

Milestone Domestic Scheme - III



Newsletter for the quarter October – December 2016

AN ISO 9001:2008 CERTIFIED COMPANY

Dear Investors,

We are pleased to share with you our Fund update for the quarter ended December 2016.

2016 was a distinguishing year for real estate as various policies with far reaching implications such as RERA, further clarity on REIT regulations and the much debated demonetization were introduced. Over the mid to long term, these measures will bring a fundamental change in how business is conducted in this sector, which is a key positive for investors and consumers.

In the immediate aftermath of demonetization, a drop in residential sales across cities has been witnessed. Developers have also reduced the pace of new launches as the primary focus is on completion and delivery of projects on hand.

However, with the latest demand from end users remaining intact and with developers implementing best practices, sales are expected to pick-up over the medium term. Commercial demand has remained stable indicating good prospects for job creation translating into higher demand for residential units. On the interest rate front, it is widely expected that RBI will reduce the rates over the next 3 – 6 months which shall further favour home buyers.

The Fund has partially divested from its investment in Landmark, Torrence and Hubtown, Mumbai and the divestment proceeds are being distributed to you. The Fund is actively working with all its developer partners to achieve balance exits.

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

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FUND SUMMARY AS ON DECEMBER 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. 180.4 Crores
Income Generated (Pre-tax)	Rs. 207.7 Crores
Total Divested Amount	Rs. 388.1 Crores (99%)

PORTFOLIO EXIT DETAILS AS ON DECEMBER 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	32.1	81.6	113.7	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	-	3.5	3.5	-
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	6.4	21.4	100%
10	ATS Group	Greater Noida, NCR	98.5	98.5	34.5	133.0	100%
Total			393.0	180.4	207.7	388.1	

Hubtown, Mumbai



Recent Developments and Way Forward

The Fund has till date divested more than 155% of its capital invested for this project. The Fund has further received divestment proceeds through sale of mortgaged area and the same is being distributed to you. The Balance exit proceeds will be received over the next 3 - 4 months which shall provide full exit to the Fund.

The Fund holds 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. These provide a healthy security cover for the balance outstanding amount.

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 Fund has divested 133% of the amount invested with Richa Realtors. Further in line with the exit agreement, the final 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

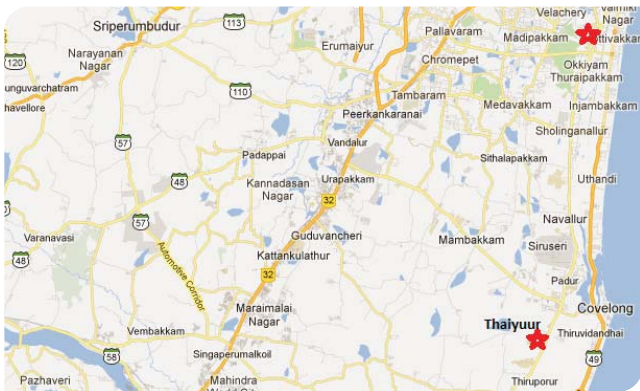
The Fund invested in a residential project in a joint venture with Ramaniyam Group through an SPV viz. Amarnedhi Realtors Private Limited. The SPV entered into a joint development agreement with Land Marvel Homes to develop

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 discussions with the developer for exit from the project. 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 shall achieve partial exit from this investment by Q1 2017. The Fund is working closely with the developer to achieve full exit.

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 negotiations with the developer for achieving exit from the project.

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 other developers for joint development of the project which shall ensure the Fund's exit.

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.

Project Status

30,000 sq. ft of the area mortgaged to the Fund has been sold till date. The area mortgaged to us provides us adequate cover on the Investment amount and return.

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 21 crores and the same is being distributed to you. We expect to fully exit the project by Q2, 2017.

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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