

Dear Investors

Warm Greetings from the IL&FS – Milestone family! We are pleased to present the Fund Update for the period ending June 30th 2013 for the IL&FS Milestone Core Plus Retail Fund LLC (Fund).

During last few days, despite low sentiments towards India due to precipitous fall in rupee to record lows, the economy has experienced several green shoots – decrease in current account deficit to 3.6% as compared to last quarter, rating agency Fitch increasing India sovereign ratings outlook to 'stable' from 'negative', fall in prices of import commodities especially gold & oil, government initiatives on reforms & fiscal consolidation and timely onset of monsoons are all positive blips in an otherwise unsettling economic scenario.

In 2013-14, the economy is pegged to grow while reducing its fiscal and current deficits, with a tighter control on inflationary movements.

India has moved one more step closer to regulate and bring transparency to the real estate sector; the Cabinet has recently proposed to the Parliament the draft Real Estate Regulation and Development Bill which is aimed to protect consumer interests, promote accountability and reinforce confidence and trust amongst investors.

The government has further liberalized the Foreign Direct Investment regime and relaxed restrictions in aviation and retail sectors.

The commercial real estate markets appear to have stabilized. In wake of rental and interest rate cycles bottoming out, the market outlook is expected to only look-up from here. Going forward, vacancy levels are expected to recede on the back of constrained incremental supply and improved demand condition. The reduced vacancy levels would ensure rise in rentals across the country's office market in the future. Hence, office space investments are expected to yield better returns going forward.

Mumbai witnessed signs of improvement in submarkets of SBD-BKC, Navi Mumbai and Thane. The driving force was consolidation and relocation of office space. Also robust sale transactions have been recorded in these markets. Vacancy rates reduced minimally and rentals and capital values have remained the same.

The Fund is actively pursuing the exit process. The Fund has entered into an LOI with a prospective buyer to sell Fund's interest. Due- diligence process is currently at an advanced stage.

The current year valuation is being worked out by Knight Frank (International Property Consultant) and the same shall be shared soon.

We thank you for your continued support.

Regards,

IL&FS Milestone Core Plus Retail Fund LLC



FUND SUMMARY AS ON JUNE 30, 2013

Total Fund Size	US\$ 73.29 mn
Final Closing Date	19th December 2011
Term	5 years + 1 year + 1 year
No. of Investments	1
Amount Drawn till Date	US\$ 22.00mn
Amount Invested	US\$ 16.83 mn
Income Distributed	US\$ 1.80 mn (3%)

Given the recent developments in Cyprus, future yield payout could be adversely impacted because of additional taxes being proposed in Cyprus. However, the Investment Manager is constantly monitoring the situation and would act after due consultation with the tax experts to ensure that the interests of the investors are protected in such a scenario.

247Park, Mumbai



Overview

HCC 247Park is located on Lal Bahadur Shastri Road (LBS Road) in Kanjurmarg, Vikhroli, Mumbai. It has a mix of commercial office space and retail spaces. The total leasable area in the building is 1.1 mn sq. ft. IL&FS Milestone Fund II has invested in the building in July 2010.

Configuration

Total leasable area	1.1 mn sq. ft.
Development mix	Commercial development support retail and other amenities
Total no of buildings	3

Site & Location

HCC 247Park is located in Vikhroli, Mumbai. It comes under the Secondary Business District (West) commercial micro market of Mumbai. Earlier home to large industrial establishments like Crompton Greaves, Kanjurmarg is fast developing into a business district. Some of the major corporate campuses in Kanjurmarg include One World and Lodha iThink. Kanjurmarg also has residential complexes, top among them being Mahindra Lifespaces Great Eastern Gardens, Gundecha Heights and Altura, Royal Park and Lodha Aurum and Lodha Aurum Grande. The upcoming 5 star Radisson Hotel at the corner of JVLR (Jogeshwari Vikhroli Link Road) and the LBS (Lal Bahadur Shastri) road, set to open in 2013, is one of the most prominent of city wide developments.

Connecting arterial roads

HCC 247Park is located on LBS road. The JVLR is about 550 m away.

Access to public and hired transport

The subject building is well connected by means of rail and road. The nearest suburban railway station is at Kanjurmarg, on the Central Railway. The Vikhroli station is also nearby. The Brihanmumbai Electric Supply & Transport Undertaking (BEST) buses, taxis and autorickshaws are available for road transport. The nearest BEST bus stop is at Gandhi Market, at a distance of 650 m.

Location

Address	On LBS Road, Vikhroli, Mumbai
Business District	SBD
Proximity to CBD	30 km
Proximity to airport	15 km
Prox. to Suburban railway station	0.5 km
Prox. to Central railway station	10 km
Developers	Hindustan Construction Company (HCC)

Source: Knight Frank Research

Project Details

247Park was developed by HCC Real Estate, a wholly owned subsidiary of Hindustan Construction Company (HCC). India's largest standalone Leadership in Energy and Environmental Design (LEED) certified Gold rated building. The property is very efficiently designed with very high end building management systems, allowing for very efficient common area maintenance & low maintenance costs. The building houses commercial office spaces, retail outlets, a food court, gymnasium and a business center. In addition to this there are 1,200 car parkings at the basement and podium levels and 108 two wheeler parkings across 2 podium levels.

Tenant Profile

247Park is a multi-tenanted Information Technology / Information Technology Enabled Services property. The total leasable area in the building is 1.1 mn sq ft out of which 100% has been fully leased to Grade-A tenants like Future Group, Atos, HCC, Siemens, DHL, Tata Consultancy Engineering etc. Though the average rentals from the property are in the range of INR 65 psf (per square feet) per month to INR 70 psf per month, the rentals have witnessed an upward trend. The last leasing in 247Park was concluded at INR 102 psf per month.

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Indian Investment Advisor Address

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