

BlackRock UK Property Fund

INVESTMENT POLICY AND OBJECTIVES

The aim of the fund is to enable eligible investors to allocate a suitable proportion of their assets to investment in property without acquiring a directly held portfolio

The long-term objective of the fund is to outperform the average of similar institutional pooled vehicles through a diversified range of property throughout the UK. Its benchmark is the all balanced fund component of the MSCI/AREF UK Quarterly Property Fund Index.

INVESTOR CONSTITUENCY

The Fund is open to Professional Investors as defined by the FCA, as well as overseas investors dependant on Private Placement restrictions in each jurisdiction

Fund details	
Type of fund	Property unit trust
Residence	Jersey
Launch date	March 1982
Open/closed-ended	Open-ended
Earliest date of winding up	Not applicable
Year-end	31 December
NAV (GBPm)	2692.7

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	John Benham
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		
		Other balanced open-ended funds	All balanced open-ended funds	All funds
3 months	-0.2	0.3	0.4	0.3
Year-to-date	-0.3	0.1	0.2	0.1
12 months	-18.3	-17.1	-17.4	-17.1
3 years+	2.4	3.3	3.4	2.3
5 years+	1.6	2.3	2.2	1.1
10 years+	5.6	6.6	6.3	5.5

Source: MSCI/AREF UK Quarterly Property Fund Index
Note: * Weighted average returns + Annualised

Property investment restrictions	
Maximum development exposure	25%
Maximum speculative development exposure	*
Maximum lot-size holding as a standing investment	*
Maximum lot-size holding permitted at purchase	15%
Maximum exposure to limited partnerships	50%
Maximum exposure to joint ventures	50%
Maximum exposure to closed and open-ended property unit trusts	50%

Source: BlackRock Investment Managers (Channel Islands) Limited

Portfolio distribution %		MSCI/AREF UK Quarterly Property Fund Index		
		Other balanced open-ended funds	All balanced open-ended funds	All funds
Standard retail – South East	0.0	4.9	4.6	4.6
Standard retail – Rest of UK	0.6	1.2	1.4	2.3
Shopping centres	2.2	0.6	0.9	2.5
Retail warehouses	11.4	12.4	12.1	7.6
All UK retail	14.2	19.1	19.0	17.1
City offices	3.6	3.3	3.4	3.2
West End offices	8.1	8.1	7.5	5.1
Rest of South East offices	1.8	7.5	7.1	5.5
Rest of UK offices	5.7	5.2	4.9	5.3
All UK offices	19.2	24.2	22.9	19.1
South East industrial	20.8	24.0	24.5	20.3
Rest of UK industrial	16.9	13.6	13.7	11.8
All UK industrial	37.7	37.6	38.2	32.1
Other UK properties	20.6	12.4	12.5	25.9
Cash***	8.3	6.7	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	128	2,524.2	100.0
Joint and indirect holdings	0	0.00	0.0
Listed investments	0	0.00	0.0
Total	128	2,524.2	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
UPLANDS BUSINESS PARK	LONDON	Industrial Other	100-125	-

LEICESTER LOGISTICS PARK	LEICESTER	Industrial	100-125	-
BIRMINGHAM BUSINESS PARK	BIRMINGHAM	Office	100-125	-
RIVERSIDE INDUSTRIAL ESTATE	GRAYS	Industrial	100-125	-
25 BEDFORD STREET	LONDON	Office	75-100	-
AP FACTORY	LEAMINGTON SPA	Industrial	75-100	-
WATLING HOUSE, 33 CANNON STREET	LONDON	Office	75-100	-
100 MOLLINSON AVENUE	ENFIELD	Industrial	75-100	-
COLOSSEUM RETAIL PARK	ENFIELD	Retail Park	50-75	-
EXCHANGE SHOPPING CENTRE, PUTNEY	LONDON	Retail	50-75	-
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	13	12.2	0.5
2.5 - 5	37	134.8	5.3
5-10	30	195.9	7.8
10-25	15	274.5	10.9
25 - 50	16	621.9	24.6
50 - 100	13	849.5	33.7
100-150	4	435.2	17.2
Over 150	0	0.0	0.0
Total	128	2524.2	100.0
Average lot size		19.7	

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	4.3%	Investments	9.2%
Nominal equivalent yield	-	Developments	-
True equivalent yield	6.4%	Total	-
Net reversionary yield	6.2%		

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	1.5	1.0
Retail warehousing	15.8	13.0
Shopping centres	3.9	2.8
Central London offices	13.0	12.4
Other offices	14.7	17.7
Industrial	35.0	40.5
Other	16.2	12.7
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	1.6	0.0	0.0	7.0	-26.8	9.8	-17.0	90.0
Retail warehousing	17.0	2.5	0.0	13.3	-11.6	6.9	-4.7	111.1
Shopping centres	4.2	1.7	0.0	2.9	-13.6	6.6	-6.9	97.7
Central London offices	14.0	10.7	0.0	6.0	-1.2	13.7	12.5	129.3
Other offices	15.8	5.8	0.0	34.1	-0.5	22.8	22.2	162.2
Industrial	37.7	12.3	0.0	15.2	-1.1	29.8	28.6	156.2
Other	17.4	0.0	-	0.3	-1.7	6.9	5.2	105.6
Overall	107.8	7.0	-	13.5	-3.6	18.2	14.5	135.0

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	0.7
15 years or greater, but less than 20	1.4
10 years or greater, but less than 15	7.0
5 years or greater, but less than 10	27.8
Less than 5 years	63.1

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

Debt analysis

Fixed rate borrowings			Variable rate borrowings		
Amount drawn (GBPm)	Average rate (%)	Average unexpired term (years)	Amount drawn (GBPm)	Rate above LIBOR (ind 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				Cost to complete schemes in progress+
	Not yet started	In progress+	All developments	
GBPm	0	0.0	0.0	0.0
% of all directly held properties*	0.00%	0.0%	0.0%	0.0%

* 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/Knight Frank
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	50%
for investment purposes	50%
for liquidity purposes	15
Cash holdings (maximum)	10%
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	%
DAC BEACHCROFT LLP	3.5
SDTA PRODUCTIONS LTD	3.2
EUROCLEAR SA/NV	2.9
SAMWORTH BROTHERS LIMITED	2.5
UNIPART GROUP LIMITED	2.5
DSG RETAIL LTD	2.5
WOOD GROUP UK LIMITED	2.3
ZOOPLUS AG	2.3
PLASGRAN LIMITED	2.1
TESCO	1.9
Three largest tenants' contribution to rental income	9.6
Five largest tenants' contribution to rental income	14.6
Ten largest tenants' contribution to rental income	25.7

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	2524.2	0.0	0.0	0.0	2524.2
Listed investments	0.0	0.0	0.0	0.0	0.0
Debt	-60.0	0.0	0.0	0.0	-60.0
Cash	228.6	0.0	0.0	0.0	228.6
Other net assets/liabilities	0.0	0.0	0.0	0.0	0.0
Total net assets	2692.7	0.0	0.0	0.0	2692.7
Gearing (%)					
Net debt (cash)/properties	-6.7	-	-	-	-6.7
Net debt (cash)/equity	-6.3	-	-	-	-6.3

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
Net asset value (GBP)	51.15	52.32	49.68	42.31	41.96	41.53
Premium for new subscriptions	5.66%	5.66%	5.66%	5.66%	5.66%	5.66%
Dealing charge for redemptions	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Quarterly distribution (GBP)	0.3453	0.3251	0.4973	0.3222	0.3380	0.3347
Yield	2.60%	2.48%	2.69%	3.08%	3.09%	3.14%

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. Some of the vehicles through which the Fund holds directly-held investments have fixed-rate debt. The market value of this debt is not published and it does not reflect in the monthly recalculation of the Fund's net asset value.

Distributions

Distributions are made monthly, normally on the 20th 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 GBP250,000, although the manager, at their discretion, can allow investors to invest as little as GBP25,000 where it is satisfied that the investor has received financial advice or the investment is made on the investor's behalf by a discretionary investment manager. Existing unitholders may increase or decrease their holdings by minimum amounts of GBP10,000 (rounded to the nearest number of whole units). No redemption notice will be accepted that would result in a holding falling to below the minimum holding value determined by the manager (currently GBP10,000).

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 subscription day, which is the last working day of the month.

As from March 2009, the Manager has the discretion to defer redemptions if it deems it in the interest of continuing unitholders to do so. Redeeming unitholders may not withdraw their realisation notice in respect of units which the Manager has notified the unitholder that it has determined can be redeemed or any units which are within the last 3 months of the 24-month redemption window.

The manager will attempt, where possible, the matching of buying and selling orders. Such transfers are effective from the last business day of the month during which they take place.

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

distributions of income are made net of UK Income Tax, however any eligible non-taxpayers can be paid gross of Income Tax on request

Stamp duty reserve tax

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

Charges

The trust instrument empowers the manager and investment advisor to make an annual charge totalling not more than 2% of the net asset value of the fund (including accrued income). However, the total charge is currently 1% pa and the manager has undertaken to give at least three months' notice of any increase in this figure.

The manager and investment advisor currently bear the cost of fees of service providers in relation to day-to-day management and rent collection of directly held properties, valuations, the trustees' and auditors' fees, custodian fees and the costs of preparing reports and accounts for unitholders, and market research and performance measurement. These costs may, alternatively, be charged to unitholders. The manager has undertaken to give at least three months' notice before so doing.

Unit holder analysis		
	Number of unitholders	Total % held
Less than 1% of units in issue	167	40.4
1% or greater but less than 2%	15	19.0
2% or greater but less than 4%	6	14.6
4% or greater but less than 8%	3	16.7
Greater than 8.0%	1	9.3
Total	192	100.0
Major investors		
Largest holder	1	9.3
Three largest holders	3	21.8
Five largest holders	5	29.4
Ten largest holders	10	40.6
Internal/external investors		
Internal	0	0.0
External	192	100.0

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
Issues and redemptions						
Units in issue as at start of period	76,708,415	76,708,415	74,380,926	69,926,736	67,022,739	67,022,739
Units issued during period	0	0	0	0	0	0
Units redeemed during period	0	-2327489	-4454190	-2,903,997	0	-1,215,927
Units in issue at end of period	76,708,415	74,380,926	69,926,736	67,022,739	67,022,739	65,806,812
Unit transfers						
Matched bargains	2,916,524	335,623	1,194,918	2,340,366	1,502,120	113,650
Matched bargains %*	3.80%	0.45%	1.61%	3.19%	2.24%	0.17%

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

Source: BlackRock Investment Managers (Channel Islands) Limited