

# Important information regarding the Offer

# BLACKROCK

## What do I need to do?

If you are a long-term investor and wish to continue your existing investment in the BlackRock Direct Property Fund (Aust), BlackRock Direct Real Estate Fund (Aust) or BlackRock Combined Property Income Fund (Aust) (collectively "the Funds" or individually the "Fund") you need do nothing. Only those investors seeking to redeem some or all of their investment in a Fund need to take action. Each Fund remains open to new investments and we continue to manage each Fund in line with the investment objectives as stated in the PDS for the Fund.

As each of the Funds is currently non-liquid the Corporations Act prevents us from paying out redemptions to any investor except by a withdrawal offer made to all investors in the relevant Fund.

## When does the Offer open and close?

The Offer opens on Tuesday 23 March 2010 ("Opening Date") and closes at 2pm (Melbourne time) on Friday 23 April 2010 ("Closing Date").

Withdrawal Offer Request Forms must be received by BlackRock by no later than 2pm on the Closing Date. BlackRock will enforce this cut-off time strictly.

Withdrawal requests will only be processed if BlackRock receives a completed Withdrawal Offer Request Form or a written request containing all of the information required by the Withdrawal Offer Request Form.

## How do I accept the Offer?

Please complete and sign the Withdrawal Offer Request Form attached to the Offer and return it to the following address on or before 2pm on the Closing Date:

Withdrawal Offer  
BlackRock Investment Management (Australia) Limited  
GPO Box 225  
Melbourne Vic. 8060

You may also fax a completed and signed Withdrawal Offer Request Form to 1300 366 107. Forms sent by facsimile should be marked to the attention of "Withdrawal Offer".

Telephone and e-mail withdrawal requests will not be accepted.

You should allow sufficient time to ensure that your Withdrawal Offer Request Form is received at this address before 2pm on the Closing Date.

## What is the effect of the Offer on withdrawal requests which are currently outstanding?

*Note: this relates to BlackRock Direct Property Fund (Aust) and BlackRock Direct Real Estate Fund (Aust) investors only, where the processing of redemption requests was deferred for up to eighteen months prior to those Funds being declared non liquid.*

BlackRock will treat investors who have previously lodged a withdrawal request in relation to a Fund ("Existing Request"), and which has not been processed, as having made a withdrawal request in relation to the Offer (with effect from the time the Offer is made). Accordingly, such investors are not required to lodge a Withdrawal Request Form in relation to the Offer.

An Existing Request will be taken to have been satisfied where an amount is paid to the relevant investor (including where the Existing Request is satisfied on a proportionate basis).

## Are investors required to accept the Offer?

No, there is no obligation on investors to accept the Offer or any subsequent withdrawal offers made by BlackRock.

The purpose of the Offer is to open the Funds for withdrawals while, at the same time, BlackRock continues to manage each Fund in the best interests of investors.

## Do I need to respond now in order to be able to participate in subsequent withdrawal offers?

No – there is no connection. Investors can participate in any future withdrawal offers in relation to the Fund even if they did not participate in the current Offer.

## When will the proceeds from the Offer be paid?

Withdrawal proceeds will be paid into an investor's nominated bank account within 21 days of the Closing Date.

## What unit price will be used in satisfying withdrawal requests for the Offer?

The unit price that will be applied in meeting withdrawal requests will be the exit price effective on the closing date of the Offer. We will process withdrawal requests and pay withdrawal proceeds within 21 days of the Closing Date.

### Will investors continue to receive income distributions before, during and after the Offer?

The withdrawal offer does not impact on an investor's right to receive income distributions. Distributions entitlements are based solely on the number of units held in the relevant Fund's unit register at the close of the distribution period. Investors holding units in the Fund will continue to receive distributions to which they are entitled before, during and after the Offer.

Income distribution payments are processed separately from any withdrawal payments in relation to the Offer.

### Can I lodge a withdrawal request for the balance if I don't receive the full amount that I requested through the withdrawal offer? Will BlackRock be accepting withdrawal requests subsequent to the closing date of the current withdrawal offer?

Not at the current time – the Funds are currently not liquid and as such we will not accept subsequent withdrawal requests. We will notify you promptly of any change in this status.

### When will the next withdrawal offer be made?

BlackRock is not currently in a position to provide any indication as to when the next withdrawal offer will be made in relation to any of the Funds or when any of the Funds will become "liquid" for the purposes of the Corporations Act.

### How was the amount available for this withdrawal offer determined?

The BlackRock Direct Real Estate Fund (Aust), BlackRock Direct Property Fund (Aust) and BlackRock Combined Property Income Fund each invests in the BlackRock Property Trust (Property Trust) which is also currently non-liquid for the purposes of the Corporations Act. We have been actively trying to liquidate select assets with a view to maintaining relatively conservative debt levels, ensuring sufficient funding for essential capital expenditure on the Property Trust's existing property portfolio and ultimately offering those investors who wish to reduce their investment in any of the Funds an opportunity to do so.

We have set out in the table below details of the asset sales which have been successfully concluded to date, the most recent of which only completed settlement in early February 2010. Proceeds from the initial sales were used to reduce debt levels and provide for that capital expenditure essential for the maintenance and lettable of the remaining property assets in the Property Trust's portfolio.

For the Property Trust we have targeted a debt ratio of approximately 30%, so have needed to pay down debt as the value of the Property Trust has fallen through recent revaluations and transactions.

After providing for scheduled essential capital expenditure, further debt repayments to maintain the target debt ratio and the likely impact of the asset sales on the Property Trust's June distribution an amount of \$20 million will be available for a withdrawal offer for the Property Trust closing on 23 April 2010.

A summary of assets sold by the BlackRock Property Trust is shown below, together with a pie chart setting out how the proceeds from these sales have been allocated:

Asset sales completed					Allocation of proceeds from asset sales	
	Sale Price	Sale Date	Book Value	Premium to Book Value		
34 Corporate Drive, Cannon Hill, QLD	\$13.20m	30/09/08	\$13.20m	0.00%		
1667-1669 Centre Road, Springvale, VIC	\$5.11m	1/12/08	\$5.60m	(8.75%)		
4 Sirius & 5 Orion Road, Lane Cove, NSW	\$9.75m	9/04/09	\$10.50m	(7.14%)		
GPT Wholesale Office Fund	\$18.58m	25/05/09	\$22.49m	(17.4%)		
883 Whitehorse Road, Box Hill, VIC	\$24.30m	13/10/09	\$22.20m	9.50%		
Rosemeadow Marketplace, Rosemeadow, NSW	\$13.59m	20/11/09	\$12.40m	9.58%		
289-311 Bayswater Road, Bayswater, VIC	\$9.60m	1/12/09	\$9.50m	1.05%		
<b>Total</b>	<b>\$94.13m</b>		<b>\$95.89m</b>	<b>(1.83%)</b>		

  

Category	Percentage
Debt Reduction	54%
Withdrawal Offer	21%
Capital Expenditure	16%
Provision for Distribution	9%