BlackRock Granite Property Fund

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641 Sixth Avenue – New York, NY MSA

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Proprietary and confidential
BlackRock Granite Property Fund

Fund Overview

BlackRock Granite Property Fund is an open-end commingled fund that seeks real estate returns and liquidity appropriate to a core fund. The Fund is diversified and actively managed by BlackRock, Inc.'s real estate team.

Investment Strategy

BlackRock Granite pursues a U.S. core real estate investment strategy, including acquiring and creating high-quality stabilized and well-leased properties. The Fund’s investment focus is on specific markets, submarkets and properties with the potential for generating above-average returns on a risk-adjusted basis.

Key Statistics (as of 31 March 2012)

<table>
<thead>
<tr>
<th>Statistic</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Inception Date</td>
<td>31 January 1981</td>
</tr>
<tr>
<td>AUM</td>
<td>$2.9 Billion</td>
</tr>
<tr>
<td>Net Assets</td>
<td>$1.9 Billion</td>
</tr>
<tr>
<td>Real Estate Investments</td>
<td>81</td>
</tr>
<tr>
<td>Leverage</td>
<td>29.9%</td>
</tr>
<tr>
<td>Occupancy</td>
<td>91.2%</td>
</tr>
<tr>
<td>Markets</td>
<td>22</td>
</tr>
<tr>
<td>Investors</td>
<td>85</td>
</tr>
<tr>
<td>Cash</td>
<td>1.5%</td>
</tr>
</tbody>
</table>

Transactions

Acquisitions

The Fund did not complete any acquisitions during the first quarter.

Dispositions

The Fund sold Victoria Tower (Los Angeles, industrial), 14300 Bonelli Street (Los Angeles, industrial), Northern Bronx Portfolio (New York, NY apartments), La Costa Towne Center (San Diego, retail), Fontana Industrial (Riverside, CA industrial) and continued to sell-off condos at Tenafly Apartments (New York, condos) for a combined $98 million of gross proceeds.

Performance Overview

The commercial real estate market posted another healthy quarter to start the year. Returns remain above long-term averages, but are decelerating from the heights of the last two years. Performance is increasingly being driven by current income and income growth. Fundamentals remain supportive, with moderate economic growth and a dearth of new construction translating into positive absorption, decreasing vacancies and rising rents. Real estate capital markets remain conducive, with increasing availability of debt capital and rising transaction volume; however, the strong tailwind of significant cap rate compression appears to be moderating.

BlackRock Granite is well positioned in this environment with above average occupancy and visible income growth. For the quarter, the Fund generated a 2.72% quarterly gross return (2.48% net) composed of 1.36% gross income (1.13% net) and 1.35% appreciation. Appreciation was led by the Fund’s industrial portfolio, as the sector benefitted from improving fundamentals and strong investor demand for current income. At the market level, the Fund’s investments in Seattle, Northern California, and Washington, D.C. outperformed. Mark-to-market effects on debt and derivatives added 9 basis points to appreciation.

Led by strong leasing in our apartment portfolio, Fund occupancy climbed by 60 basis points this quarter to 91.2% overall, and is up 190 basis points over the last year. Leasing gains and the burn-off of concessions are driving accelerating property NOI growth. NOI growth was significantly ahead of budget for the quarter, pushing same-property NOI growth to 3.4% on a trailing one-year basis. High and rising occupancy and improving income growth continues to support the Fund’s income return.

During the first quarter, six investments were sold for a total of just under $100 million in gross proceeds. These sales were consistent with our strategy to rebalance out of non-strategic assets and/or markets where we wish to reduce our exposure. While we continue to monitor new investment opportunities closely, we did not complete any new acquisitions during the quarter.

Over the course of the quarter, the Fund reduced debt outstanding by approximately $85 million, which, combined with asset appreciation, reduced the Fund’s LTV by 180 basis points to 29.9%. We believe the debt structure remains favorable with a cost of just over 4%; a flexible structure of one-third floating rate (majority hedged) and two-thirds fixed rate debt; a balanced maturity schedule; and, ample capacity on our credit lines. We also believe leverage will remain accretive to performance.

The Fund declared a regular common dividend that equated to an approximate 3.5% yield on an annualized basis. In addition, a redemption payment of $70 million was approved, leaving the redemption queue at $202 million at quarter-end.

Going forward, we continue to manage the Fund with a long-term perspective - balancing performance, risk and liquidity goals. Strategically, we remain committed to our major market emphasis and overweight positions to urban apartments, CBD office, trade related industrial and necessity retail. Given the expectation of a slow growth macro environment, we are also embracing a back-to-basics approach that emphasizes the income component of total return while adhering to a strong risk management discipline. We believe both will help drive performance going forward. Overall, we have strong conviction about Granite Fund’s strategy and positioning, and we are optimistic about the Fund’s future.
First Quarter Highlights

Property Type Diversification

![Property Type Diversification Pie Chart]

- Office: 23%
- Industrial: 15%
- Apartment: 37%
- Retail: 24%
- Other: 1%

Geographic Diversification

![Geographic Diversification Pie Chart]

- Mountain: 4%
- Mideast: 8%
- Southeast: 8%
- Pacific: 4%
- Northeast: 14%
- East No. Central: 39%
- Southwest: 21%
- West No. Central: 39%

* NCREIF regions

Does not include a 0.1% allocation to Mezzanine Investments

BlackRock Granite Property Fund Performance

<table>
<thead>
<tr>
<th></th>
<th>1Q12</th>
<th>YTD</th>
<th>1-Year</th>
<th>3-Year</th>
<th>5-Year</th>
<th>10-Year</th>
<th>Since Inception</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income (Gross)</td>
<td>1.36</td>
<td>1.36</td>
<td>5.64%</td>
<td>5.80%</td>
<td>4.84%</td>
<td>5.40%</td>
<td>7.14%</td>
</tr>
<tr>
<td>Income (Net)</td>
<td>1.13</td>
<td>1.13</td>
<td>5.03%</td>
<td>5.18%</td>
<td>4.10%</td>
<td>4.54%</td>
<td>6.12%</td>
</tr>
<tr>
<td>Appreciation</td>
<td>1.35</td>
<td>1.35</td>
<td>9.24%</td>
<td>-6.27%</td>
<td>-10.17%</td>
<td>-2.70%</td>
<td>0.01%</td>
</tr>
<tr>
<td>Total Return (Gross)</td>
<td>2.72</td>
<td>2.72</td>
<td>15.26%</td>
<td>-0.75%</td>
<td>-5.71%</td>
<td>2.59%</td>
<td>7.15%</td>
</tr>
<tr>
<td>Total Return (Net)</td>
<td>2.48</td>
<td>2.48</td>
<td>14.61%</td>
<td>-1.35%</td>
<td>-6.41%</td>
<td>1.74%</td>
<td>6.12%</td>
</tr>
<tr>
<td>Benchmark*</td>
<td>2.82</td>
<td>2.82</td>
<td>14.66%</td>
<td>4.14%</td>
<td>-0.43%</td>
<td>6.42%</td>
<td>7.32%</td>
</tr>
<tr>
<td>Alternate Benchmark**</td>
<td>2.59</td>
<td>2.59</td>
<td>13.40%</td>
<td>5.96%</td>
<td>2.89%</td>
<td>8.18%</td>
<td>8.22%</td>
</tr>
</tbody>
</table>

* NCREIF Fund Index – Open-ended Diversified Core Equity (NFI-ODCE)
** NCREIF Property Index

One-Year Unlevered Sector Returns

<table>
<thead>
<tr>
<th></th>
<th>Income</th>
<th>Appreciation</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Apartment</td>
<td>4.47%</td>
<td>8.91%</td>
<td>13.67%</td>
</tr>
<tr>
<td>Office</td>
<td>5.43%</td>
<td>4.06%</td>
<td>9.66%</td>
</tr>
<tr>
<td>Retail</td>
<td>6.42%</td>
<td>4.78%</td>
<td>11.43%</td>
</tr>
<tr>
<td>Industrial</td>
<td>7.00%</td>
<td>12.16%</td>
<td>19.78%</td>
</tr>
</tbody>
</table>

Five Largest Real Estate Investments

<table>
<thead>
<tr>
<th>Property</th>
<th>Metropolitan Statistical Area (MSA)</th>
<th>Property Type</th>
<th>% of Fund AUM</th>
<th>Occupancy</th>
</tr>
</thead>
<tbody>
<tr>
<td>600 Third Avenue</td>
<td>New York</td>
<td>Office</td>
<td>10%</td>
<td>91%</td>
</tr>
<tr>
<td>Tower Burbank</td>
<td>Los Angeles</td>
<td>Office</td>
<td>5%</td>
<td>98%</td>
</tr>
<tr>
<td>Reserve at 4S Ranch</td>
<td>San Diego</td>
<td>Apartment</td>
<td>5%</td>
<td>96%</td>
</tr>
<tr>
<td>Sage Plaza</td>
<td>Houston</td>
<td>Office</td>
<td>4%</td>
<td>89%</td>
</tr>
<tr>
<td>Southgate Market</td>
<td>Chicago</td>
<td>Retail</td>
<td>4%</td>
<td>95%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td></td>
<td><strong>28%</strong></td>
<td><strong>94%</strong></td>
</tr>
</tbody>
</table>
First Quarter Highlights (continued)

Leasing comments/strategy

Occupancy increased 60 bps during the quarter, ending at 91.2%. Gains were primarily led by leasing in the apartment portfolio over the last quarter. Reserve at 4S Ranch (San Diego MSA), Crossings at Anaheim (Santa Ana MSA) and Ellipse Apartments (Seattle MSA) experienced the strongest occupancy gains. Office occupancy increased 1% primarily due to leasing gains at 600 Third Ave. (New York MSA). Beach Tower (Miami MSA) and Market Place I & II (Seattle MSA) also experienced solid gains for the quarter, increasing 9% and 6%, respectively. Retail sector occupancy remained flat over the prior quarter. The industrial sector saw a decline of 1% from the prior quarter, which is largely attributable to the sale of three nearly 100% leased assets. On a same-store basis, the industrial sector’s occupancy remained flat.

BlackRock Granite Occupancy

Life Cycle

Occupancy Levels

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**Portfolio Review**

**Industrial Sector**

The Fund’s industrial portfolio delivered the strongest investment performance of all property types, producing a quarterly total unlevered return of 4.8%. The Fund’s industrial portfolio comprises 19 properties, totaling approximately 6.8 million rentable square feet. The portfolio is strategically located in port, international trade driven markets throughout the U.S. The portfolio’s composition is 87% warehouse and 13% flex/other.

The industrial portfolio generated a 3.2% appreciation return. Granite Commerce Center (Phoenix MSA) experienced strong appreciation of 27% in the first quarter as the asset went under contract for sale and eventually closed early second quarter. Excluding the sale, the remaining properties appreciated by an average of 2.5%. Favorable capital markets, driven by investor demand for high current income, are supporting industrial asset pricing. Granite’s asset locations in strong port markets of Southern and Northern California, as well as Houston, have driven the remainder of the quarterly industrial appreciation within the portfolio.

Occupancy declined 1% to a current rate of 85%. The decline is largely attributable to the sale of three nearly 100% leased assets. On a same-store basis, the industrial sector’s occupancy remained flat.

Industrial same-store net operating income (NOI) is up by 13% on a trailing 12 month basis. Strong leasing over the last two years, coupled with a burn-off of concessions at Dock’s Corner (Edison MSA) and the UDC portfolio (Houston MSA) were the main drivers of NOI growth.

**Apartment Sector**

The Fund’s apartment portfolio generated a quarterly total unlevered return of 2.2%. As of quarter-end, the Fund owned 15 properties consisting of 2,501 units located in 11 markets throughout the United States. The Fund’s apartment portfolio comprises 40% garden/low-rise and 60% high/mid-rise properties.

The apartment portfolio produced an appreciation return of 1.1%. Strength continues to be prevalent in coastal and urban areas consistent with the Fund’s target exposure. The Fund’s two Seattle apartment assets (Helix and Ellipse) were the primary drivers of appreciation for the quarter. Other apartment assets with strong quarterly appreciation were 85 East End Avenue (New York MSA), Woodlane Timberlane (Los Angeles MSA) and the Fund’s two Northern California assets (Library Gardens and Hidden Willows), all of which emphasize the Fund’s bias towards coastal and urban areas.

Granite’s apartment portfolio continues to show strong momentum in fundamentals. Apartment occupancy increased by 230 basis points over the prior quarter to a current rate of 96.5%. Out of the 15 apartment assets within the portfolio, 13 are above 95% occupancy. Reserve at 4S Ranch (San Diego MSA), Crossings at Anaheim (Santa Ana MSA) and Ellipse (Seattle MSA) experienced the strongest occupancy gains. The slow housing market and minimal supply on a relative historical basis continue to drive the apartment fundamentals.

Same-store apartment NOI experienced a 16.4% increase on a trailing 12 month basis. A slowdown in overall apartment concessions, increased rent levels and significant improvement in occupancy at 85 East End Avenue were the primary drivers of the growth in NOI.

Dock’s Corner – Edison, NJ MSA

Ellipse Apartments – Seattle, WA MSA
Portfolio Review\textsuperscript{2,3,4,8,12,13,17,20} (continued)

Office Sector

The Fund’s office portfolio recorded a quarterly total unlevered return of 1.5%. Granite’s portfolio comprises 16 properties, totaling approximately 3.4 million rentable square feet in 13 markets throughout the United States. The office portfolio composition is 79% CBD/urban and 21% suburban.

Granite’s office quarterly appreciation return was 0.1%. Market Place I & II (Seattle MSA) and Beach Tower (Miami MSA) both experienced strong appreciation due to the execution of several leases. Largely offsetting these gains was Tower Burbank (Los Angeles MSA), whose performance has been negatively impacted by the pending lease expiration of the primary tenant in the building. While the tenant’s plans are evolving, we do anticipate that they will relinquish some of their space.

The office portfolio occupancy increased 60 basis points in the first quarter to its current rate of 91%. The increase in occupancy was driven by 600 Third Ave (New York MSA). The asset’s occupancy increased 2.5% over the prior quarter to its current rate of 91.0%. Five leases totaling 31,000 square feet were executed during the quarter. Beach Tower and Market Place I & II also experienced solid gains for the quarter as previously mentioned. Beach Tower led the office occupancy gainers with an 15.9% increase, due to the execution of 19,800 square feet of space. Market Place I & II increased 7.5% over the prior quarter and 10.3% over the past year to its current rate of 87.6%. The positive movement was driven by 7,700 net square feet of space executed in the first quarter.

Office same-store NOI experienced a -6% decline on a trailing 12 month basis. This was driven by a large tenant expiring at 600 Third Ave in late 2010 that has impacted the asset’s trailing 12 month NOI. However, since the tenant vacated the building, approximately 20,500 net square feet has been re-leased and should help to improve NOI going forward as concessions burn off.

Retail Sector

Granite’s retail portfolio delivered a quarterly total unlevered return of 2.4%. Granite’s portfolio comprises 25 properties, totaling approximately 2.9 million rentable square feet. The portfolio is located in 15 markets throughout the United States. The retail portfolio sub-property type exposure is comprised of 52% neighborhood/community centers, 25% power centers, and 23% super-regional/other. Compared to the NCREIF Property Index and NFI-ODCE, the Fund remains overweight to Neighborhood/Community centers consistent with the strategy to focus on necessity-based retail.

The Fund’s retail portfolio realized a 0.8% appreciation return for the first quarter. Markets experiencing valuation gains include Southern California, Washington D.C. and Chicago. These retail assets are located in strong urban, infill submarkets that serve as a major retail corridor.

The retail sector’s fundamentals are stabilizing but have yet to display the recovery that other sectors have experienced. The portfolio’s retail occupancy remained flat over the prior quarter but has increased 210 basis points over the past year to its current rate of 90.7%. Leasing has slowed recently, but the Fund’s strategy of being located in strong, infill locations has positioned the portfolio well to withstand the choppy US recovery.

Retail same-store NOI is up by 5% on a trailing 12 month basis. The two major contributors are Southgate Market (Chicago MSA) and Southlands Power Center (Denver MSA). Southgate’s NOI gain is attributable to increased parking revenue and a successful tax appeal. A strong grocer anchor, Whole Foods, positions this asset well going forward. Strong leasing in the first half of 2011 and a subsequent burn-off of concessions at Southlands Power Center drove the year-over-year NOI increase. Occupancy increased 15% to a current rate of 90%.

The Crossings at Anaheim – Anaheim, CA MSA\textsuperscript{13}
U.S. Real Estate Market Overview

U.S. commercial real estate (CRE) performance remained solid in the first quarter of 2012. In fact, the NCREIF Property Index (NPI), NCREIF Fund Index Open-End Diversified Core Equity (ODCE), and NAREIT Equity Index have all outperformed stocks and bonds on a one-year and two-year historical basis, and at much lower volatility. CRE has entered a new phase in the recovery cycle. Current income yields and net operating income (NOI) growth have increasingly driven returns, while the initial support of cap rate compression has begun to subside. Going forward, BlackRock expects CRE to deliver annualized, unlevered returns of 7%-9% with the apartment and office sub-indices expected to outperform the industrial and retail sub-indices. Substantial variation is predicted to continue among markets and assets, with different NOI growth expectations leading to fairly wide variances in total returns. On a market level, we continue to favor gateway and high-tech markets, though we are increasingly sensitive about the pricing spread between primary and secondary markets, which is at multi-year highs.

Space market fundamentals continued to improve across all sectors in 1Q12. Apartments remain ahead of the other sectors, as rent growth increased and vacancy rates declined below the long-term average. Office, retail, and industrial have experienced increasing rents as well, despite a vacancy overhang in these sectors. Demand is expected to improve for all sectors with low levels of new supply creating upward pressure on rents. Divergence has continued among geographic areas with gateway markets, high-tech centers, and urban properties leading the pack.

Real estate debt markets have continued to recover. Even though CMBS issuance in 1Q12 was down 32% year-over-year, the current pipeline suggests issuance will pick up in the second quarter and beyond. Banks are increasingly originating long-term CRE loans, and life companies are dominating the market for high-quality loans. Agency lending to the multifamily sector is on pace for another record year. Overall borrowing costs were slightly down due to lower LIBOR and swap rates.

Transaction volume in 1Q12 was up 40% year-over-year as confidence in the real estate sector increased and access to debt capital improves. Cap rates have trended lower for CBD office, apartment, and retail properties. They have remained relatively flat for suburban office, industrial, and hotel. In 2011, the cap rate disparity between major metros and the rest of the U.S. narrowed, but this trend temporarily reversed in 1Q12. Furthermore, pricing disparity within each major market is very wide compared to historical averages.

The apartment sub-index continued to outperform the NPI on a quarterly and annual basis in 1Q12, although the margin of outperformance has narrowed. Capital has been flowing predominantly into the apartment sector due to its strong fundamentals and availability of plentiful agency financing. The national apartment vacancy rate edged down 30 bps during the quarter to 4.9%, a level last observed in 2001, and rents are above pre-recession levels. Stringent lending conditions are pushing would-be homeowners into the apartment market. Given these current conditions, landlords would be expected to have continued pricing power and the ability to raise rents in 2012. However, the window for further occupancy gains may be closing as construction is expected to increase and some renters begin to consider homeownership.

The office sub-index underperformed the NPI in 1Q12 posting quarterly and annual returns of 2.3% and 12.8%, respectively. CBD office returns are still outperforming suburban. San Francisco (25.6%), San Jose (22.3%), and Seattle (18.4%) are outperforming other markets in NCREIF by a wide margin. The national vacancy rate has been edging down while rents have increased for five consecutive quarters. However, the pace of improvements remains unimpressive due to tepid job growth. Rents are expected to improve slowly in the near-term, but there will likely be a wide disparity between markets. The outlook is generally better in gateway cities, particularly tech-driven markets.

The retail sub-index outperformed the NPI on a quarterly basis by 23 bps, posting the strongest quarterly return among all sectors. On a one-year basis, however, the retail sector underperformed the NPI by 53 bps. The spread between retail subtypes is wider, with super-regional malls outperforming neighborhood centers by nearly 500 bps on a one-year basis. Retail space market fundamentals improved as national vacancy fell for the second straight quarter to 10.7% from a high of 10.9% in 3Q11. One-year rent growth totaled 0.2%, the first positive gain for the sector after 13 quarters of negative year-over-year growth. While vacancy has fallen for two quarters, the overall level remains elevated compared to the 10-year historical average of 8.2%. The vacancy rate will likely remain elevated as demand for retail space remains weak in light of planned store closures and the continued growth of e-commerce.

The industrial sub-index slightly outperformed the NPI on both a quarterly (11 bps) and annual (54 bps) basis. The warehouse subsector outperformed all subsectors on a quarterly basis and has now outperformed the overall industrial index on an annual basis for seven consecutive quarters. Port and high-tech markets, such as San Francisco, Seattle, Houston, Santa Ana, and Los Angeles, outperformed the industrial sub-index on a one-year basis. Industrial fundamentals are improving: vacancy fell by 20 bps to 13.4% over the quarter and rent growth was essentially flat on a one-year basis after posting negative declines for the last three years. Across markets, vacancy declined in approximately 60% of all markets. Consistent demand provided the sector with its seventh consecutive quarter of positive net absorption. Port markets, as well as markets in high-volume distribution markets and e-commerce hubs, are expected to experience higher demand and rent recovery sooner than in other markets.

### NCREIF Total Return

<table>
<thead>
<tr>
<th></th>
<th>Quarterly (%)</th>
<th>1-Year (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1Q12</td>
<td>4Q11</td>
</tr>
<tr>
<td>NPI</td>
<td>2.6</td>
<td>3.0</td>
</tr>
<tr>
<td>Apartments</td>
<td>2.8</td>
<td>3.5</td>
</tr>
<tr>
<td>Office</td>
<td>2.3</td>
<td>2.5</td>
</tr>
<tr>
<td>Industrial</td>
<td>2.7</td>
<td>2.7</td>
</tr>
<tr>
<td>Retail</td>
<td>2.8</td>
<td>3.4</td>
</tr>
<tr>
<td>Hotel</td>
<td>1.5</td>
<td>2.1</td>
</tr>
</tbody>
</table>

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## Financial Highlights

### 31 March 2012

| **Assets:** | **** |  
| Investments in real estate at estimated fair value (Cost: $2,040,468,255) | $1,707,614,995 | 
| Investments in real estate partnerships at estimated fair value (Cost: $832,661,302) | 594,874,991 | 
| Investments in mortgages and loans receivable at estimated fair value (Cost: $42,989,385) | 36,778,417 | 
| **Total Real Estate Investments** | **2,339,268,403** | 
| Cash and cash equivalents | 33,327,553 | 
| Restricted cash | 1,549,769 | 
| Prepaid and other assets | 18,963,637 | 
| **Total Assets** | **2,393,109,362** | 

| **Liabilities:** | **** |  
| Credit facilities | 125,000,000 | 
| Mortgage loans and notes payable at estimated fair value | 264,885,434 | 
| Accounts payable and accrued expenses | 22,821,706 | 
| Management and other advisory fees payable | 6,719,503 | 
| Dividends and redemptions payable | 87,331,331 | 
| Forward commitments liability at estimated fair value | 8,498,000 | 
| Other liabilities | 7,991,217 | 
| **Total Liabilities** | **523,247,191** | 

| **Net Assets** | **1,869,862,171** | 

### Shares Issued and Outstanding:
- Preferred Stock: 125,000
- Common Stock: 27,357,174

### Net Asset Value Per Share:
- Preferred Stock: $1,000,000
- Common Stock: $68,345.41

### Floating v. Fixed Debt

- Floating: 8%
- Floating Hedged: 25%
- Fixed: 67%

### Secured v. Unsecured Debt

- Secured: 15%
- Unsecured: 85%

### Loan Maturities by Year

- 2012: 21%
- 2013: 43%
- 2014: 6%
- 2015: 3%
- 2016+: 28%
Endnotes

1. The information contained herein is subject to more comprehensive information contained in the Private Placement Memorandum for BlackRock Granite Property Fund, as amended and supplemented to date. Copies are available upon request from BlackRock, Inc. ("BlackRock").

2. No assurance can be given that the return objectives or projections will be met. An investor could experience returns below the return objectives or loss of its investment in the Fund.

3. Projections and targets contained herein are estimates only and are based on assumptions, including the use and costs of third-party leverage. No assurance can be given that either the projections or the assumptions will prove to be accurate, and an investor could experience losses from investment in a BlackRock product. As with all investments, real estate investments involve the potential for loss and past performance is not a guarantee of future results.

4. In selecting properties for investment, portfolio management considers, among other factors, various attributes of a property (property type, the market in which the property is located, the submarket in which the property is located in such market, the location of the property relative to other properties in that market/submarket, and the physical condition of the property itself). Portfolio management seeks investment opportunities in which the subject property exhibits qualities with respect to one or more of these attributes that portfolio management believes are favorable in comparison to other properties and markets. These determinations are made based on information available to portfolio management, including internal research that ranks various markets by property type. The determinations (including ranking of markets), however, are subjective and are not a guarantee of future performance.

5. Returns presented are calculated gross and net, i.e., before and after deduction of asset management fees. Both gross and net returns are calculated net of financing fees, as such fees are reflected in net unrealized loss. Returns reflect the effects of third-party leverage, and do not reflect the reinvestment of earnings in the underlying property of the Fund, except (with respect to periods prior to the fourth quarter of 2006) where an investor in the Tower Fund had requested the distribution of earnings attributable to that investor. Returns presented are denominated in US dollars. As with all investments, real estate investments involve the potential for loss and past performance is not a guarantee of future results. BlackRock Granite Property Fund is part of the Core Diversified Commingled Fund Composite. To receive a complete list and description of BlackRock, Inc.’s composites and/or a presentation that adheres to the GIPS® standards, please contact Peter McNally at 212-810-5284.

6. For periods before the fourth quarter of 2006, the returns presented include the performance of Tower Fund, a commingled insurance company real estate separate account with a core investment strategy. On September 30, 2006, substantially all of the assets and liabilities of Tower Fund were transferred to BlackRock Granite and substantially all of the unit holders of Tower Fund received shares of BlackRock Granite. BlackRock Realty Advisors, Inc. or a predecessor ("Realty"). BlackRock Granite’s investment manager, also managed Tower Fund from January 1, 1994, and the investment professionals with primary responsibility for the management of Tower Fund prior to January 1, 1994, became employed by Realty on such date.

7. The benchmark for this presentation is the National Council of Real Estate Investment Fiduciaries ("NCREIF") Property Fund Index – Core Index. To determine the Index, the property type and geographic composition of the portfolio and the Index. The Index excludes cash and other non-property related assets and liabilities, income and expenses. The calculation methodology is not consistent with the presentation. Fund returns presented are calculated gross and net, i.e., before and after the deduction of asset management fees. Both gross and net returns are calculated net of financing fees, as such fees are reflected in net unrealized loss. Returns reflect the effects of third party leverage and include cash and cash equivalents and related interest income. Portfolio returns calculations are based on the fund’s net asset value and time-weight the contributions and distributions going into and out of the fund. The benchmark calculation is based on operating property values, gross of leverage and time weighted cash flows (i.e., capital expenditures and partial sales) into and out of the properties during the period. Benchmark calculations do not include leverage, portfolio cash, expenses or fees.

8. Returns presented reflect property operations and do not reflect debt or non-property related income/expenses. Performance results are before the effect of leverage and calculated using the National Council of Real Estate Investment Fiduciaries ("NCREIF") Property-Level return methodology. As with all investments, real estate investments involve the potential for loss and past performance is not a guarantee of future results.

9. AUM represents assets at 100% for Fund-level and wholly owned properties, and at the stated contract ownership percentage for partnerships. Gross Real Estate Values, which are the largest portion of the investment Gross Asset Value, have been estimated by management of the Fund using the most recent third-party appraisal or internal valuation.

10. Net assets represents total assets less debt and other liabilities. Gross Real Estate Values, which are the largest portion of the investment Gross Asset Value, have been estimated by management of the Fund using the most recent third-party appraisal or internal valuation.

11. Cash is presented as a percentage of total assets and includes $1,549,769 of restricted cash, which is comprised of tenant security deposits and property and joint venture reserve accounts.

12. Sources for statistics and other factual data included herein are maintained by BlackRock. Such data has not been verified by BlackRock and we can give no assurance that it is accurate or complete. Statements contained herein that are non-factual constitute opinions of BlackRock, which are subject to change. Financial predictions contained herein are estimates only and are based on assumptions. No assurance can be given that the predictions or assumptions will prove to be accurate.

13. These selected portfolio investments are for illustration purposes only and these investments, and specifically the performance of these investments, may not be representative of the portfolio in general. The Fund’s entire portfolio is identified in the Schedule of Real Estate Investments in the Fund’s financial statements.

14. Percent leverage is calculated as the total debt outstanding (including joint venture debt at the Fund’s stated contract ownership percentage) divided by the total Fund assets (including joint venture assets at the Fund’s stated contract ownership percentage).

15. The Fund may in limited circumstances exceed 40% leverage. See the BlackRock Granite PPM for further details and requirements.

16. Number of investors includes all institutional investors, and BlackRock and BlackRock employee investors are included as one investor.

17. Diversification represents a percentage of total owned real estate and joint venture real estate at the stated contract ownership percentage, as determined by the most recent third-party or internal valuation.

18. A comparison index for this presentation is the National Council of Real Estate Investment Fiduciaries ("NCREIF") Property Index ("Index"). The Index has been taken from published sources. The Index is based on the leveraged performance of stabilized, income-producing U.S. apartment, industrial, office, R&D, hotel and retail properties owned by tax-exempt entities reporting to NCREIF. Factors that may affect the validity of a comparison of a portfolio’s returns with the Index include leverage employed by the portfolio, portfolio-level income and expenses and differences between the property type and geographic composition of the portfolio and the Index. The Index excludes cash and other non-property related assets and liabilities, income and expenses.

19. The NCREIF Subindices are based on the leveraged performance of stabilized, income-producing U.S. properties owned by tax-exempt entities reporting to NCREIF. The indices exclude cash and other non-property related assets and liabilities, income and expenses.

20. Returns do not include the results of non-stabilized assets, consistent with NCREIF methodology. Assets are considered stabilized once they have reached 60% occupancy.

21. Percent leased weighted by gross market value.

22. The opinions expressed are as of May 15, 2012 and may change as subsequent conditions vary. The information and opinions contained in this material are derived from proprietary and non-proprietary sources deemed by BlackRock to be reliable, are not necessarily all inclusive and are not guaranteed as to accuracy. There is no guarantee that any forecasts made will come to pass. Any investments named within this material may not necessarily be held in any accounts managed by BlackRock. Reliance upon information in this material is at the sole discretion of the reader. Past performance is no guarantee of future results.
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