

Milestone Fund LLC

INDIA FOCUSED REAL ESTATE FUND



Newsletter for Quarter ended December 2015

AN ISO 9001:2008 CERTIFIED COMPANY

Dear Investors,

We wish you a Happy New Year. Please find enclosed the investment update for Milestone Fund LLC (The Fund) for the quarter ended 31 December 2015.

The GDP growth of the Indian economy increased marginally to 7.4% in Q3 2015 and surpassed that of China growing at 6.9%. With Government of India's focus on pro-business legislations, expeditious clearances to large scale infrastructure projects, lowering the deficits, controlling inflation, there are expectations of a major economic revival and growth in the coming year. The approval of the much awaited Real Estate (Regulation and Development) Bill by the Union Cabinet in December 2015 aims at providing various measures to safeguard consumer interests and achieve timely project completion. This is expected to bring about transparency in the real estate sector and boost consumer and investor confidence in the long run.

The launch of new residential units declined by 37.6% from 54,936 units in Q2-2015 to 34,276 units in Q3-2015, further lowering the inventory levels. Although absorption levels have declined overall in Q32015, it is expected to increase as business sentiment improves leading to more employment creation.

The Fund is working towards exit from the pending investments. In Acorn Warehouse-Dharuhera, the due diligence is underway by the potential buyer and definitive agreements will be executed post completion of due diligence.

In Neptune, The Fund expects to exit 80% of the outstanding capital within this quarter.

I thank you all for your continued support.

A handwritten signature in black ink, appearing to read "Nitin Goel", is placed above the name and title.

Nitin Goel

Managing Partner – Real Estate Investments

Milestone Fund LLC

Newsletter for Quarter ended December 2015



FUND SUMMARY AS ON DECEMBER 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\$ 14.2 mn (19.1%)

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

PORTFOLIO DIVESTMENT DETAILS UP TO DECEMBER 31, 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 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

The Fund has signed MOU for the sale of the entire Project on an 'as is' basis. The due diligence process is at an advanced stage and we expect to complete the transaction by Q1 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.

Way Forward and Exit Strategy

As per the consent terms, the deadline for paying about 80% of the outstanding dues is 31st January 2016. As per our discussion with the developer, they are progressing well in the refinancing process and the legal Due Diligence has commenced. We expect that Neptune will pay 80% within Q1, 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. 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

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



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)

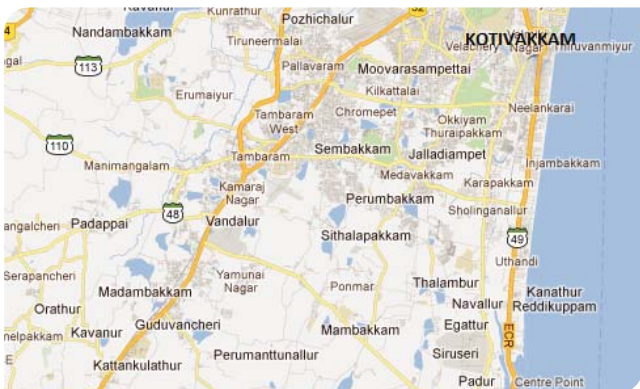
Transaction Overview

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

The project has received Commencement certificate in Q4 2015 and excavation work on the site has commenced. The Fund is in discussions with developers for partnering in the project to provide partial exit. In parallel, the developer and the Fund are also exploring refinancing possibilities in order for the Fund to exit this investment.

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 exploring various strategies to achieve exit including JDA/outright sale proposals for the project lands. The Fund is also in active discussion with the developer to achieve monetization of properties.



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.