

Dear Investors

We are pleased to present the Fund Update for the period ended March 31st 2015 for the IL&FS Milestone Core Plus Retail Fund LLC (Fund).

The government of India in its annual budget for 2015-2016 highlighted that the country's economy was placed better compared to the rest of the world. This was facilitated by reduced vulnerabilities in terms of economic slowdown, inflation, and currency fluctuations. Moreover, GDP growth in 2014-15 is estimated at 7.4% and growth for 2015-2016 is pegged near 8.1-8.5%. Infrastructure and real estate industry also received a major thrust with the government announcing various plans including implementation of REITs in India. Growth prospects were further enhanced by the Reserve Bank India easing key policy rates by 50 basis points in the first quarter, the first such rate cut in almost two years. (Source – CBRE India)

The commercial assets real estate market was subdued in the first quarter of 2015 as compared to the fourth quarter of 2014. Occupiers were faced with reduced vacancy levels in micro markets thereby committing to under-construction projects particularly in Gurgaon and Bangalore. Among the Tier-I cities, Mumbai led the transaction scene at 26% followed by NCR (20%), Bangalore (18%) and Pune (18%). (Source – CBRE India)

Strong demand for office space was felt in Gurgaon, which had a 68% of market share in National Capital Region (NCR). The Central and South Business Districts of Delhi experienced a slow start with locations such as Saket, Jasola & Aerocity finding majority of transactions closures for small sized spaces (2500-3500sq.ft). On the supply side, close to a million square feet of development completions were reported near NH-8, Sector 8, and Golf Course Extension. Vacancy rates marginally increased q-o-q while rental values remained stable during the quarter. (Source – CBRE India)

Office space absorption in Mumbai recorded a 44% increase q-o-q, with commercial leasing activity picking up in the business district of Lower Parel, Bandra Kurla Complex (BKC), Andheri, Powai and Vikhroli. Demand was largely driven by corporates from sectors such as e-commerce, IT/ITES and pharmaceuticals with IT space accounting for more than 50% of the total space transacted during the quarter. While the vacancy levels declined marginally to 20-21%, the rental values have remained stable across all locations. (Source – CBRE India)

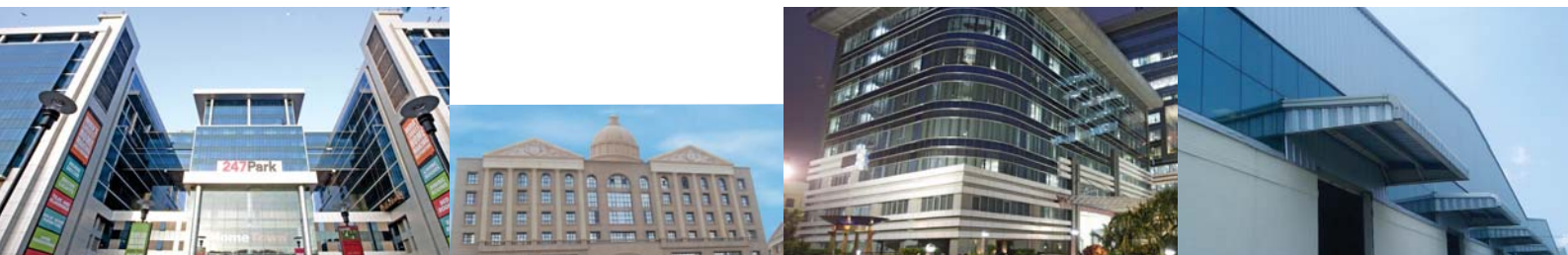
Bangalore saw significant pre-commitment from e-retailers and IT majors, with them showing higher interest in locations like Sarjapur-Outer Ring Road. However, Whitefield and Electronic City observed a slowdown in transaction activity. On the whole, Bangalore observed a rental appreciation of 5-6% in the non-IT/ITes segment while SEZ witnessed a 3-4% appreciation. (Source – CBRE India)

The Fund's investment team is in discussions with potential institutional buyer for exiting from its only investment and expects to achieve a closure soon.

We thank you for your continued support.

Regards,

**IL&FS Milestone Core Plus Retail Fund LLC**



## FUND SUMMARY AS ON MARCH 31st, 2015

Fund Received	US\$ 22.00 mn
Final Closing Date	19th December 2011
Term	5 years + 1 year + 1 year
No. of Investments	1
Amount Drawn till Date	US\$ 22.00 mn
Amount Invested*	US\$ 16.83 mn
Income Distributed (Pre-tax)	US\$ 2.53 mn (11.5%)

\* Fund owns 19.5% in SPV stake

## 247Park, Mumbai



### Overview

247Park is located on Lal Bahadur Shastri Road (LBS Road) in 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 wings	3

### Site & Location

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. A 335 rooms Radisson Hotel is in the final stage of construction and should be operational soon.

### Connecting arterial roads

HCC 247Park is located on Lal Bahadur Shastri Road (LBS Road) - a 21 km long major arterial road in the Eastern Suburbs of Mumbai that connects the neighboring city of Thane with the suburb of Sion in Mumbai. Another important arterial road Jogeshwari - Vikhroli Link Road (JVLRL) is also about 550 m away. The road acts as the only direct east-west link between Eastern Express Highway and Western Express Highway.

### Access to public and hired transport

247Park 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). This property is India's largest standalone LEED (Leadership in Energy and Environmental Design) certified Gold rated building. The property is efficiently designed with high end building management systems, allowing for efficient common area maintenance and low maintenance costs. The property houses commercial office spaces, retail outlets and a food court. In addition to this there are 1,200 car parks at the basement and podium levels and 108 two wheeler parks 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 which has been leased to prominent tenants like Future Group, HCC, Siemens, DHL, Tata Consultancy Engineering, Tam Media etc. The average rentals from the property are in the range of INR 80 psf (per square feet) per month to INR 85 psf per month.

The property is currently 91% leased (c. 1,035,000 sq ft). The Vikhroli Corporate Park Pvt. Ltd. (The Company) is also in discussions with an existing tenant for additional leasing of about 18,000 sq ft out of total vacant space of c. 106,000 sq ft.

## Way Forward

The Company is trying to lease out the vacant space of c. 106,000 sq ft and has been in discussions with several potential tenants for further leasing to maximize the returns for investors. A new lease of 30,000 sq ft is expected to be executed in the April-June quarter itself. The Fund, through its investment advisors, is in discussions with potential institutional buyers for exiting from its only investment and expects to achieve a closure soon. There is active interest from global private equity funds for this property.

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### Indian Investment Advisor Address

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Private Equity



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