

Milestone Fund LLC

INDIA FOCUSED REAL ESTATE FUND



Newsletter for Quarter ended March 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 31 March 2015.

The Finance Minister unveiled the Union Budget in February 2015 with emphasis on high economic growth, improving ease of doing business and enhancing transparency. The Reserve Bank of India (RBI) cut the repo rate further by 25 bps cut in March 2015 on the back of reduction in inflation levels due to a slump in global oil prices. Banks are expected to cut interest rates, which could provide a fillip to the residential real estate segment.

We believe that during this year, developers will focus on clearing the built up inventory and completing ongoing projects. Overall residential sales have dropped across six cities (source: Knight Frank) and the focus on affordable housing will expand the volumes. This could lead to an increase in housing sales which is estimated to rise this year to 1.92 lakh across in India's top seven cities viz. Delhi-NCR, Mumbai, Chennai, Kolkata, Bengaluru, Hyderabad and Pune (source: JLL India). With business sentiment improving, commercial office demand has improved and this in turn will have a positive impact on the residential real estate sector.

Dialogue with the developer partner is underway to facilitate part exit from the Neptune Swarajya project. Similarly, for Richa Shivaji Park, the developer is in advanced stages of discussion to partially refinance our investment. For Acorn Dharuhera, we are in discussions with potential buyers for an exit from the project.

I thank you all for your continued support.

A handwritten signature in black ink, appearing to read "Alok Aggarwal", with a horizontal line underneath.

Alok Aggarwal

Managing Partner & CEO – Real Estate

Milestone Fund LLC

Newsletter for Quarter ended March 2015



FUND SUMMARY AS ON MARCH 31, 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\$ 14.4 mn (19.1%)

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

PORTFOLIO DIVESTMENT DETAILS UP TO MARCH 31, 2015

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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	14.4

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

ACORN Warehouses and Logistics Parks, NCR



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

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

The Fund is in discussions with potential buyers for an exit from this project.

Swarajya, Mumbai



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

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

Legal proceedings with the developer partner are in progress. In parallel, dialogues are in process with the developer partner to arrange part exit through refinancing by another financial institution.

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)

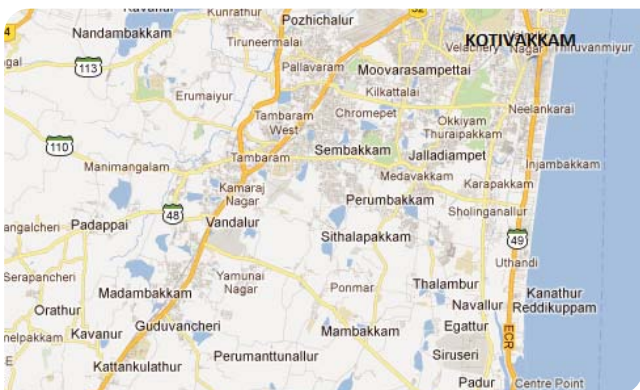
Transaction Overview

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

There has been a delay in obtaining revised approval for commencement of construction. Final approval is expected by Q3 2015. Developer is arranging finance to pay the outstanding coupon dues and we expect to receive the coupon during Q2 2015. Developer is also exploring options to tie up with a national developer for either sale or a joint venture to provide liquidity and exit to the fund. Such transaction is likely to crystallize by end of 2015

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. The fund has also initiated legal action against the Developer and recalled entire capital along with outstanding interest, which is overdue. In parallel, we are actively sourcing JDA proposals for the projects with renowned developers and have initiated discussions with few developers for the same, so that the same can be expedited.



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