the same has been paid out to you in the 13th and 14th distribution in October 2015 and December 2015 respectively.

I thank you all for the continued support.

A handwritten signature in black ink, appearing to read 'Nitin Goel'.

Nitin Goel

Managing Partner – Real Estate Investments

Portfolio updates

- The Fund is completely invested and has till date distributed about 73% (gross of expenses) of the fund corpus back to investors as capital and income together.

Proposed Action

- Landmark group is expected to launch the project 'Torrence' in Q1 2016

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Newsletter for Quarter ended December 2015

FUND SUMMARY AS ON DECEMBER 31, 2015

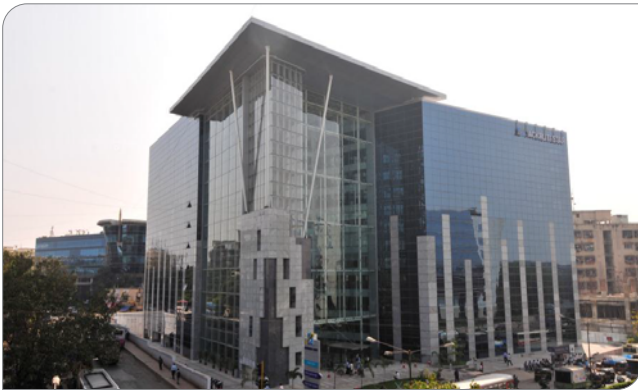
Funds Received	Rs. 394.0 Crores
Final Closing Date	31st January 2012
Term	3.5 years + 1 year + 1 year
No. of Investments	10
Invested Amount	Rs. 393.0 Crores
Capital Divested	Rs. 120.2 Crores
Income Generated (Pre-tax)	Rs. 167.6 Crores
Total Divested Amount	Rs. 288.1 Crores (73%)

PORTFOLIO EXIT DETAILS AS ON DECEMBER 31, 2015

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	69.3	85.0	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	-	13.8	13.8	-
6	Signature	Dahisar, Mumbai	20.0	-	2.4	2.4	-
7	ATS Group	Greater Noida, NCR	98.5	65.0	24.8	89.8	66.00%
8	Pelican Realty	Puducherry	15.0	-	1.7	1.7	-
9	Landmark Torrence	Chennai	65.0	-	2.0	2.0	-
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	120.2	167.6	288.1	

Hubtown, Mumbai



Recent Developments and Way Forward

The developer and the Fund are pursuing sale of the balance area of approx. 30,000 sq. ft in Akruti Star. Till date, Hubtown has paid Rs.85 crores against the investment of Rs.73.5 crores. We expect to completely exit this investment over the next 6-9 months.

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 Akruti 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 'Akruti Star' in Andheri (East) - Mumbai, having a total area of 122,523 sq. ft.

Richa Realtors, Mumbai



Recent Developments and Way Forward

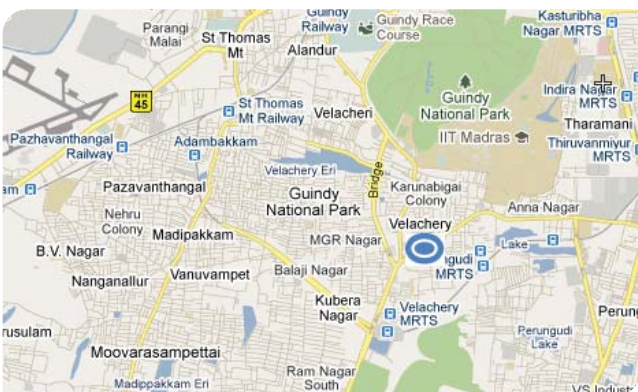
The project is progressing in full swing and TATA Housing is selling at a Base pricing of 12,500-13,000 psf. As per the exit agreement signed with the developer, the balance 50% of the capital is expected to be exited over the next 18 months at a simple interest of 22.5% per annum.

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

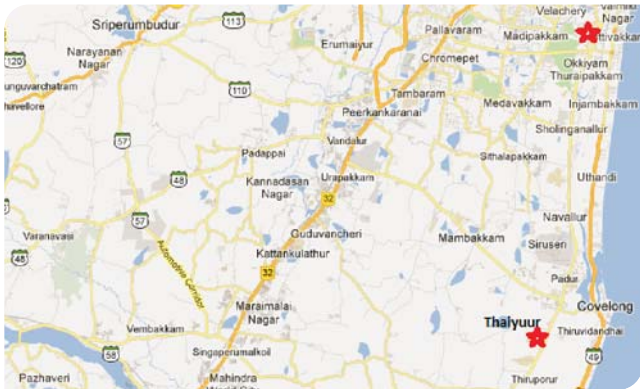
Transaction Overview

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 exploring various options including sale of developer's share of land to third parties to expedite exit.

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 exploring various strategies to achieve exit including JDA/outright sale proposals for the project lands. The Fund is also in active discussion with the developer to achieve monetization of properties.

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 is substantially complete. In last six months, a total of about 13,000 sq ft has been sold. We are closely working with developer to improve the sales velocity in a slow market. Developer is also in discussions for refinancing to provide complete exit over the next 6 - 9 months.

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

Construction progress of the sale building has slowed down on account of delay in receipt of further approvals. The developer expects to obtain these approvals in the next few months post which the developer will reinitiate marketing efforts for sales at a price range of about Rs.9500 psft which is higher than our assumptions.

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

Construction of seven towers of Phase 1 is in full swing and has reached upto 11th to 14th slab across various towers. The Company has sold approx. 74% of the total saleable area of Phase-I till December 2015 and average sales price achieved over last 3 months is Rs. 4000 psft which is higher than our projected sale price.

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

Company has sold 18,000 sq. ft of the area mortgaged to the Fund till date and has been regular in servicing its coupon payouts. Due to the recent floods in Chennai and Puducherry, the developer is required to further invest capital for site development and improve the sales.

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

The developer expects to launch the project in Q1 2016 post receipt of final approvals from Chennai Metropolitan Development Authority. The approval process was delayed on account of the recent floods in Chennai. Developer is expected to launch the project in Q1 2016.

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