

Milestone Fund LLC

INDIA FOCUSED REAL ESTATE FUND



Newsletter for the quarter April - June 2016

AN ISO 9001:2008 CERTIFIED COMPANY

Dear Investors,

Please find enclosed the investment update for Milestone Fund LLC (The Fund) for the quarter ended 30 June 2016

With a favorable monsoon, prudent fiscal consolidation and government's focus on pro-business legislations and faster clearances to projects, the growth drivers are in place for further increased economic activity which shall positively impact real demand over the medium term. Additionally, with increasing focus of the Union Government on housing for all till 2022 under the Prime Minister Awas Yojana, affordable housing will receive a major boost. This will lead to developers and fund providers to actively evaluate and develop affordable housing projects across the country.

The residential launches reduced by 49% in the last quarter thus reducing the inventory overhang in the first half of 2016 and improving the overall market sentiments. Further, developer's willingness to realign their businesses in line with the Real Estate Regulatory Act will impact launches over the near term providing stability to home prices. However, the statutory challenges continue to cast a shadow on certain micro-markets. The positive effects of the policies too needs deeper penetration in order to generate demand in other asset classes such as warehousing.

In May 2016, the Fund has completely exited from its investment in Neptune at an IRR of 20%. The proceeds of this divestment have been distributed to you. The Fund has also exited from its investment in Acorn, Daruhera in July 2016.

The Fund is actively working towards exit from the balance investments of Land Marvel and Richa Shivaji Park. We thank you all for your continued support.

A handwritten signature in blue ink, appearing to read "Nilesh Karkhanis", is shown above a horizontal line.

Nilesh Karkhanis
Head - Projects

Milestone Fund LLC

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FUND SUMMARY AS ON JUNE 30, 2016

Funds Received*	INR 3410.0* mn	US\$ 75.3 mn
Final Closing Date	30th March, 2009	
Term	6 years + 1 year + 1 year	
No. of Investments	5	
Investment Amount	INR 2904.5 mn	US\$ 66.1 mn
Capital Divested	INR 1073.7 mn (31.5%)	US\$ 16.8 mn (22.3%)
Income Distributed (Pre-tax)	INR 1265.6 mn	US\$ 19.8 mn
Total Exit Amount	INR 2339.2 mn (68.6%)	US\$ 36.6 mn (48.6%)

* Exchange rate 1 US\$ = INR 45.32 at the time of fund received

PORTFOLIO DIVESTMENT DETAILS UP TO JUNE 30, 2016

No.	Project	Location	Capital Invested		Capital Divested		Income Generated* (Pre-tax)		Total	
			INR Mn	USD Mn	INR Mn	USD Mn	INR Mn	USD Mn	INR Mn	USD Mn
1	ACORN Warehouses	Kheda, Ahmedabad, Gujarat	37.7	0.9	37.7	0.9	8.7	0.2	46.4	0.9
2	Neptune Swaraja	Ambivali, Mumbai Metropolitan Region	1,036.0	24.0	1,036	15.9	1,123.0	17.4	2,159	33.3
3	Shivaji Park	Dadar, Mumbai Metropolitan Region	500.0	11.3	-	-	81.0	1.3	81.0	1.3
4	ACORN Warehouses	Dharuhera, National Capital Region	620.8	15.4	-	-	-	-	-	-
5	Land Marvel	Chennai	710.0	14.5	-	-	52.8	0.9	52.8	0.9
			2,904.5	66.1	1,073.7	16.8	1,265.5	19.8	2,339.2	36.6

* Income generated is pre tax, & will be adjusted for with-holding tax & expenses at fund / SPV level.

ACORN Warehouses and Logistics Parks, NCR



ft leasable area of which about 80% area is leased out at an average rental of Rs 15 per sq ft.. The fresh demand for warehousing space continues to be slow

Exit Status

The Fund has completely exited from this project in July 2016.

Swarajya, Mumbai



In March 2013, Neptune made redemption of ~26% of outstanding debentures along with the redemption premium. Such redemption was made using the construction finance availed from Central Bank of India against a 26 acre land parcel.

Exit Status

The Fund has completely exited from this project in July 2016.

Location	Dharuhera, NCR
Partner	Milestone Group
Investment Amount	US\$ 15.4 million
Date of Initial Investment	June 2008
Land Area	66 Acres

Transaction Overview

The Fund has invested in a warehousing facility in Dharuhera, in the National Capital Region. The overall project plan is to jointly develop 1.65 mn sq ft of warehousing units in Dharuhera. Presently, three PEB blocks amount to 432,000 sq

Location	Ambivali, Mumbai
Partner	Neptune Group
Investment Amount	US\$ 24.0 million
Date of Initial Investment	September 2010
Land Area	115 Acres

Transaction Overview

The Fund has, by way of listed Non-Convertible Debentures (NCD), invested in an affordable housing project located in Ambivali near Kalyan in the Mumbai Metropolitan Region. The project is being developed by Neptune Group, and is spread across 115 acres spread across 6 Phases and 3 Sectors.

Shivaji Park Project, Mumbai

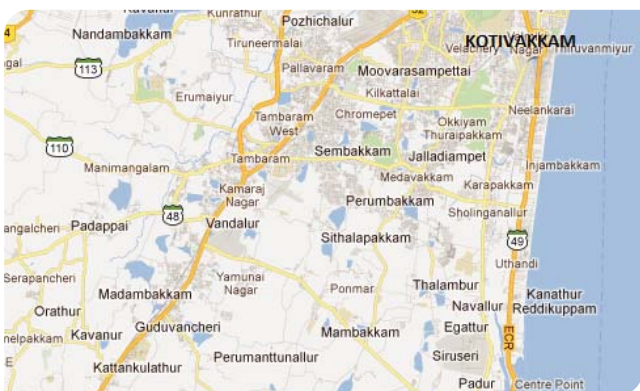


had suffered certain delays on account of change in statutory policies and these challenges have now been overcome. The existing eight buildings have been demolished and the plot is fully vacant and foundation work has commenced at the site.

Way Forward and Exit Strategy

The Fund is in active engagement with another financial institution for refinancing of Fund's investment in this project. This shall ensure complete exit to the Fund. We expect the same to be concluded by Q3 2016.

Land Marvel, Chennai



the project is planned as a high-rise premium residential development consisting 2/3/4 BHK units with modern amenities.

Way Forward and Exit Strategy

The Fund is in discussions with the developer to execute an agreement to achieve full exit over the next nine months. In parallel, the Fund is actively exploring JDA/outright sale proposals for the Project lands.

Location	Shivaji Park, Mumbai
Partner	Richa Realtors
Investment Amount	US\$ 11.3 million
Date of Initial Investment	February 2011
Total Saleable Area	130,000 sq ft (approximately)

Transaction Overview

The Fund has invested in a redevelopment project at Shivaji Park, Dadar in the heart of Mumbai. The redevelopment is being done by Richa Realtors. The project plan is to develop new houses for the tenants and in lieu of which developer will get free sale area of 130,000 square feet. However the project

Location	Land Marvel (Thaiyur and Kottivakkam), Chennai
Partner	Land Marvel
Investment Amount	US\$ 14.5 million
Date of Initial Investment	July 2012
Total Saleable Area	14,30,000 sq ft (approximately)

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



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