

Registered number OC371085

BlackRock UK 3 LLP

Members' Report and Financial Statements
for the Period Ended 31 December 2012

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BlackRock UK 3 LLP

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BlackRock UK 3 LLP

Members' Report for the Period Ended 31 December 2012

The Management Board presents its report together with the audited financial statements for the period from 28 December 2011, date of incorporation, to 31 December 2012

Management Board

The members of the Management Board who held office during the period were

J DesMaraus	(appointed 15 May 2012)
K Perry	(appointed 15 May 2012)
C Thomson	(appointed 15 May 2012)

Partnership structure

BlackRock UK 3 LLP (the "Partnership") is incorporated as a Limited Liability Partnership under the Limited Liability Partnerships Act 2000

Principal activities

The principal activity of the Partnership is to hold investments in group undertakings and to hold seed investments in sponsored investment products. There were no significant changes to these activities during the period.

Business review

The Partnership is part of BlackRock, Inc ('BlackRock') a leading global asset management firm with USD 3.792 trillion in assets under management as at 31 December 2012. The Firm offers a range of products across the risk spectrum to meet clients' needs, including active, enhanced and index strategies across markets and asset classes. BlackRock also offers risk management, advisory and enterprise investment system services to a broad base of institutional investors. The Members are confident that this diversity in the firm's business model will continue to capture asset flows and revenues in 2013.

The Members have a reasonable expectation that the Partnership has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the Members' Report and financial statements.

The results for the period and the financial position are set out in the financial statements on pages 5 to 6.

During the period the Partnership made a profit of €175,000, largely a result of net gains of €379,000 on financial instruments held at fair value through profit or loss, partially offset by losses of €220,000 arising on derivative financial instruments.

The balance sheet on page 6 shows the Partnership's net assets as €2,644m at 31 December 2012. The majority of this balance relates to the investment held in BlackRock UK 4 LLP.

The performance of the Partnership is included in the results of BlackRock, Inc. group which are disclosed in the BlackRock, Inc. group Annual Report and on Form 10-K to the United States Securities and Exchange Commission. BlackRock, Inc. manages its key performance indicators on a global basis but in consideration of individual legal entities. For this reason the Members believe that providing further performance indicators for the Partnership itself would not enhance an understanding of the development, performance, or position of the business of the Partnership.

BlackRock UK 3 LLP

Members' Report for the Period Ended 31 December 2012

Principal risks and uncertainties

Principal risks and uncertainties are managed by BlackRock at a global and regional level

As a leading investment management firm, risk is an inherent part of BlackRock's business. BlackRock devotes significant resources across all of its operations to identifying, measuring, monitoring, managing and analysing risks, and invests in personnel and technology accordingly.

The Partnership has low exposures to credit risk and liquidity risk in relation to its cash, current asset investments, and intercompany borrowings. The Partnership minimises its exposure to foreign exchange risk as the majority of the Company's assets and liabilities are denominated in Euro, the Company's functional currency. The Partnership participates in BlackRock's Seed Capital Hedge Programme ('SCHP') which involves participants entering into derivative financial instrument transactions, in this case total return swaps, to economically hedge against market price exposures with respect to certain seed investments. Interest rate risk is minimised due to the fixed interest rates applied to the loans in issue.

Designated Members

The designated Members (as defined in the Limited Liability Partnerships Act 2000) during the period were BlackRock Cayman Finco Limited ('Cayman Finco') (appointed 2 February 2012) and BlackRock UK 2 LLP ('LLP2') (appointed 2 February 2012).

Members' drawings and capital

All members are equity members and share in the profits and subscribe to the capital of the Partnership.

Each Member's capital account has been credited to reflect the aggregate of the amount of each Member's capital contribution. Members' accounts will be credited to reflect any further capital contributions made as determined by the financing requirements of the business. The Management Board shall not be obliged to make any distribution, unless there is sufficient cash available, which would render the LLP insolvent, or which would leave the LLP with insufficient funds to meet any future obligations.

Members' profit sharing

Net profits or net losses arising in each accounting period shall be allocated to the Members in proportion to their respective capital contributions or on such different basis as may be determined by the Members of the Management Board.

Independent auditor

Each of the persons who is a Member at the date of approval of this report confirms that

- so far as the Member is aware, there is no relevant audit information of which the Partnership's auditor is unaware, and
- the Member has taken all the steps that he ought to have taken as a Member, in order to make himself aware of any relevant audit information and to establish that the Partnership's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

Deloitte LLP have indicated their willingness to be reappointed for another term and appropriate arrangements have been put in place for them to be deemed reappointed as auditors in accordance with the LLP agreement.

Approved by the Members on 23 July 2013 and signed on their behalf by



C Thomson

Member of the Management Board

BlackRock UK 3 LLP

Members' Responsibilities Statement

MEMBERS' RESPONSIBILITIES STATEMENT

The Members are responsible for preparing the Members' Report and the financial statements in accordance with applicable law and regulations

The Limited Liability Partnerships (Accounts & Audit) (Application of Companies Act 2006) Regulations 2008 require the Members to prepare financial statements for each financial period. Under that law the Members have elected to prepare the financial statements in accordance with applicable law and Financial Reporting Standard 101 ("FRS 101") Reduced Disclosure Framework. The financial statements are required by law to give a true and fair view of the state of affairs of the Partnership and of the profit or loss for that period. In preparing these financial statements, the Members are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the firm will continue in business

The Members are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the Partnership and enable them to ensure that the financial statements comply with the Companies Act 2006, as applicable to limited liability partnerships. They are also responsible for safeguarding the assets of the Partnership and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

These responsibilities are exercised by the Management Board on behalf of the Members

Independent Auditor's Report to the Members of BlackRock UK 3 LLP

We have audited the financial statements of Blackrock UK 3 LLP for the period ended 31 December 2012 which comprise the Profit and Loss Account, the Balance Sheet, and the related notes 1 to 14. The financial reporting framework that has been applied in their preparation is applicable law and Financial Reporting Standard 101 Reduced Disclosure Framework.

This report is made solely to the limited liability partnership's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006, as applied to limited liability partnerships by the Limited Liability Partnerships (Account and Audit)(Application of Companies Act 2006) Regulations 2008. Our audit work has been undertaken so that we might state to the limited liability partnership's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the limited liability partnership and the limited liability partnership's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Members and auditor

As explained more fully in the Members' Responsibilities Statement, the members are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the limited liability partnership's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the designated members, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the limited liability partnership's affairs as at 31 December 2012 and of its profit for the period then ended,
- have been properly prepared in accordance Financial Reporting Standard 101 Reduced Disclosure Framework, and
- have been prepared in accordance with the requirements of the Companies Act 2006 as applied to limited liability partnerships.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- we have not received all the information and explanations we require for our audit, or
- the members were not entitled to prepare financial statements in accordance with the small limited liability partnerships regime.



Calum Thomson FCA (Senior Statutory Auditor)
For and on behalf of Deloitte LLP,
Chartered Accountants and Statutory Auditor

London,
United Kingdom

23 July 2013

BlackRock UK 3 LLP
Profit and Loss Account for the Period Ended 31 December 2012

	Note	28 December 2011 to 31 December 2012 €'000
Net gains on financial instruments held at fair value through profit or loss		379
Net losses on derivative financial instruments	9	(220)
Administrative expenses		<u>22</u>
Operating profit	3	181
Interest payable and similar charges	4	<u>(6)</u>
Profit for the financial period available for discretionary division among Members	5	<u>175</u>


The result for the period arises from the Partnership's continuing operations

The Partnership has no recognised gains or losses for the period other than the results above

BlackRock UK 3 LLP
Balance Sheet as at 31 December 2012

	Note	2012 €000
Fixed assets		
Investments in subsidiaries	6	2,642,243
Current assets		
Investments	7	5,506
Cash at bank		813
Debtors		10
		<u>6,329</u>
Creditors Amounts falling due within one year	8	(24)
Derivative financial instruments	9	(220)
Net current assets		<u>6,085</u>
Total assets less current liabilities		2,648,328
Creditors Amounts falling due after more than one year	10	(4,000)
Net assets attributable to Members		<u><u>2,644,328</u></u>
Represented by:		
Members' capital classified as equity	11	<u><u>2,644,328</u></u>

The financial statements of Blackrock UK 3 LLP (registered number OC371085) on pages 5 to 6, and accompanying notes, were approved by the Members and authorised for issue on 23 July 2013. They were signed on the Members' behalf by



C Thomson

Member of the Management Board

BlackRock UK 3 LLP
Notes to the Financial Statements for the Period Ended 31 December 2012

1. Reporting entity

These financial statements are prepared for BlackRock UK 3 LLP, (the “Partnership”), the principal activity of which is to hold investments in group undertakings and to hold seed investments in sponsored investment products

The Partnership is a limited liability partnership, incorporated and domiciled in Great Britain. The registered office is 12 Throgmorton Avenue, London, EC2N 2DL.

2 Accounting policies

The principal accounting policies are summarised below. They have all been applied consistently throughout the period.

Basis of preparation

The Partnership meets the definition of a qualifying entity under Financial Reporting Standard 100 (“FRS 100”) issued by the Financial Reporting Council. Accordingly, in the period ended 31 December 2012 financial statements have been prepared in accordance with applicable law and Financial Reporting Standard 101 (“FRS 101”) Reduced Disclosure Framework. The Partnership has applied FRS 100 and FRS 101 prior to the mandatory implementation date of 1 January 2015.

As permitted by FRS 101, the Partnership has taken advantage of the disclosure exemptions available under that standard in relation to financial instruments, capital management, presentation of a cash-flow statement, standards not yet effective, impairment of assets and related party transactions.

Where required, equivalent disclosures are given in the group accounts of BlackRock Inc. The group accounts of BlackRock Inc. are available to the public and can be obtained as set out in note 14.

The financial statements have been prepared on the historical cost basis, except for the revaluation of financial instruments. Historical cost is generally based on the fair value of the consideration given in exchange for the assets.

Going concern

The Partnership’s business activities, together with the factors likely to affect its future development, performance and position are set out in the Business Review on page 1 which form part of the Members’ report, along with key risks facing the Partnership. The financial statements include the financial and cash position of the Partnership in the balance sheet.

In assessing the Partnership’s going concern status, the Members have taken into account the above factors, including the financial position of the Partnership. The Partnership has, at the date of this report, sufficient existing finances available for its estimated requirements for the next twelve months. This provides the Members with the confidence that the Partnership is well placed to manage its business risks successfully despite the current uncertain economic outlook.

The Members have a reasonable expectation that the Partnership has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the Members’ report and financial statements.

Foreign currency

Transactions in foreign currencies are recorded at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the closing rates at the balance sheet date. All exchange differences are included in the profit and loss account.

Taxation

The taxation payable on profits of the Partnership is a liability of the Members and is not dealt with in these financial statements.

BlackRock UK 3 LLP
Notes to the Financial Statements for the Period Ended 31 December 2012

2. Accounting policies (continued)

Members' remuneration

Remuneration paid to Members under employment contracts, any other non-discretionary amounts payable to Members and any automatic divisions of profit are recognised as an expense in the profit and loss account as incurred, under the heading 'Members' remuneration charged as an expense'

A division of profits that is discretionary on the part of the Partnership is recognised as an appropriation of equity when the division occurs

Fixed asset investments

Investments in subsidiaries are held at cost less impairment provisions. At each reporting date an assessment is undertaken to determine if there is any impairment

Financial instruments

Financial assets and financial liabilities are recognised in the Partnership's balance sheet when the Partnership becomes a party to the contractual provisions of the instrument

Financial Assets

All financial assets are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value

The Partnership's financial assets are classified as financial assets at 'fair value through profit or loss' (FVTPL)

Financial assets at FVTPL

Financial assets are classified as at FVTPL when the financial asset is either held for trading or it is designated as at FVTPL

The Partnership does not have any financial assets held for trading as at the period end

A financial asset may be designated as at FVTPL upon initial recognition if

such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise, or

the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Partnership's documented risk management or investment strategy, and information about the grouping is provided internally on that basis, or

it forms part of a contract containing one or more embedded derivatives, and accounting standards permit the entire combined contract (asset or liability) to be designated as at FVTPL

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset

Derecognition of financial assets

The Partnership derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity

Financial liabilities and equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement

BlackRock UK 3 LLP
Notes to the Financial Statements for the Period Ended 31 December 2012

2. Accounting policies (continued)

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Partnership are recognised at the proceeds received, net of direct issue costs.

Net assets attributable to Members have been classified as equity. Per the Partnership agreement the net income arising in each accounting period shall be allocated to the Members in proportion to their respective capital contributions or on such different basis as may be determined by the Members.

Financial liabilities

Financial liabilities are classified as 'other financial liabilities'.

Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest expense is recognised on an effective interest basis.

Derecognition of financial liabilities

The Partnership derecognises financial liabilities when, and only when, the Partnership's obligations are discharged, cancelled or they expire.

Derivative financial instruments

The Partnership participates in BlackRock, Inc's Seed Capital Hedge Programme ('SCHP') which involves participants entering into derivative financial instrument transactions, in this case total return swaps to economically hedge against market price exposures with respect to certain seed investments in sponsored investment products.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each balance sheet date. The resulting gain or loss is recognised in the profit or loss immediately.

A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability. A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

BlackRock UK 3 LLP
Notes to the Financial Statements for the Period Ended 31 December 2012

2. Accounting policies (continued)

Valuation techniques and assumptions applied for the purposes of measuring fair value

The fair values of financial assets and financial liabilities are determined as follows

The fair values of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices,

The fair values of other financial liabilities (excluding derivative instruments) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions and dealer quotes for similar instruments,

The fair values of derivative instruments are calculated using quoted prices. Where such prices are not available, a discounted cash flow analysis is performed using the applicable yield curve for the duration of the instruments for non-optional derivatives, and option pricing models for optional derivatives

3. Operating profit

**28 December 2011 to
31 December 2012
€000**

Operating profit is stated after charging/(crediting)

Foreign currency gains

(40)

Auditor's remuneration – audit fees for the Partnership

18

4. Interest payable and similar charges

**28 December 2011 to
31 December 2012
€000**

Interest payable to group companies

6

BlackRock UK 3 LLP
Notes to the Financial Statements for the Period Ended 31 December 2012

5 Members' remuneration

The amount of profits to be distributed is determined after the financial statements have been finalised and approved by the Members. The profits are then shared amongst the Members after the end of the period in accordance with agreed profit sharing arrangements.

Members do not receive any interest on their capital contributions or any remuneration other than their share of profits in accordance with profit sharing agreements.

The average profit per Member is calculated by dividing the profit for the period before Members' remuneration and profit shares by the average number of Members.

The average number of Members during the period was two.

The average profit per Member was €87,500.

The share of profit (including remuneration) attributable to the Member with the largest entitlement to profit, consisting of profits allocated after the balance sheet date and remuneration during the period, was €174,904.

6. Fixed asset investments

	Subsidiary undertakings €000
Cost	
At 28 December 2011	-
Additions	2,642,243
At 31 December 2012	<u>2,642,243</u>

The following are investments in subsidiary undertakings:

Undertaking	Country of Incorporation	% Holding	Principal activity
BlackRock UK 4 LLP	United Kingdom	99.93% of Members' capital	To hold investments in group undertakings and seed investments

BlackRock UK 3 LLP
Notes to the Financial Statements for the Period Ended 31 December 2012

7. Current asset investments

	2012
	€000
Financial assets designated at FVTPL	
Listed investments	5,506
	<hr/>
Listed investments relate to seed investments in sponsored investment products	

8 Creditors: Amounts falling due within one year

	2012
	€000
Other financial liabilities	
Amounts due to group companies	6
Other creditors	18
	<hr/>
	24
	<hr/>

Amounts due to group companies are unsecured, and repayable on demand

9 Derivative financial instruments

	2012
	€000
Liabilities	
Derivatives carried at fair value	
Total return swap	220
	<hr/>

At 31 December 2012 the Partnership had one outstanding total return swap with one counterparty with an aggregate notional value of €5,117,000

BlackRock UK 3 LLP
Notes to the Financial Statements for the Period Ended 31 December 2012

10. Creditors Amounts falling due after more than one year

	2012
	€000
Other financial liabilities	
Amounts due to group companies	<u>4,000</u>

On 23 October 2012 the Partnership received €14,000,000 on loan from BlackRock Financial Management Inc. The loan is Euro denominated, bears a fixed interest rate at 0.23%, payable semi-annually, and matures on 30 September 2015. During the period a capital repayment of €10,000,000 was made. The amount of interest accrued on the loan was €6,000 which is outstanding at the year end.

Amounts due to group companies are unsecured and repayable on demand.

11. Members' capital classified as equity

	Members' capital	Income account	Total
	€000	€000	€000
Members' interests at 28 December 2011	-	-	-
Profit for the financial period	-	175	175
Capital introduced	2,644,153	-	2,644,153
Members' interests at 31 December 2012	<u>2,644,153</u>	<u>175</u>	<u>2,644,328</u>

	Members' capital	Income account	Total
	€000	€000	€000
BlackRock UK 2 LLP	2,642,243	175	2,642,418
BlackRock Cayman Finco Limited	1,910	-	1,910
Members' interests at 31 December 2012	<u>2,644,153</u>	<u>175</u>	<u>2,644,328</u>

BlackRock UK 3 LLP
Notes to the Financial Statements for the Period Ended 31 December 2012

12. Subsequent events

On 5 February 2013 the Partnership received an additional loan of €22,000,000 from BlackRock Financial Management Inc. The loan is Euro denominated, bears a fixed interest rate at 0.23%, payable semi-annually, and matures on 30 September 2015.

On 26 March 2013 BlackRock UK2 LLP contributed €25,998,000 in exchange for Partnership capital. The Partnership then repaid €26,016,000 of loan notes and interest accrued to BlackRock Financial Management Inc. No penalty was incurred for early repayment of this loan.

On 26 June 2013 the Partnership received a dividend of €35,551,000, and made a distribution of £30,259,000.

13. Related party transactions

The Partnership has taken advantage of the exemption in FRS 101 from disclosure of related party transactions with members of the group, as it is a wholly-owned subsidiary and disclosures are therefore not required provided that any other subsidiary undertaking which is a party to the transactions is wholly-owned by a member of that group.

14. Ultimate controlling party

The ultimate parent company and controlling party is BlackRock, Inc., a company incorporated in the state of Delaware in the United States of America and listed on the New York Stock Exchange. The parent company of the largest and smallest group that includes the Partnership and for which group accounts are prepared is BlackRock, Inc. Copies of the group financial statements of BlackRock, Inc. are available from the Investor Relations website at www.blackrock.com or requests may be addressed to Investor Relations at 40 East 52nd Street, New York, NY 10022, USA or by e-mail at invrel@blackrock.com.