

Dear Investors

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

This period was pre-dominantly marked by exchange rate volatility which anchored various monetary tightening measures by RBI and general weakening of sentiments. Although, measures by the newly appointed Central Bank Governor and unexpected global events helped reverse some of the damage in the short-term.

The passage of the Companies Act 2013 and notification of increase in FDI limits were some of the key positives. With national elections scheduled next year there is a general deferment in the decision making process.

There are definite liquidity pressures and the interest rate curve has become inverted resulting in delays in property exits. The impact of the slowdown is being felt on the office market with leasing of space dropping by 20% in Q2-2013 (q-o-q). Bangalore saw the highest take up of space accounting for 42% of the total demand (across top seven cities).

The overall vacancy rate increased in this quarter, which is a reflection of the sharp drop in demand for space during the period coupled with infusion of new supply.

Except Mumbai, rentals across the cities remained unchanged. In Mumbai, rentals in the Central Business District (CBD) continued to decline because of slackening demand and also because of occupiers preferring locations in off-CBD and suburban micro-markets.

The Fund is actively pursuing the exit process. A prospective buyer has been carrying out due diligence which is at an advanced stage.

We thank you for your continued support.

Regards,

IL&FS Milestone Core Plus Retail Fund LLC



FUND SUMMARY AS ON SEPTEMBER 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\$ 1.83 mn (3%)

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.

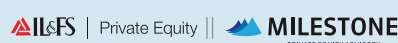
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CORE PLUS RETAIL FUND LLC