

# BlackRock Long Lease Property Fund

## INVESTMENT POLICY AND OBJECTIVES

The Fund aims to provide long-term and inflation-linked income through investment in UK property assets.

The Fund will seek to meet its objective by investing, either directly or indirectly, in UK property with a target weighted average unexpired lease term of at least 20 years, with rental income linked to inflation in the UK or with fixed uplifts.

The Fund targets a distribution yield of at least 5% (net of fees and expenses).

## INVESTOR CONSTITUENCY

The Fund is open to Professional Investors as defined by the FCA.

Fund details	
Type of fund	Open – Ended Property unit trust
Residence	Jersey
Launch date	June 2013
Open/closed-ended	Open-ended
Earliest date of winding up	Not applicable
Year-end	31 March
NAV (GBpm)	1006.4

Source: BlackRock Investment Managers (Channel Islands) Limited

Management/professional advisors	
Manager	BlackRock Investment Managers (Channel Islands) Limited
Investment Advisor	BlackRock Investment Management (UK) Limited
Fund Manager	Geoffrey Shaw
Trustee	BNP Paribas Securities Services Trust Company (Jersey) Limited
Auditors	PwC

Source: BlackRock Investment Managers (Channel Islands) Limited

Investment rates of return * %		MSCI/AREF UK Quarterly Property Fund Index		
BlackRock Long Lease Property Fund		Long Income Open-Ended funds	All balanced open-ended funds	All funds
3 months	1.5	-0.7	0.4	0.3
Year-to-date	2.7	-1.3	0.2	0.1
12 months	-14.2	-16.6	-17.4	-17.1
3 years+	1.6	0.0	3.4	2.3
5 years+	2.3	1.8	2.2	1.1
10 years+	5.0	5.1	6.3	5.5

Source: MSCI/AREF UK Quarterly Property Fund Index

Note: \* Weighted average returns + Annualised

Property investment restrictions	
Maximum development exposure	40%
Maximum speculative development exposure	*
Maximum lot-size holding as a standing investment	20%
Maximum lot-size holding permitted at purchase	20%
Maximum exposure to limited partnerships	*
Maximum exposure to joint ventures	*
Maximum exposure to closed and open-ended property unit trusts	*

Source: BlackRock Investment Managers (Channel Islands) Limited

Portfolio distribution %		MSCI/AREF UK Quarterly Property Fund Index		
	BlackRock Long Lease Property Fund	Long Income Open-Ended funds	All balanced open-ended funds	All funds
Standard retail – South East	7.8	7.9	4.6	4.6
Standard retail – Rest of UK	6.8	5.8	1.4	2.3
Shopping centres	0.0	0.5	0.9	2.5
Retail warehouses	2.3	0.9	12.1	7.6
All UK Retail	16.9	15.2	19.0	17.1
City offices	0.0	2.9	3.4	3.2
West End offices	0.0	3.8	7.5	5.1
Rest of South East offices	3.9	5.6	7.1	5.5
Rest of UK offices	1.3	9.6	4.9	5.3
All UK Offices	5.1	21.9	22.9	19.1
South East industrial	7.8	4.8	24.5	20.3
Rest of UK industrial	9.5	10.2	13.7	11.8
All UK Industrial	17.3	15.0	38.2	32.1
Other UK properties	56.4	44.9	12.5	25.9
Cash***	4.2	3.0	7.4	5.8
Overall	100.0	100.0	100.0	100.0

Source: BlackRock Investment Managers (Channel Islands) Limited

\*\* MSCI/AREF UK Quarterly Property Fund Index

Property ownership structure			
	Number of assets	Valuation (GBpm)	% of total portfolio
Direct holdings	70	964.1	100.0
Joint and indirect holdings	0	0	0.0
Listed investments	0	0	0.0
Total	70	964.1	100.0

Source: BlackRock Investment Managers (Channel Islands) Limited

Largest direct investments by lot size & percentage of total portfolio				
Property	Location	Sector	Valuation (GBPm)	% of total portfolio
SAINSBURY'S DISTRIBUTION	BEDFORD	Industrial	50-75	-
SPIRE, MONTEFIORE HOSPITAL	HOVE	Healthcare	25-50	-
BICESTER ,BICESTER AVENUE,BICESTER,OXFORDSHIRE,	BICESTER	Leisure	25-50	-
MORRISONS	READING	Retail Other	25-50	-
MANCHESTER METROPOLITAN UNIVER	CREWE	Residential	25-50	-
MARRISONS	BOREHAMWOOD	Retail Other	25-50	-
PREMIER INN GATWICK	CRAWLEY	Hotel	25-50	-
JURYS INN HOTEL	NEWCASTLE UPON TYNE	Hotel	25-50	-
AVONMOUTH, DHL	BRISTOL	Industrial	25-50	-
CADBURY,SMALLWAY,CONGRESBURY,	BRISTOL	Leisure	25-50	-
10 largest investments as % of portfolio			-	-

Note: \*BlackRock has requested MSCI not to make this estimate

Source: BlackRock Investment Managers (Channel Islands) Limited

Direct portfolio structure by lot-size bands			
Value band (GBPm)	Number of assets	Valuation (GBPm)	% of total portfolio
0 -2.5	14	22.2	2.3
2.5 - 5	8	24.9	2.6
5-10	10	71.4	7.4
10-25	27	451.0	46.8
25 - 50	10	333.4	34.6
50 - 100	1	61.3	6.4
100-150	0	0.0	0.0
Over 150	0	0.0	0.0
Total	70	964.1	100.0
Average lot size		13.8	

Note: \*BlackRock has requested MSCI not to make this estimate

Source: BlackRock Investment Managers (Channel Islands) Limited

Property Yield*		Voids as % of ERV	
Net initial yield	6.17%	Investments	0.00%
Nominal equivalent yield	-	Developments	-
True equivalent yield	5.73%	Total	-
Net reversionary yield	5.19%		

Note: \* This analysis excludes BlackRock Student Housing Unit Trust and external indirect assets for all measures.  
Source: BlackRock Investment Managers (Channel Islands) Limited

Rental income & ERV by type of property		
	Rental income %	Estimated rental value %
Standard retail	15.8	16.2
Retail warehousing	2.7	2.1
Shopping centres	0.0	0.0
Central London offices	0.0	0.0
Other offices	5.5	6.2
Industrial	16.2	18.5
Other	59.8	57.0
Overall	100.0	100.0

Note: \* This analysis excludes BlackRock Student Housing Unit Trust and external indirect assets for all measures.  
Source: BlackRock Investment Managers (Channel Islands) Limited

Over renting and Reversionary Potential, % Rent passing								
Sector	Rent Passing, GBP Millions	Rent Free , % Rent Passing	Development vacancy, % Rent Passing	Investment vacancy, % Rent Passing	Over rented,% Rent Passing	Reversionary potential,% Rent Passing	Reversionary potential Net of Over renting,% Rent Passing	Market Value,% Rent Passing
Standard retail	9.4	0.0	0.0	0.0	-14.5	-13.7	-28.2	86.3
Retail warehousing	1.6	0.0	0.0	0.0	-35.2	-32.7	-67.9	67.3
Shopping centres	-	-	-	-	-	-	-	-
Central London offices	-	-	-	-	-	-	-	-
Other offices	3.3	0.0	0.0	0.0	-5.9	-5.7	-11.6	94.3
Industrial	9.7	0.0	0.0	0.0	-7.4	-3.6	-11.0	96.4
Other	35.6	0.0	0.0	0.0	-23.2	-19.7	-42.8	80.3
Overall	59.6	0.0	0.0	0.0	-18.6	-15.7	-34.3	84.3

Note: \* This analysis excludes BlackRock Student Housing Unit Trust and external indirect assets for all measures.  
Source: BlackRock Investment Managers (Channel Islands) Limited

Listed Investments			
	% of Issue held	Valuation (GBPm)	Est. % of total portfolio
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-

The unexpired term of leases	
Years	% of rent passing
20 years or greater	41.3
15 years or greater, but less than 20	22.2
10 years or greater, but less than 15	34.5
5 years or greater, but less than 10	1.7
Less than 5 years	0.3

Note: \* This analysis excludes BlackRock Student Housing Unit Trust and external indirect assets for all measures.  
Source: BlackRock Investment Managers (Channel Islands) Limited

Joint and Indirect property holdings						
Holdings	Sector	Joint/Indirect	Vehicle Type	Ownership %	Valuation	Est. % of total portfolio

-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-

Note: \* BlackRock's attributable share of the underlying value of properties held      Source: BlackRock Investment Managers (Channel Islands) Limited

Fixed rate borrowings			Variable rate borrowings		
Amount drawn (GBPm)	Average rate (%)	Average unexpired term (years)	Amount drawn (GBPm)	Rate above LIBOR (incl expenses) (%)	Off balance sheet debt (GBPm)+
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0

Note: \* Off balance sheet debt may be at fixed or variable rates

Source: BlackRock Investment Managers (Channel Islands) Limited

Development exposure*				
	Capital value of developments			
	Not yet started	In progress+	All developments	Cost to complete schemes in progress+
GBPm	0	0	0	0
% of all directly held properties*	0.00%	0.00%	0.00%	0.00%

\* Includes joint ventures in which the Fund has an interest of 50% or more

Source: BlackRock Investment Managers (Channel Islands) Limited

Valuations/performance monitors/affiliations	
Frequency of valuation	Monthly, as at the last day of the month
Valuers	CBRE
Portfolio performance monitored by MSCI	Yes
Constituent of MSCI/AREF UK Quarterly Property Fund Index	Yes
Member of the Association of Real Estate Funds	Full member

Source: BlackRock Investment Managers (Channel Islands) Limited

Restrictions on holdings of cash/borrowings	
Maximum total gearing permitted	25%
for investment purposes	0%
for liquidity purposes	20%
Cash holdings (maximum)	+5%
Cash holdings (minimum)	*

Note: \* None specified

+ Uncommitted cash as % of net asset value. (This is an internal fund manager guideline.)

Source: BlackRock Investment Managers (Channel Islands) Limited

The contribution of major tenants to rental income	
Tenant	%
BLUE DIAMOND UK LIMITED	10.3
MORRISONS	7.4
CARE UK COMMUNITY PARTNERSHIPS LTD	7.3
SAINSBURY'S SUPERMARKETS LTD	6.9
ODEON CINEMAS LTD	6.1
JURYS HOTEL MANAGEMENT (UK) LTD	5.1
PREMIER INN HOTELS LTD	4.7
TRAVELODGE HOTELS LTD	4.1
MONTEFIORE HOSPITAL	3.9
STONEGATE PUB COMPANY LTD	2.7
Three largest tenants' contribution to rental income	25.0
Five largest tenants' contribution to rental income	38.0
Ten largest tenants' contribution to rental income	58.4

Note: \* The fund has approximately 13% of its underlying income exposed to tenants considered as Public Sector.

Source: BlackRock Investment Managers (Channel Islands) Limited

Balance sheet/gearing					
	Direct holdings	Joint holdings	Indirect investments	Listed investments	Total
Balance sheet (GBPm)					
Properties at valuation	964.1	0.0	0.0	0.0	964.1
Listed investments	0.0	0.0	0.0	0.0	0.0
Debt	0.0	0.0	0.0	0.0	0.0
Cash	42.2	0.0	0.0	0.0	42.2
Other net assets/liabilities	0.0	0.0	0.0	0.0	0.0
Total net assets	1006.4	0.0	0.0	0.0	1006.4
Gearing (%)					
Net debt (cash)/properties	-4.4	-	-	-	-4.4
Net debt (cash)/equity	-4.2	-	-	-	-4.2

Source: BlackRock Investment Managers (Channel Islands) Limited

\*Other net assets/liabilities figure contains assets/liabilities at the SPV level

Quarterly data per unit						
As at	31-Mar-22	30-Jun-22	30-Sep-22	31-Dec-22	31-Mar-23	30-Jun-23
Bid (GBP)	-	-	-	-	-	-
Offer (GBP)	-	-	-	-	-	-
Mid (GBP)	-	-	-	-	-	-
Bid/offer spread	-	-	-	-	-	-
Net asset value (GBP)	1,221.72	1,252.35	1,163.23	1,021.64	1,018.99	1,020.30
Quarterly distribution (GBP)	13.00	12.97	12.80	14.23	14.29	14.36
Yield	4.13%	4.05%	4.40%	5.19%	5.33%	5.46%

Source: BlackRock Investment Managers (Channel Islands) Limited

## Unit pricing

The unit price is calculated on the last business day of each month. Income is not included in the unit price.

## Distributions

Distributions are made monthly, normally on the 25th of each month or the following working day. Ex-distribution dates are the penultimate working day of each month, i.e. the day before pricing. Distributions are paid to the unitholders shown on the register on the ex-distribution dates.

## Minimum investment/disinvestment

The minimum initial investment is £5,000,000, however, the Manager may accept lesser amounts where the Manager is satisfied that the investor has received financial advice or the investment is made on the investor's behalf by a discretionary investment manager provided that in each case the investor is an Expert Investor for the purposes of the Expert Fund Guide issued by the JFSC. The minimum amount required for any subsequent investment is determined by the Manager and is currently £10,000 or such other amounts as may be determined by the Manager in its discretion, either generally or in any particular case. The Manager may issue fractional Units, calculated to four decimal places.

## Creation, transfer and realisation of units

The Fund is open to subscriptions on a monthly basis, with applications to be received at least three business days before the subscription day, which is the last working day of the month. Subscriptions shall be allocated to the calendar month in respect of which they are treated as validly submitted and accepted and will be ranked chronologically by reference to the calendar month in which they were accepted.

Unitholders may redeem all or part of their holding of Units (subject to the minimum holding and redemption requirements) on any Redemption Day at the Unit Price less Dealing Charge by submitting to the Administrator the redemption form (copies of which are available from the Manager and the Investment Adviser). If the Redemption Notice, together with any other information and documents that the Manager may require, is received after the Cut Off Time on the last Business Day that is at least six months before the Redemption Day, the Manager will normally defer the redemption of such Units until the next succeeding Redemption Day.

The Manager may defer the redemption of Units in respect of any Redemption Day if the Manager considers that it would be in the best interests of continuing Unitholders to do so. Subject to a Unitholder agreement with the Manager, the maximum period of deferral in respect of Units which are the subject of a Redemption Notice is two years from the Redemption Day in respect of which the redemption of those Units was first deferred.

## Taxation

The following is a summary of current law and practice and is subject to change. The information should not be regarded as legal or tax advice.

## Capital Gains Tax

since it is registered in Jersey, the fund is not subject to UK capital gains tax. Those investors who are subject to tax may be liable to capital gains tax on the redemption or sale of their units in the trust.

## Income Tax

while distributions of income are made net of UK Income Tax, non-taxpayers are entitled to reclaim any tax deducted at source.

## Stamp duty reserve tax

no stamp duty is payable on the transfer of existing units.

## Charges

The trust instrument empowers the Manager and the Investment Adviser may deduct from the property of the Fund annual charges not exceeding in total 0.40% of the NAV of the Fund. The charge is calculated monthly in arrears, based on the NAV of the Fund on the Valuation Day (including accrued income on the Business Day immediately preceding each Valuation Day).

The Fund bears the costs of providing safe custody or registration of securities held by the Fund; the costs of and incidental to preparing instruments supplemental to the Trust Instrument; and all legal and other professional fees incurred in connection with the acquisition or disposal of investments or otherwise in connection with the Fund or its investments. See "Additional Expenses" below for all expenses that may be charged to the Fund. The Fund bears the fees and expenses of all service providers to the Fund (except for the Manager and Investment Adviser, as set out above) including in relation to, property management, rent collection, property and fund valuation, audit, administration, registrar, custody and reporting.

Unit holder analysis		
	Number of unitholders	Total % held
Less than 1% of units in issue	6	2.7
1% or greater but less than 2%	4	7.1
2% or greater but less than 4%	2	6.1
4% or greater but less than 8%	1	5.2
Greater than 8.0%	5	78.9
<b>Total</b>	<b>18</b>	<b>100</b>
Major investors		
Largest holder	1	22.9
Three largest holders	3	57.3
Five largest holders	5	78.9
Ten largest holders	10	93.9
Internal/external investors		
Internal	1	0.2
External	17	99.8

Source: BlackRock Investment Managers (Channel Islands) Limited

Liquidity						
Period	Year to Dec 2018	Year to Dec 2019	Year to Dec 2020	Year to Dec 2021	Year to Dec 2022	Year to Dec 2023
<b>Issues and redemptions</b>						
Units in issue as at start of period	599,956	753,006	885,968	986,338	986,338	986,338
Units issued during period	153,050	132,963	100,370	0	0	0
Units redeemed during period	0	0	0	0	0	0
Units in issue at end of period	753,006	885,968	986,338	986,338	986,338	986,338
<b>Unit transfers</b>						
Matched bargains	39078.285	0	0	47,654	10640.76737	0
Matched bargains %*	0.051896407	0.00%	0	5.30%	1.08%	0.00%

\* as % of units in issue at the end of the period

Source: BlackRock Investment Managers (Channel Islands) Limited