

# BLACKROCK

25 August 2008

## **Important information regarding the BlackRock Combined Property Income Fund (Aust)**

BlackRock Investment Management (Australia) Limited ("BlackRock") as responsible entity of the BlackRock Combined Property Income Fund (Aust) ("Fund") wishes to update you with some important information regarding investors ability to withdraw from the Fund.

Effective Monday 25 August 2008, investors will no longer be able to withdraw from the Fund on request. Investors will only be able to withdraw on the basis of notification of a "Withdrawal Offer" from BlackRock (see below for further details). This includes withdrawal requests received after 2.00 pm on Friday 22 August 2008 as these requests have not as yet been processed by BlackRock. This will apply to all classes of units of the Fund.

Distributions will continue to be paid quarterly as normal.

BlackRock is firmly of the opinion that in the current market environment, this course of action is in the best interests of investors in the Fund in that it ensures that all investors in the Fund are treated equally and serves to preserve investor value in the current uncertain and volatile market environment.

### **Why have we made this decision?**

As you may be aware, the Fund achieves its investment objective by investing in funds managed by BlackRock that hold portfolios of direct property, listed and unlisted property securities. Exposure to direct property and unlisted property trusts is obtained primarily through the BlackRock Property Trust (Aust) ("Property Trust"). Exposure to listed property is obtained primarily through the BlackRock Property Securities Fund (Aust) ("Property Securities Fund").

As at Friday 22 August 2008 the Fund had approximately 63% exposure to the Property Trust, approximately 35% exposure to the Property Securities Fund and the balance is held in cash.

The Property Trust has, effective from 2.00 pm (Eastern Standard Time) Monday 25<sup>th</sup> August 2008, extended the time periods for the processing and payment of withdrawal requests. As a result, BlackRock believes that the Fund cannot reasonably expect to realise sufficient units in the Property Trust within the period specified in the Fund's Constitution for satisfying withdrawal requests. Accordingly withdrawal requests from the Fund will no longer be processed in the usual manner.

### **What does this action mean to investors?**

As a result of the above, under the terms of the Fund's Constitution and in accordance with our obligations under the Corporations Act BlackRock can only accept or process withdrawal requests from investors on the basis of a Withdrawal Offer issued by BlackRock. Any Withdrawal Offers issued will be offered to all investors in the Fund.

Although withdrawals will only be able to occur on the basis of a Withdrawal Offer, other aspects of the Fund will continue to operate as normal, including:

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- applications will continue to be accepted as the Fund has not closed;
- unit pricing will continue to occur on a daily basis;
- our current intention is that distributions will continue to be paid as normal, including reinvestment under the distribution reinvestment plan. However, if you wish to cancel your participation in the distribution reinvestment plan, please contact us; and
- the investment strategy and management of the Fund and the underlying funds into which it invests, will remain unchanged.

## What is contained in a Withdrawal Offer?

Any Withdrawal Offer issued will apply to all classes of units of the Fund and will specify:

1. the period during which the offer will remain open (this period will be at least 21 days after the offer is made);
2. the assets that will be used to satisfy the withdrawal request;
3. the amount of money that is expected to be available when those assets are converted to money; and
4. the method for dealing with withdrawal requests if the money available is insufficient to satisfy all requests. In this situation, requests will be satisfied proportionately in accordance with a formula set out in the Corporations Act.

Any Withdrawal Offer issued will be offered to all investors in the Fund. In accordance with the constitution of the Fund, the unit price will be determined at the time the Withdrawal Offer closes.

## When can you expect to receive a Withdrawal Offer?

The timing of any Withdrawal Offer will depend on the circumstances of the Fund and its underlying investments. We will monitor the situation closely on an ongoing basis to ensure that the best interests of all unitholders continue to be served at all times and we will notify you in due course of our timings with respect to any Withdrawal Offers.

## About the BlackRock Property Trust

The Property Trust, into which the Fund invests, is designed to provide exposure to a diversified portfolio of direct and unlisted property investments. Notwithstanding the deferral in the processing and payment of withdrawals in the Property Trust, the direct properties held in the Property Trust are quality investment properties which have been selectively acquired with a long term investment horizon.

The Property Trust currently comprises 26 properties that are diversified across the office, industrial, and retail property sectors, and spread geographically around Australia. The Property Trust also currently holds investments in six unlisted wholesale property trusts.

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The portfolio of direct property assets in the Property Trust is currently approximately 99% occupied with a weighted average lease expiry of approximately 4.2 years.

Please refer to the Appendix A in this letter to see a summary of the current portfolio holdings of the Property Trust.

## Current Market Conditions

Financial markets are undergoing a period of repricing of debt and equity, which is having a significant effect on buyers of commercial property and the property industry generally.

As a result of the recent turmoil in financial credit markets, the ability of investors to access both debt and equity has become increasingly difficult and costly, leading to a reduction in the number of buyers of property who are able to participate in the market and an increase in the number of sellers.

Property investors have traditionally approached property as a long term investment and viewed it as a less liquid asset class when compared with other traditional asset classes such as equities and bonds.

As a consequence of the current investment climate there have been very few commercial property transactions being completed this year, further limiting liquidity in the sector.

## APIR Codes of the Funds

The APIR codes of the Funds are:

BlackRock Combined Property Income Fund (Class C) - MAL0007AU

BlackRock Combined Property Income Fund (Class D) - MAL0008AU

## Supplementary Product Disclosure Statement

A Supplementary Product Disclosure Statement dated Monday 25<sup>th</sup> August 2008 has been issued notifying investors that withdrawal requests can only be made on the basis of a Withdrawal Offer issued by BlackRock. This SPDS updates the current Product Disclosure Statement dated 28 April 2008.

For a copy of the SPDS please contact our Client Services Centre on 1300 366 100.

## Further information

We thank you for your understanding on this matter and support of BlackRock.

We will monitor the situation closely on an ongoing basis to ensure that the best interests of all investors continue to be served at all times. We will keep investors updated with regards to the timing of the Withdrawal Offers and will advise when the processing and payment of withdrawals will return to its existing process.

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For further information please contact Matthew Aspinall on (02) 8223 6045 or Suzy Spicer on (02) 8223 6023.

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## APPENDIX 1: SCHEDULE OF ASSETS IN BLACKROCK PROPERTY TRUST (AUST) AS AT 30 JUNE 2008

Property	State	Sector	Valuer	30 June 2008 valuation	Cap rate	Occupancy Level	Weighted Average Lease Expiry	Key Tenants
				\$m	%	%	(years)	
1667-1669 Centre Road, Springvale	VIC	Industrial	CBRE	5.80	8.50	100	2.3	Yale, Interhampers
41-45 Hydrive Close, Dandenong	VIC	Industrial	CBRE	6.80	7.75	100	3.5	Carter Holt Harvey
87 Chifley Drive, Preston	VIC	Industrial	CBRE	9.10	8.00	100	3.3	Stafford Ellison, Optus, Vodafone
289-311 Bayswater Road, Bayswater	VIC	Industrial	CBRE	11.50	7.00	100	9.9	Clive Peeters
4 Siruis and 5 Orion Road, Lane Cove	NSW	Industrial	Savills	12.00	7.75	100	4.5	Medtel, High Yield Investments
76-90 Link Drive, Campbellfield	VIC	Industrial	CBRE	12.25	7.00	100	9.3	Dana
34 Corporate Drive, Cannon Hill	QLD	Industrial	JLL	13.20	7.50	100	1.9	Tyco
50 Raubers Road, Banyo	QLD	Industrial	JLL	13.80	7.75	100	2.4	Strategic Global Logistics
34-42 Sheppard Street, Hume	ACT	Industrial	CBRE	13.90	8.50	94	3.0	Allied Pickfords
60 Holbeche Road, Arndell Park	NSW	Industrial	Colliers	20.50	7.50	100	0.4	Linfox
31-33 Maddox Street, Alexandria	NSW	Industrial	DTZ	61.00	7.00	100	2.0	Mayvic, Artedomus
26 Rodborough Road, Frenchs Forest	NSW	Office	KF	8.60	8.25	73	0.5	NEC
307-311 Ross River Road, Townsville	QLD	Office	JLL	16.10	7.25	100	6.5	Centrelink
12 Lakeside Drive, Burwood East	VIC	Office	Savills	18.35	7.50	100	4.8	VicRoads
369 Ann St, Brisbane	QLD	Office	KF	23.13	7.00	97	0.1	Sinclair Knight Merz
166 Epping Road, Lane Cove	NSW	Office	m3	23.90	7.50	84	4.4	AGB Nielsen, Tyco Healthcare
883 Whitehorse Road, Box Hill	VIC	Office	m3	26.50	6.75	100	9.5	Department of Human Services
107 Pitt Street, Sydney	NSW	Office	JLL	30.40	6.00	100	1.5	Peoplebank, JB Global Investments
615 St Kilda Road, Melbourne	VIC	Office	Savills	32.50	7.25	100	4.7	Tattersalls
35 Robina Town Centre Drive, Robina	QLD	Office	LMW	43.00	7.50	100	8.2	Austar
555 Lonsdale Street, Melbourne	VIC	Office	Savills	65.70	7.00	98	4.7	Marsh, Barristers Chambers
10 Barrack Street, Sydney	NSW	Office	Savills	77.30	5.88	100	3.6	Credit Corp Group, United Airlines

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Property	State	Sector	Valuer	30 June 2008 valuation	Cap rate	Occupancy Level	Weighted Average Lease Expiry (years)	Key Tenants
				\$m	%	%		
708-712 Woodville Road, East Fairfield	NSW	Retail	m3	8.35	7.25	100	3.2	Hungry Jacks, Subway
7-15 Groves Road, Bennetts Green	NSW	Retail	Savills	8.80	7.50	100	5.3	Supercheap Auto, BCF, Joyce Mayne
2-20 Shore Street, Ormiston	QLD	Retail	Savills	9.40	7.25	100	3.3	Red Rooster
Rosemeadow Marketplace	NSW	Retail	Savills	15.80	7.25	96	3.7	Woolworths
<b>Total</b>				<b>587.68</b>				

Unlisted Property Investments	Region	Sector	Value						
				\$m					
Centro Direct Property Fund	Aus/US	Retail		29.22					
Japara Aged Care & Retirement Fund	Aust	Aged Care		9.73					
Goodman Australia Industrial Fund	Aust	Industrial		49.93					
Macquarie Goodman Hong Kong Logistics Fund	HK	Industrial		16.11					
GPT Wholesale Office Fund	Aust	Office		25.62					
Retirement Villages Group	Aust/NZ	Retirement		8.07					
<b>Total Unlisted Property Investments</b>				<b>138.67</b>					

<b>Cash</b>				<b>4.60</b>					
<b>Other assets ^</b>				<b>10.10</b>					
<b>GRAND TOTAL</b>				<b>741.04</b>					

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