

Milestone Fund LLC

INDIA FOCUSED REAL ESTATE FUND



Newsletter for Quarter ended March 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 31 March 2016

Today, the Indian economy has been positioned as a stable economy with increasing growth prospects and a key investment destination. This is reflected in FDI hitting an all time high in January 2016 along with healthy GDP growth forecasts of 7.5% – 8% for the coming year.

The Government, in its Union Budget, has focused on growth enablers including agriculture, infrastructure, smart cities and affordable housing while simultaneously being committed to maintaining the fiscal deficit targets. This has paved the way for a decreasing interest rate regime. The Reserve Bank of India in its April policy has decreased the repo rate by 25 bps and further announced measures to increase liquidity in the financial system.

The launch of new residential units declined by 32% from 347,683 units in 2014 to 234,032 units in 2015 reflecting the focus of the developers to execute ongoing projects. The office segment has witnessed increased in absorption volumes and gradual decline in vacancy levels throughout the country. Though the residential sales velocity declined in 2015 as compared to 2014, it is expected that the above government measures along with improving employment scenario shall augment the demand for residential real estate.

The Fund is in advanced stages to complete the due diligence and finalize the agreements for exiting from Daruhera and expects to complete the same in Q2 2016.

For Neptune, the Fund expects to completely exit from the investment by May 2016. The Fund is actively working towards exit from the other investments of Land Marvel and Richa Shivaji Park.

I thank you all for your continued support.

A handwritten signature in blue ink, appearing to read "Nilesh Karkhanis", with a horizontal line underneath.

Nilesh Karkhanis
Head - Projects

Milestone Fund LLC

Newsletter for Quarter ended March 2016

FUND SUMMARY AS ON MARCH 31, 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 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 MARCH 31, 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	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



leasable area of which 406,452 sq ft is leased out at an average rental of Rs 15 per sq ft. Efforts are on to lease the remaining vacant area.

Way Forward and Exit Strategy

Due diligence and documentation by prospective buyers is underway and at an advanced stage. We expect to completely exit from this Project in Q2 2016.

Swarajya, Mumbai



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

Fund has agreed for extension of the original payment timeline as per the consent terms and now expects to achieve complete exit by May 2016. The refinancing process to enable our exit is in the final stages of documentation and expected to be closed within the envisaged timeline.

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. Three PEB blocks amount to 432,000 sq ft

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

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

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)

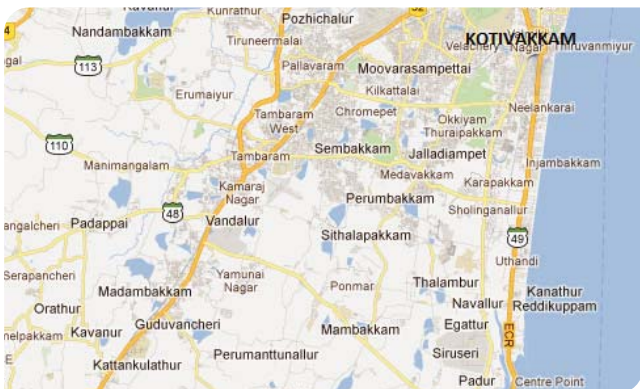
Transaction Overview

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

Post obtaining the commencement certificate, the project is underway. The Fund is targeting to achieve full exit from the Project by way of refinancing and is also taking steps to protect its interest in the project.

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 Fund is actively working on various strategies to achieve exit and exploring JDA/outright sale proposals for the Project land. The Fund is also in discussions with the developer to expedite exit from this investment.



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