

Dear Investors

Greetings for the New Year 2015.

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

Year 2014 ended on a high note with Indian economy gaining momentum in the last quarter of the year. Gross Domestic Product (GDP) for April to September period was reported at around 5.5% signaling a positive outlook for the coming months of 2015. The Consumer Price Index (CPI) for inflation has come down to a four year low of 4.4% in the month of November. The Reserve Bank of India (RBI) has also cut down the repo rate by 25 basis points in a move to support the economy.

The commercial real estate market in India continued to report signs of improvement in the previous quarter with enhanced traction from corporate occupiers. Office space demand was led by Bangalore at a share of around 50%, notably in and around the micro-markets - Outer Ring Road (ORR) and Whitefield. This was followed by the National Capital Region (NCR) (18%) and Pune (15%). The demand was largely driven by back office demand from IT/ITeS and Telecommunication sectors. The Rental values remained stable across the NCR and Hyderabad, while appreciating in select micro-markets of Mumbai, Bangalore, Chennai and Pune. (Source – CBRE India)

Transaction activity witnessed an upward momentum in the NCR in 2014, particularly during the second half of the year, when occupier interest peaked. The peripheral region of Gurgaon continued to dominate office transaction activity across Delhi NCR. Office space occupiers will most likely continue to remain bullish on the region in 2015 as well. (Source – CBRE India)

Mumbai witnessed a slight decline in transaction activity in the last quarter of the year. While the major business locations of Nariman Point, Lower Parel, BKC and Andheri had sluggish transaction activity, the peripheral regions of Thane and Navi Mumbai saw strong demand from corporates belonging to banking/financial services, engineering/manufacturing and IT/ITeS sectors. Leasing activity is anticipated to gradually accelerate during the first half of 2015. (Source – CBRE India)

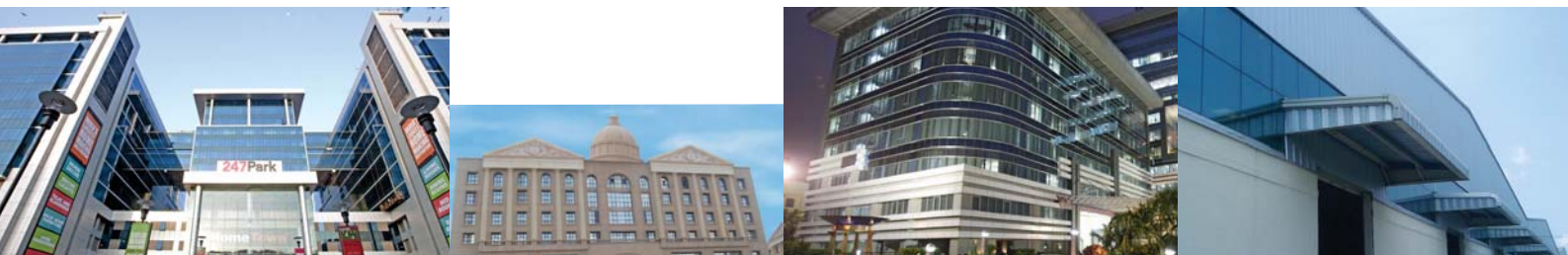
In Bangalore, the peripheral areas of Whitefield, Electronic City and Outer Ring Road (ORR) witnessed strong demand from corporate tenants, leading to an increase in absorption levels during the quarter. Leasing activity is expected to remain strong in these locations largely supported by demand from the IT/ITeS, BFSI and engineering sectors. (Source – CBRE India)

The team is in discussions with various potential institutional buyers for exiting from the property. Given the progress on exit discussions during the previous quarter, the team 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 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\$ 22.00 mn
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 wings	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 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 (JVLR) 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). The building is India's largest standalone Leadership in Energy and Environmental Design (LEED) certified Gold rated building. The building is efficiently designed with high end building management systems, allowing for efficient common area maintenance and low maintenance costs. The building 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 75 psf (per square feet) per month to INR 80 psf per month.

The manufacturing company which had signed up to lease 52,000 sq ft area, has now decided against moving into this multi-tenanted building and is not going ahead with the transaction. The occupancy level continues to hover around 91%. The fund has initiated talks with several potential tenants for further leasing and is focussing on maximising rentals, thereby increasing the value for the investors.

Way Forward

The Fund is trying to lease out the vacant space of around 106,000 sq ft and is negotiating with several prospective occupiers. The fund is also in discussions with various potential institutional buyers for exiting from the property and expects to achieve a closure soon.

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