

Dear Investors

We are pleased to present the Fund Update for the period ended September 2014 for the IL&FS Milestone Core Plus Retail Fund LLC (Fund).

The sentiments around Indian economic environment have improved significantly post the general elections which concluded in the last quarter. Indian markets have since been on a bull run with strong inflows coming from foreign investors as they bet on the stability and efficiency of the newly formed government. During Q1 FY15, GDP grew at 5.7%, highest in the last two years.

Positive market sentiments and a gradual global as well as domestic macro-economic recovery may finally be signaling the beginning of a revival in India's corporate real estate segment. Office space absorption rose 31% in the country's seven major cities (Delhi-NCR, Mumbai, Kolkata, Chennai, Bangalore, Hyderabad and Pune) during the July-September period. Absorption of office space stood at about 8 million sq ft on higher demand from corporates looking for expansion as against to 6 million sq ft during the same period last year. – (Source CBRE India)

Rental values for commercial office space remained stable for the most part across cities such as Delhi NCR, Bangalore, Pune and Kolkata; while appreciating across select micro-markets of Chennai and Hyderabad. Sustained occupier interest in prominent SEZ developments of Chennai led to rental rates rising in the range of 12-15% during the quarter. Similar demand trends also led to rental appreciation in select developments along the IT corridor in Hyderabad. – (Source CBRE India)

However, subdued demand and existing vacancy pressures caused values to dip by 2-3% q-o-q in Mumbai's Nariman Point and Bandra-Kundra Complex. In NCR, the rentals maintained their equilibrium over the previous quarters in most prominent office developments in the Central Business District (CBD) of Connaught Place. Similar trends were noticed across commercial office as well as IT/SEZ segments of Gurgaon and Noida – (Source CBRE India)

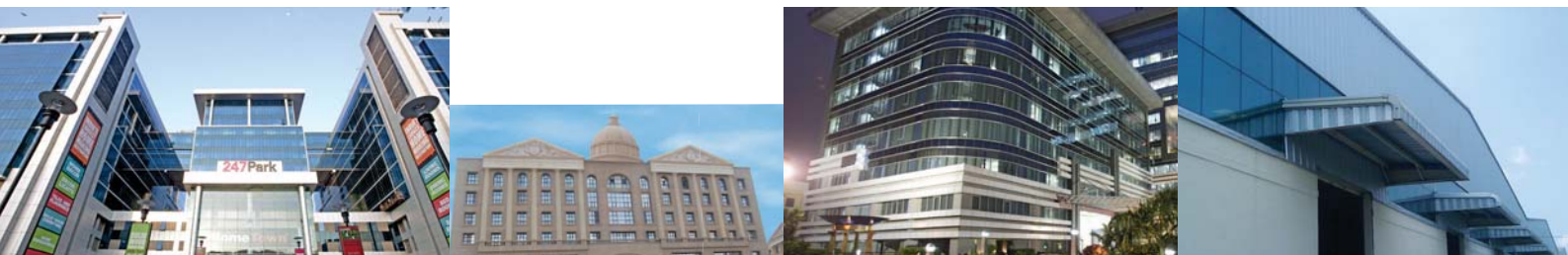
The Fund is in active discussion with an institutional investor for exit.

We take this opportunity to wish you & your families a very Happy Diwali.

We thank you for your continued support.

Regards,

IL&FS Milestone Core Plus Retail Fund LLC



FUND SUMMARY AS ON SEPTEMBER 30, 2014

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\$ 22.00mn
Amount Invested*	US\$ 16.83 mn
Income Distributed	US\$ 2.53 mn (11.5%)

* Fund owns 19.5% in SPV stake

247Park, Mumbai



Overview

HCC 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 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. 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 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 and 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 which has been 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 75 psf (per square feet) per month to INR 80 psf per month, the rentals have witnessed an upward trend. During the quarter, Vikhroli Corporate Park Pvt. Ltd. (Company) has leased around 52,000 sq ft of space to a large manufacturing company at a monthly rent of Rs 90 psf which makes the property 95% leased. However the yield rate is likely to remain around the recent distribution levels given that the repayment of the existing loan from SBI has increased from Rs 30 Crores to Rs 45 Crores in FY15.

Way Forward

The Company is trying to lease out the vacant space of around 54,000 sq. ft. and is negotiating with several prospective occupiers.

The Fund has entered into a term sheet with a potential institutional buyer for exit. The legal documentation is currently being negotiated with the buyer.

Fund Address

IFS Court, TwentyEight, Cybercity, Ebene, Mauritius
Telephone: (230) 467 3000
Direct Line: (230) 465 3668
Facsimile: (230) 467 4000

Indian Investment Advisor Address

IL&FS Milestone Realty Advisors Pvt. Ltd.

602, Hallmark Business Plaza, Opp. Guru Nanak Hospital, Bandra (E), Mumbai-400 051.
Maharashtra (INDIA) Telephone : (91) 22 6716 7000 Facsimile: (91) 22 6716 7077
email: info@milestonecapital.in website: www.milestonecapital.in



Private Equity



MILESTONE
PRIVATE EQUITY

CORE PLUS RETAIL FUND LLC