

22 August 2012

Dear Sir/Madam

Important Update on Fund Liquidity and Status - Combined Property Income Fund

I am writing to provide an important update in relation to the BlackRock Combined Property Income Fund (Aust) ("CPIF") and the BlackRock Property Trust (Aust) the ("Property Trust") into which CPIF invests.

In December 2011 we notified you that we were considering a range of measures in an attempt to provide a liquidity outcome to investors in the Property Trust.

Global real estate agency Jones Lang LaSalle was appointed to assist BlackRock Investment Management (Australia) Limited ("BlackRock") in achieving this aim. Jones Lang LaSalle conducted a global campaign which explored a number of options. These included the sale of the entire portfolio or parts of the portfolio, a recapitalisation of the Property Trust or possibly a combination of both.

A significant number of expressions of interest were received and analysed thoroughly. During this process, consideration was given to the long-term viability of the Property Trust and the CPIF in a changed market environment and our ongoing ability to provide daily liquidity consistent with the Funds' objectives and strategy.

Termination of the BlackRock Property Trust and Combined Property Income Fund (Aust)

As responsible entity of the BlackRock Property Trust and the BlackRock Combined Property Income Fund ("the Funds"), BlackRock has determined that the most appropriate course of action is to terminate the Funds effective 22 August 2012. Consequently, an orderly sale of the assets of the Funds will be undertaken and proceeds returned to investors.

We expect to progressively pay proceeds to investors as the Funds' assets are realised. These payments will be processed on a pro-rata basis across all investors' accounts. Unlike the previous two withdrawal offers, there is no requirement for investors to apply for their proceeds. You do not need to take any action.

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Sale of direct real estate assets

BlackRock has agreed terms with the Goodman Group who will acquire the following seven assets (“the Sub-Portfolio”):

- 31-33 Maddox Street, Alexandria (NSW)
- 60 Holbeche Road, Arndell Park (NSW)
- 76-90 Link Drive, Campbellfield (VIC)
- 41-45 Hydrive Close, Dandenong (VIC)
- 50 Raubers Road, Banyo (QLD)
- 34-42 Sheppard Street, Hume (ACT)
- 26 Rodborough Road, Frenchs Forest (NSW)

The Goodman Group has today contracted to purchase these assets for a total purchase price of \$115 million. The agreed price represents a 2.76% discount to the 30 June 2012 book value. The majority of the Sub-Portfolio is scheduled to settle in mid-September 2012.

Following completion of the sale of the seven assets to Goodman Group the Property Trust’s remaining 11 direct assets and two unlisted property trust investments will be marketed individually. It is difficult at this stage given current market conditions to provide a firm indication as to when this sale process will be completed. We will provide periodic updates through our website www.blackrock.com.au and make available copies of any updates via our Client Services Centre.

Sale of the A-REIT assets in the portfolio

The A-REIT (Australian Real Estate Investment Trust) positions held by the CPIF will now be realised. We anticipate returning proceeds to investors at the earliest opportunity following settlement.

First payments

The first payment to investors, from the sale of the A-REIT investments, is expected within a few weeks. This will be followed by a second payment approximately a month later representing the initial proceeds from the Property Trust following the settlement of the sale of the majority of the Sub-Portfolio. On current values these two payments, when combined, represent approximately 60% of your investment in the CPIF.

Pricing and income distributions

We will continue to issue daily indicative unit prices for the Funds through the wind-up period, and the Funds will continue to accrue and pay out rental and other income on a quarterly basis through to the completion of the asset sale program and wind-up. Please note that as we have commenced winding up the Fund it will no longer be possible to reinvest distributions.

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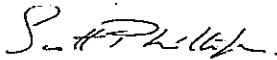
Bank account details - avoiding delays in receiving your payments

All of the proceeds from the payments outlined above will be deposited into your nominated bank account. If you wish to have your proceeds deposited into a bank account which is different to the one that we have in our records, or wish to confirm the details that we have, please contact our Client Services Centre.

If we do not have a bank account recorded, please complete the enclosed 'Confirmation of Payment Instructions' form. If we are not able to deposit to your nominated account, we will send a cheque to your registered mailing address. This may result in a delay in receiving your proceeds due to the required reprocessing and mailing times involved.

BlackRock apologises for any inconvenience the termination of the Funds may cause. Please contact your adviser if you have any questions, or alternatively our Client Services Centre on 1300 366 100 or at clientservices.aus@blackrock.com.

Yours sincerely,



Scott Phillips
Head of Retail, Australia
Global Client Group
BlackRock