

# Milestone Fund LLC

## INDIA FOCUSED REAL ESTATE FUND



Newsletter for Quarter ended June 2015

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 2015.

The IIP data, reflecting the output of core industries, grew by 4.4% y-o-y in May 2015 indicating signs of increased growth in the Indian economy. Reserve Bank of India (RBI) cut repo rate by 25 bps in June 2015 on account of stable inflation and improved growth estimates.

Overall residential absorption volumes remained slow across key cities resulting in increased liquidity pressure on real estate developers. Home buyers have been delaying their purchase decisions awaiting a price correction and reduction in home loan interest rates. Higher property prices in city have forced buyers to look at peripheral areas where the infrastructure lags housing demand. In order to improve sales, developers have resized apartments to address mid income segment rather than high end / luxury buyers. Silver lining is the pick-up in office demand led by e-commerce players and IT/ITES sectors and increase in rentals witnessed by some Grade A parks. Overall this is likely to improve housing demand over the next few quarters.

Fund is focused on ensuring exits from its various projects. For Acorn Dharuhera, the Fund has signed an MOU for sale of the entire project on an 'as is' basis. For Neptune, in addition to pursuing legal action, the Fund is in discussions with the developer for exit.

In view of the time taken to finalize the exits from various projects, the Fund Manager, as allowed by the constitutive documents, has recommended an extension of the fund life by one year till June 2016 to the Board of the Fund. The Board of the Fund has approved the extension of the Fund life till June 2016.

I thank you all for your continued support.

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

**Nitin Goel**

Managing Partner – Real Estate Investments

# Milestone Fund LLC

Newsletter for Quarter ended June 2015

## FUND SUMMARY AS ON JUNE 30, 2015

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 282.5 mn (8.3%)	US\$ 5.0 mn (6.6%)
Income Distributed (Pre-tax)	INR 563.6 mn	US\$ 9.4 mn
Total Exit Amount	INR 846.1 mn (24.8%)	US\$ 14.2 mn (19.1%)

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

## PORTFOLIO DIVESTMENT DETAILS UP TO JUNE 30, 2015

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 Swarajya	Ambivali, Mumbai Metropolitan Region	1,036.0	24.0	244.8	4.1	421.1	7.0	665.9	11.1
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	282.5	5.0	563.6	9.4	846.1	14.2

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

## ACORN Warehouses and Logistics Parks, NCR



340,822 sq ft is leased out at an average rental of Rs 15.6 per sq ft. Efforts are on to lease the vacant area in next few months. RCC Blocks are amounting to 106,000 sq ft of which 25,642 sq ft is leased.

### Way Forward and Exit Strategy

Fund has signed an MOU for sale of PEB and RCC warehouses on a strata sale basis and an MOU for the sale of the entire Project on an 'as is' basis. The due diligence process is in advanced stage and we expect to complete the transaction with one of the prospective buyers.

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 was to develop 1.65 mn sq ft of warehousing units in Dharuhera. Three PEB blocks of 432,000 sq ft leasable area are ready of which

## Swarajya, Mumbai



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.

### Way Forward and Exit Strategy

The Fund through its trustee is pursuing legal action to create pressure on the Developer for providing us exit. The Fund is also exploring refinancing options with other NBFC / PE firms along with developer.

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. In March

## Shivaji Park Project, Mumbai



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

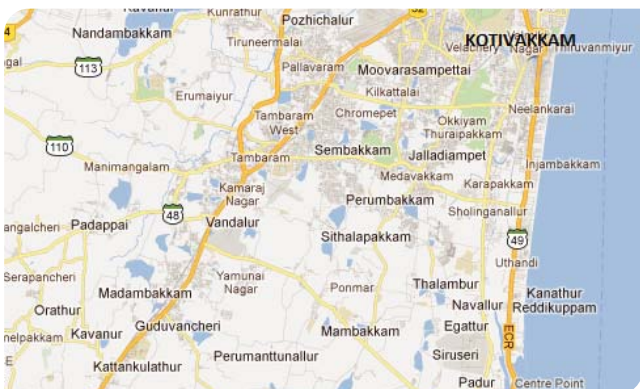
The Fund has invested in a redevelopment project at Shivaji Park, Dadar in the heart of Mumbai. The redevelopment is being done by Richa Realtors. The project plan is to develop new houses for the tenants and in lieu of which developer will get free sale area of 130,000 square feet. The existing eight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

### Way Forward and Exit Strategy

Final approval for commencement of construction is expected to be obtained in this quarter.

The Fund along with the Developer has been in talks with various regional/national players for a strategic tie up to develop the project and provide partial exit to the Fund.

## Land Marvel, Chennai



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 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 project has been stalled due to delay in approvals. To recover its dues, the Fund through its trustee has initiated legal action against the Developer. The Fund is also exploring JDA/outright purchase proposals for the projects to achieve exit from this investment.



### Contact: Prithvirajsingh Rambaruth

International Financial Services Limited  
IFS Court, Bank Street, TwentyEight CyberCity  
Ebène 72201, Republic of Mauritius  
Tel: (230) 467 3000 Fax: (230) 467 4000

**Disclaimer:** The contents of this bulletin are for information purposes only and should not be construed as advice, representation or warranties from Milestone Fund LLC. You are advised to carry out an independent inquiry, investigation / analysis before relying on the information provided herein. Milestone Fund LLC will not be liable for any loss or damage of whatsoever nature arising as a result of any person acting or refraining from acting in reliance on any information contained herein or anything stated or omitted to be stated herein or for any other reason whatsoever. Milestone Fund LLC accepts no liability for any errors, misprints, inaccuracies or omissions in this bulletin.