

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)	1084.3

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 * %

	BlackRock Long Lease Property Fund	MSCI/AREF UK Quarterly Property Fund Index		
		Long Income funds	All balanced funds	All funds
3 months	0.7	1.5	2.1	1.4
Year-to-date	-1.4	2.1	-1.0	-2.9
12 months	-1.4	2.1	-1.0	-2.9
3 years+	3.6	4.8	2.3	1.1
5 years+	5.0	6.0	3.9	3.0
10 years+	-		6.4	5.9

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 %

	BlackRock Long Lease Property Fund	MSCI/AREF UK Quarterly Property Fund Index		
		Long Income funds	All balanced funds	All funds
Standard retail – South East	9.6	8.8	5.3	4.9
Standard retail – Rest of UK	7.0	8.9	2.5	3.3
Shopping centres	0.0	0.7	1.5	4.2
Retail warehouses	1.9	1.9	10.5	9.2
All UK Retail	18.5	20.3	19.8	21.6
City offices	0.0	3.4	3.8	3.2
West End offices	0.0	5.4	8.5	7.6
Rest of South East offices	4.8	5.4	10.5	7.5
Rest of UK offices	4.4	8.4	5.7	5.1
All UK Offices	9.3	22.6	28.5	23.4
South East industrial	9.8	3.1	21.9	18.0
Rest of UK industrial	9.6	6.5	11.4	9.2
All UK Industrial	19.4	9.6	33.2	27.3
Other UK properties	52.3	45.2	10.1	21.5
Cash***	0.6	2.3	8.4	6.2
Overall	100.0	100.0	100.0	100.0

** MSCI/AREF UK Quarterly Property Fund Index

Property ownership structure

	Number of assets	Valuation (GBPm)	% of total portfolio
Direct holdings	74	1,078.2	100.0
Joint and indirect holdings	0	0	0.0
Listed investments	0	0	0.0
Total	74	1,078.2	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
SAINSBURY'S DISTRIBUTION	BEDFORD	Industrial	75 - 100	-
MARRISONS	BOREHAMWOOD	Retail Other	25 - 50	-
MORRISONS	READING	Retail Other	25 - 50	-
SPIRE, MONTEFIORE HOSPITAL	HOVE	Healthcare	25 - 50	-
TESCO STORES LIMITED	YORKSHIRE & HUMBERSIDE	Retail Supermarket	25 - 50	-
MANCHESTER METROPOLITAN UNIVER	CREWE	Residential	25 - 50	-
BICESTER ,BICESTER AVENUE,BICESTER,OXFORI	BICESTER	Leisure	25 - 50	-
HATHAWAY HOUSE, 7D WOODFIELD RD	LONDON	Office	25 - 50	-
NEWCASTLE, JURY'S INN	NEWCASTLE UPON TYNE	Hotel	25 - 50	-
PREMIER INN GATWICK	CRAWLEY	Hotel	25 - 50	-
10 largest investments as % of portfolio			0.0	0.0

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

Source: BlackRock Investment Managers (Channel Island)

Direct portfolio structure by lot-size bands

Value band (GBPm)	Number of assets	Valuation (GBPm)	% of total portfolio
0 -2.5	15	24.8	2.3
2.5 - 5	11	36.3	3.4
5-10	9	65.3	6.1
10-25	26	448.4	41.6
25 - 50	12	412.9	38.3
50 - 100	-	-	-
100-150	0	0.0	0.0
Over 150	0	0.0	0.0
Total	74	1078.2	100.0
Average lot size		14.6	

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

Source: BlackRock Investment Managers (Channel Island)

Property Yield*		Voids as % of ERV	
Net initial yield	5.30%	Investments	0.00%
Nominal equivalent yield	-	Developments	0.00%
True equivalent yield	4.94%	Total	0.00%
Net reversionary yield	4.69%		

Source: BlackRock Investment Managers (Channel Islands) Limited

Rental income & ERV by type of property

	Rental income %	Estimated rental value %
Standard retail	16.3	16.5
Retail warehousing	2.5	2.0
Shopping centres	0.0	0.0
Central London offices	0.0	0.0
Other offices	8.2	8.3
Industrial	15.6	17.4
Other	57.4	55.8
Overall	100.0	100.0

Source: BlackRock Investment Managers (Channel Islands) Limited

Over renting and Reversionary Potential, % Rent passing									
Sector	Rent Passing,	Rent Free, %	Development	Investment	Over rented,%	Reversionary	Reversionary	Market	
	GBP Millions	Rent Passing	vacancy %	vacancy %	Rent Passing	potential %	potential Net	Value %	Rent
Standard retail	9.1	0.0	0.0	0.0	-11.4	-10.2	-21.7	-	89.8
Retail warehou:	1.4	0.0	0.0	0.0	-28.6	-28.4	-57.0	-	71.6
Shopping centri	-	-	-	-	-	-	-	-	-
Central London	-	-	-	-	-	-	-	-	-
Other offices	4.6	0.0	0.0	0.0	-10.4	-9.5	-20.0	-	90.5
Industrial	8.7	0.0	0.0	0.0	-4.6	-0.9	-5.5	-	99.1
Other	32.0	0.0	0.0	0.0	-15.5	-13.4	-28.9	-	86.6
Overall	55.8	0.0	0.0	0.0	-13.1	-11.0	-24.1	-	89.0

Source: BlackRock Investment Managers (Channel Islands) Limited

Listed Investments			
	held	(GBPm)	portfolio
-	-	-	0.0
-	-	-	0.0
-	-	-	0.0
-	-	-	0.0
-	-	-	0.0
-	-	-	-

The unexpired term of leases	
Years	% of rent passing
20 years or greater	33.4
15 years or greater, but less than 20	54.8
10 years or greater, but less than 15	11.4
5 years or greater, but less than 10	0.3
Less than 5 years	0.0

Source: BlackRock Investment Managers (Channel Islands) Limited

Joint and Indirect property holdings						
Holdings	Sector	Joint/Indirect	Vehicle Type	Ownership %	Valuation	Est. % of total portfolio
-	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	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
-	0.0	0.0	0.0	0.0	0.0	0.0

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 (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)

Development exposure*

	Capital value of developments			Cost to complete schemes in progress+
	Not yet started	In progress+	All developments	
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)	*

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

The contribution of major tenants to rental income

Tenant	%
WYEVALE GARDEN CENTRES HOLDINGS LIMITED	9.9
MORRISONS	7.9
SAINSBURY'S SUPERMARKET LTD	7.4
CARE UK COMMUNITY PARTNERSHIPS LIMITED	6.9
ODEON CINEMAS LTD	5.5
PREMIER INN HOTELS LTD	4.4
JURYS HOTEL MANAGEMENT (UK) LTD	4.2
MONTEFIORE HOSPITAL	3.7
TRAVELODGE HOTELS LTD	3.6
	2.8
RAC MOTORING SERVICE	
Three largest tenants' contribution to rental income	25.2
Five largest tenants' contribution to rental income	37.6
Ten largest tenants' contribution to rental income	56.3

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	1078.2	0.0	0.0	0.0	1078.2
Listed investments	0.0	0.0	0.0	0.0	0.0
Debt	0.0	0.0	0.0	0.0	0.0
Cash	6.0	0.0	0.0	0.0	6.0
Other net assets/liabilities	0.0	0.0	0.0	0.0	0.0
Total net assets	1084.3	0.0	0.0	0.0	1084.3
Gearing (%)					
Net debt (cash)/properties	-0.6	-	-	-	-0.6
Net debt (cash)/equity	-0.6	-	-	-	-0.6

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

Quarterly data per unit						
As at	30-Sep-19	31-Dec-19	31-Mar-20	30-Jun-20	30-Sep-20	31-Dec-20
Bid (GBP)	-	-	-	-	-	-
Offer (GBP)	-	-	-	-	-	-
Mid (GBP)	-	-	-	-	-	-
Bid/offer spread	-	-	-	-	-	-
Net asset value (GBP)	1,154.66	1,156.33	1,137.16	1,112.83	1,102.88	1,099.31
Quarterly distribution (GBP)	12.49	13.81	12.61	8.42	8.80	10.82
Yield	4.55%	4.54%	4.58%	4.25%	3.96%	3.70%

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

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

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

Taxation

The following is a summary of current law and practice and is subject to change. The information should not be

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

Income Tax

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

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

Unit holder analysis

	Number of unitholders	Total % held
Less than 1% of units in issue	5	0.0
1% or greater but less than 2%	4	0.1
2% or greater but less than 4%	2	0.1
4% or greater but less than 8%	2	0.1
Greater than 8.0%	5	0.8
Total	18	1.0
Major investors		
Largest holder	1	0.2
Three largest holders	3	0.5
Five largest holders	5	0.8
Ten largest holders	10	0.9
Internal/external investors		
Internal	0	0.0
External	22	1.0

Source: BlackRock Investment Managers (Channel Islands) Limited

Liquidity

Period	Year to Dec 2017	Year to Dec 2018	Year to Dec 2019	Year to Dec 2020
Issues and redemptions				
Units in issue as at start of period	488,413	599,956	753,006	885,968
Units issued during period	111,543	153049.665	132963	13,846
Units redeemed during period	0	0	0	0
Units in issue at end of period	599,956	753,006	885,968	899,815
Unit transfers				
Matched bargains	0	39,078	0	0
Matched bargains %*	0	5.19%	0.00%	0.00%

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

Source: BlackRock Investment Managers (Channel Islands) Limited