

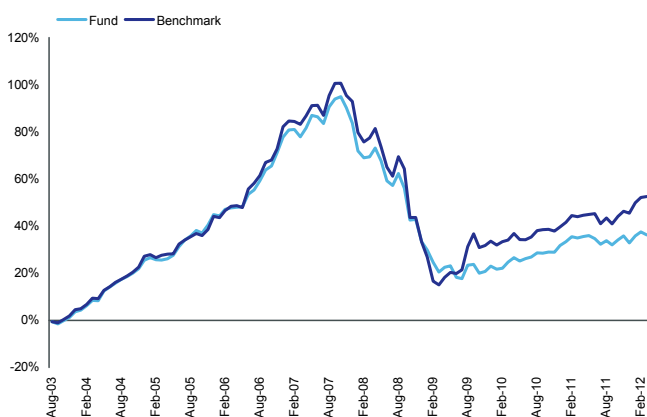
BlackRock Combined Property Income Fund (Aust)

Investment Performance (%)

	Fund Inception	3 Mths	CYTD	1 Yr	3 Yrs	5 Yrs	Inc
BlackRock Combined Property Income Fund (Aust) (D Class) (Net of Fees)	25 August 2003	2.31	2.31	-0.02	3.07	-5.99	4.04
Diversified Benchmark (Gross of Fees)		4.79	4.79	5.93	9.85	-3.60	5.03
Outperformance (Net of Fees)		-2.48	-2.48	-5.95	-6.78	-2.39	-0.99
BlackRock Combined Property Income Fund (Aust) (C Class) (Net of Fees)	24 September 2003	2.06	2.06	-0.96	2.16	-6.85	3.36
Diversified Benchmark (Gross of Fees)		4.79	4.79	5.93	9.85	-3.60	5.19
Outperformance (Net of Fees)		-2.73	-2.73	-6.89	-7.69	-3.25	-1.83
BlackRock Combined Property Income Fund (Aust) (Gross of Fees)	25 August 2003	2.55	2.55	0.97	4.17	-5.19	3.66
Diversified Benchmark (Gross of Fees)		4.79	4.79	5.93	9.85	-3.60	5.03
Outperformance (Gross of Fees)		-2.24	-2.24	-4.96	-5.68	-1.59	-1.37

Past performance is not a reliable indicator of future performance. Performance for periods greater than one year is annualised. Performance is calculated in Australian dollars and assumes reinvestment of distributions. Gross performance is calculated gross of ongoing fees and expenses. Net performance is calculated on exit-to-exit price basis, e.g. net of ongoing fees and expenses. The benchmark is a diversified allocation of the Mercer/IPD Australian Pooled Property Fund Index and S&P/ASX 300 A-REIT Accumulation Index.

Cumulative Performance (Gross)



Market Review

Despite improved global economic data, Australian businesses remain cautious regarding investment decisions and hiring. According to the NAB Business Survey, business conditions improved marginally during March, with business confidence improving strongly through the mining and finance/business/property sectors.

Given Australian business concerns regarding revenue projections and announced headcount reductions within the banking and retail sector, sub-lease availability is expected to become higher, particularly in Melbourne and Sydney throughout the remainder of 2012. Throughout Q1 leasing activity was subdued across most markets with the exception being Brisbane and Perth, where rental growth has been achieved. The national vacancy rate remains unchanged for the quarter at 7.2%. Prime equivalent yield ranges remain unchanged in all CBD markets. Throughout the quarter approximately \$564 million of capital transactions were recorded for commercial property, with offshore investors continuing to be the most active as the hunt for global yield continues.

Industrial occupier demand remained slow for the quarter, following on from the second half of 2011. Rents remained stable across most markets, with some growth recorded in Perth. Industrial leasing activity remained strong in Brisbane and Perth, predominantly from the mining sector and wholesale trade industry. Investment activity was dominated by privates, with yields mostly stable however firming in Brisbane and Perth reflecting solid investor demand and limited investment opportunities in these markets.

Consumer confidence and retail turnover growth remained subdued throughout the quarter. Despite this, there has been some growth within the non-discretionary food and service areas. The Westpac/Melbourne Institute Consumer Sentiment Index increased from 94.7 points in December 2011 to 96.1 points in March 2012. Occupancy levels and rents have remained relatively stable, with the average retail vacancy rate remaining low with landlords providing more flexibility on lease terms. Investment activity continues to be reasonable, with transactions to the value of \$556 million recorded for the quarter. Yields remained stable once again at the prime end, however there has been a softening at the lower end of the range.

The Australian Real Estate Investment Trust (A-REIT) sector had a total return of +6.2% for the quarter, underperforming the S&P ASX 300 Accumulation Index (+8.6%).

Equity markets rallied over the quarter as the risks associated with the Eurozone crisis moderated and positive macro news continue to flow from the US. Investor risk appetite locally was tempered somewhat due to ongoing concerns about weakening Chinese growth, as well as fears of further softening in the Australian economy.

The A-REITs had a solid reporting season, with the sector's earnings growing around 3% on pcp. This was despite the difficult conditions endured by the retail and residential development sectors, and highlighted the defensive nature of the earnings streams of the sector as challenging broader market conditions prevailed.

Of the sub-sectors, Industrial produced the strongest performance for the quarter. This was followed by Retail, despite the earlier concerns about internet retailing and high occupancy costs. Diversified was the worst performing sub-sector for the quarter, driven by residential REITs after Stockland's earnings downgrade late in the quarter.

Strategy Commentary and Outlook

Over the March quarter, the Combined Property Income Fund (Fund) returned 2.55% (before fees), versus the Mercer/IPD Australian Pooled Property Fund Index 50% and S&P/ASX 300 A-REIT Accumulation Index 50% (before fees) return of 4.79%.

Valuations

Each of the 18 properties was valued as at 31st March 2012. The total assessed value of the portfolio of direct property assets decreased by 1.83% from 31st December 2011. 34% of the assets increased in value, 16% remained unchanged, with 50% recording lower values. The assets that fell in value were predominantly impacted by major forthcoming lease expiries and a softening of capitalisation rates based on recent sales. This has resulted in valuers taking a more conservative view of these particular assets. The weighted average capitalisation rate of the direct property assets within the portfolio has softened marginally from 8.28% as at 31st December 2011 to 8.43% at 31st March 2012.

Leasing Activity

At the conclusion of the March quarter the BlackRock Property Trust (BPT) had an occupancy rate of 95.5%, a marginal increase from the December quarter of 94.7%.

One significant leasing transaction was concluded during the quarter to assist in the total occupancy of the Fund. Covidien Pty Ltd signed a new lease for a 6 year term, taking on additional space totaling 4,130sqm at 166 Epping Road, Lane Cove. Tenants continue to remain cautious and as a result, transactions remain slow to be concluded.

Strategy & Outlook

The Fund continues to generate solid income which is being distributed quarterly.

Within the BPT, BlackRock remains heavily focused on asset management to minimise vacancy and maximise income for clients.

Liquidity

BlackRock is committed to restoring liquidity in the Combined Property Income Fund. Whilst we have successfully executed on asset sales to a value of \$181 million at an average of approximately 1% discount to book value, the Fund remains non liquid. We advised in December 2011 that we were expanding the scope of measures being considered to restore liquidity to unit holders. Further to this end BlackRock has appointed Jones Lang LaSalle as its exclusive advisor in relation to the potential sale of the assets, recapitalisation or restructuring of the BlackRock Property Funds. A formal campaign has commenced and JLL are seeking proposals from interested parties which will provide liquidity for existing investors. Further information will be provided to investors once it becomes available.

About the Fund

Investment Objective

The primary objective of the Fund is to deliver a combination of income and capital growth over the medium to long-term by investing in a portfolio of direct property and listed property securities, with an emphasis on income. The Fund aims to deliver an attractive income yield from both direct and listed property.

We aim to achieve this objective by outperforming the benchmark asset allocation returns over rolling five-year periods.

The Fund is actively managed against a passive benchmark, equally weighted between the following listed and direct property indices:

- ▶ 50% Mercer/IPD Australian Pooled Property Fund Index
- ▶ 50% S&P/ASX 300 A-REIT Accumulation Index

Fund Strategy

The investment objective of the Fund is currently pursued by investing in a portfolio of direct property and listed property securities. Exposure to direct property and listed property securities is obtained through related Funds managed by BlackRock – the BlackRock Property Trust (Aust) and the BlackRock Wholesale Indexed Australian Listed Property Fund.

Should be considered by investors who ...

- ▶ Seek a fund which aims to provide a regular income stream from a diversified portfolio of direct property and listed property securities.
- ▶ Seek growth over the long term.

Sector Exposure

Sector	Weight %
Listed Property	34.6
Direct Property	61.5
Cash	3.9

BlackRock Combined Property Income Fund (Aust)

Fund Details

BlackRock Combined Property Income Fund (Aust)	
Fund Size	400 mil
Buy/Sell Spread	1.50%/0.13%
BlackRock Combined Property Income Fund (Aust) (C Class)	
APIR	MAL0007AU
Management Fee	1.60% p.a.
BlackRock Combined Property Income Fund (Aust) (D Class)	
APIR	MAL0008AU
Management Fee	0.85% p.a.

Additional Fund Information

The BlackRock Combined Property Income Fund (Aust) is currently "non-liquid" within the meaning of the Corporations Act. Accordingly, BlackRock can only accept and process withdrawal requests from investors in the BlackRock Combined Property Income Fund on the basis of a Withdrawal Offer issued by BlackRock. Any Withdrawal Offers issued will be offered to all investors in the Fund. BlackRock will notify you in due course of our timings with respect to any Withdrawal Offers.

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