

Registered number: OC371088

BlackRock UK 4 LLP

Members' Annual Report and Financial Statements
for the Year Ended 31 December 2015

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BlackRock UK 4 LLP

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BlackRock UK 4 LLP

Strategic Report for the Year Ended 31 December 2015

The members present their Strategic Report for the year ended 31 December 2015.

The Partnership's role in the global group

BlackRock UK 4 LLP (the "Partnership") is part of BlackRock, Inc. ("BlackRock"), a leading global asset management firm with \$4.6tn in assets under management ("AUM"), as at 31 December 2015. With approximately 13,000 employees in more than 30 countries, BlackRock provides a broad range of investment and risk management services to institutional and retail clients worldwide.

There have not been any significant changes in the Partnership's principal activities in the period under review and the management board proposes that the principal activities will continue during 2016.

Corporate strategy

Corporate strategy is developed and reviewed at a global and regional level. The Partnership holds an investment in group undertakings and seed investments in sponsored investment products. The Strategic Report will therefore focus on both global and regional industry trends and areas of strategic focus, while relating them to the services that the Partnership provides.

Industry profile

Global

BlackRock's highly diversified multi-product platform was created to meet the needs of its clients in all market environments. BlackRock is positioned to provide active and index investment solutions across asset classes and geographies and leverage *BlackRock Solutions*'® ("BRS") world-class risk management, analytics and advisory capabilities on behalf of clients. BlackRock serves a diverse mix of institutional and retail clients across the globe, including investors in *iShares*® ETFs, maintaining differentiated client relationships and a fiduciary focus.

BlackRock's Retail strategy is focused on an outcome-oriented approach to creating client solutions, including active, index and alternative products, and enhanced distribution. In the United States, BlackRock is leveraging its integrated wholesaler force to further penetrate wirehouse distribution platforms and gain share amongst registered investment advisors. Internationally, BlackRock continues to diversify the range of investment solutions available to clients, penetrate new distribution channels and capitalise on regulatory change impacting retrocession arrangements.

iShares' growth strategy is centered on increasing global *iShares* market share and driving global market expansion. BlackRock intends to achieve these goals by pursuing global growth themes in client and product segments including core investments, fixed income, financial instruments and precision exposures.

BlackRock believes Institutional results will be driven by strength in specialty areas, including Defined Contribution, Financial Institutions, Official Institutions and Foundations, Family Offices and Endowments; deepening client relationships through effective cross-selling efforts; enhancing BlackRock's solutions-oriented approach and leveraging *BlackRock Solutions*' analytical and risk management expertise.

Regional

On a regional basis, BlackRock in Europe, Middle East and Africa ("EMEA") manages \$1.3tn of AUM for its clients. This generates \$3.4bn of revenue from a diversified client base and product range. Growth in the region has been powered by Retail and *iShares* growth. This growth resulted from BlackRock's ability to take advantage of key changes in the European market.

BlackRock UK 4 LLP

Strategic Report for the Year Ended 31 December 2015

Key Performance Indicators

Profit for the Year

The Partnership made a profit for the year, which increased by \$97.1m from \$257.7m in 2014 to \$354.8m in 2015, driven by an increase in dividends received from investments in group companies during the year offset by gains and losses on seed investments and associated derivative financial instruments.

Net assets

Net assets of the Partnership have increased from \$4,310.0m in 2014 to \$4,664.8m in 2015, this has primarily resulted from the profits generated during the year as mentioned above.

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 Partnership's 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.

Principal risks and uncertainties

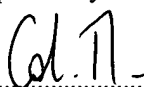
Principal risks and uncertainties are managed by BlackRock at a global and regional level.

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 and managing risks, and invests in personnel and technology accordingly.

The Partnership has low exposures to credit risk and liquidity risk in relation to its cash and current asset investments. 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 and foreign currency derivative contracts, to economically hedge against market price exposures with respect to certain seed investments. The Partnership has limited exposure to market risk in relation to its intercompany debt, specifically interest rate risk as all loan interest rates are fixed.

On 23 June 2016 the UK voted in a referendum to leave the European Union. Whilst the exact timing of any exit, and wider implications are still unknown, BlackRock is monitoring developments and putting plans in place to mitigate risks as they are identified.

Approved by the Board on 15 September 2016 and signed on its behalf by:



C Thomson
Member of Management Board

BlackRock UK 4 LLP

Members' Report for the Year Ended 31 December 2015

The Management Board (the "Board") present their report together with the audited financial statements of BlackRock UK 4 LLP (registered number: OC371088) for the year ended 31 December 2015.

Principal activities

The principal activity of the Partnership is to hold investment in group undertakings and to hold seed investments in sponsored investment products.

Management board

The management board members who held office during the year and up to the date of signing were as follows:

P Matsumoto
C Thomson
M Oh

Designated members

The designated members (as defined in the Limited Liability Partnerships Act 2000) who served on the board of members ("the Board") during the period were:

BlackRock Cayman Finco Limited ("Cayman Finco")
BlackRock UK 3 LLP ("LLP3")

Members' drawings and capital

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

Each members' capital account has been credited to reflect the aggregate of the amount of each members' capital contribution. Members' accounts will be credited to reflect any further capital contributions made as determined by the financing requirements of the business. The 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 Board.

Statement of members' responsibilities

The members are responsible for preparing the members' annual 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 year. 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 of the Partnership 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Partnership will continue in business.

BlackRock UK 4 LLP
Members' Report for the Year Ended 31 December 2015

The members are responsible for keeping adequate accounting records that are sufficient to show and explain the Partnership's transactions and 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.

Going concern

The members believe that the Partnership is well placed to manage its business risks successfully despite the current economic outlook. After making enquiries, 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 annual report and financial statements.

Independent auditor

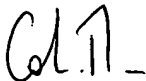
Each of the persons who is a member at the date of approval of this report confirms that:

- 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 are deemed to be reappointed in accordance with an elective resolution made under section 386 of the Companies Act 1985 which continued in force under the Companies Act 2006.

Approved by the members on 15 September 2016 and signed on their behalf by:



C Thomson
Member of the Management Board

Independent Auditor's Report to the Members of BlackRock UK 4 LLP

We have audited the financial statements of Blackrock UK 4 LLP for the year ended 31 December 2015, which comprise the Profit and Loss Account, the Balance Sheet, and the related notes on pages 9 to 21. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 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 statement of members' responsibilities (set out on page 3), 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 2015 and of its profit for the year 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.

Opinion on other matters prescribed by the Companies Act 2006

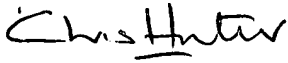
In our opinion the information given in the Strategic Report and the Members' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent Auditor's Report to the Members of BlackRock UK 4 LLP

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.



Chris Hunter CA (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
Edinburgh
United Kingdom

15 September 2016

BlackRock UK 4 LLP
Profit and Loss Account for the Year Ended 31 December 2015

| | Note | 2015 \$000 | 2014 \$000 |
|---|------|----------------|----------------|
| Net (losses)/gains on financial instruments held at fair value through profit or loss | | (7,531) | 35,290 |
| Net gains/(losses) on derivative financial instruments | | 2,812 | (20,410) |
| Administrative income/(expenses) | | 21 | (66) |
| Operating (loss)/ profit | 4 | (4,698) | 14,814 |
| Dividends received from investments in group companies | | 360,540 | 244,011 |
| Interest receivable and similar income | 6 | 1 | 2 |
| Interest payable and similar charges | 7 | (1,092) | (1,140) |
| Profit for the financial year available for discretionary division among members | 8 | <u>354,751</u> | <u>257,687</u> |


The result for the year arises from the Partnership's continuing operations.

The Partnership has no other comprehensive income for the year other than the results above.

BlackRock UK 4 LLP
Balance Sheet as at 31 December 2015

| | Note | 2015 \$000 | 2014 \$000 |
|---|------|------------------|------------------|
| Fixed assets | | | |
| Investments in subsidiaries | 9 | 3,921,618 | 3,921,618 |
| Current assets | | | |
| Investments | 11 | 467,983 | 430,528 |
| Cash at bank | | 373,505 | 50,802 |
| Debtors | 12 | 120,720 | 121,610 |
| Derivative financial instruments | 14 | 653 | - |
| | | <u>962,861</u> | <u>602,940</u> |
| Creditors: amounts falling due within one year | 13 | (200,509) | (189,006) |
| Derivative financial instruments | 14 | (262) | (3,853) |
| | | <u>762,090</u> | <u>410,081</u> |
| Net current assets | | | |
| Total assets less current liabilities | | 4,683,708 | 4,331,699 |
| Creditors: amounts falling due after more than one year | 15 | (18,931) | (21,673) |
| Net assets attributable to members | | <u>4,664,777</u> | <u>4,310,026</u> |
| Represented by: | | | |
| Members' capital classified as equity | 17 | <u>4,664,777</u> | <u>4,310,026</u> |

The financial statements of BlackRock UK 4 LLP (registered number OC371088) on pages 7 to 8, and accompanying notes, were approved by the members and authorised for issue on 15 September 2016. They were signed on the members' behalf by:



C Thomson

Member of the Management Board

BlackRock UK 4 LLP
Notes to the Financial Statements for the Year ended 31 December 2015

1. General information

The Partnership is incorporated as a limited liability partnership under the Limited Liability Partnership Act 2000 and was incorporated and domiciled in Great Britain.

The address of its registered office is:
12 Throgmorton Avenue
London
EC2N 2DL

The financial statements were authorised for issue by the members on 15 September 2016.

2. Accounting policies

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been applied consistently throughout the year and the preceding year.

Basis of preparation

The Partnership meets the definition of a qualifying entity under Application of Financial Reporting Standard 100 ("FRS 100") issued by the Financial Reporting Council. Accordingly, in the year ended 31 December 2015 financial statements have been prepared in accordance with applicable law and FRS 101 as issued by the Financial Reporting Council.

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.

Summary of disclosure exemptions

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. These accounts are available to the public and can be obtained as set out in note 20.

Exemption from preparing group accounts

The financial statements contain information about BlackRock UK 4 LLP as an individual Partnership and do not contain consolidated financial information as the parent of a group.

The Partnership is exempt under section 401 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of its ultimate parent, BlackRock, Inc., a company incorporated in the United States of America. The group accounts of BlackRock, Inc. are publicly available and can be obtained as set out in note 20.

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 Strategic Report on pages 1 and 2 in addition to the Members' report, along with key risks facing the Partnership.

In assessing the Partnership's going concern status, the members have taken into account the above factors, including the financial position of the Partnership and in particular the significant net-cash position. The Partnership has, at the date of this report, sufficient existing finances available for its estimated requirements for the next twelve months. This together with its proven ability to generate cash from operations, provides the members with the confidence that the Partnership is well placed to manage its business risks successfully despite the current uncertain economic outlook.

BlackRock UK 4 LLP
Notes to the Financial Statements for the Year ended 31 December 2015

2. Accounting policies (continued)

After making appropriate enquiries, 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 of accounting in preparing the annual report and financial statements.

Foreign currency

The financial statements are presented in US Dollar, which is the currency of the primary economic environment in which the Partnership operates (its functional currency).

Transactions in currencies other than the Partnership's functional currency (foreign currencies) are recognised at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Exchange differences are recognised in profit or loss in the period in which they arise.

Taxation

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

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.

Investments

Investments are equity holdings in subsidiaries. They are measured at cost less any provision for impairment.

Investments are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

Dividends

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

Other investments

Investments in securities are classified on initial recognition as available-for-sale and are carried at fair value, except where their fair value cannot be measured reliably, in which case they are carried at cost, less 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 and liabilities

Classification

The Partnership's financial assets are classified into financial assets at 'fair value through profit and loss' ("FVTPL") and 'loans and receivables'.

The Partnership's financial liabilities are classified as either 'FVTPL' or 'other financial liabilities'.

BlackRock UK 4 LLP
Notes to the Financial Statements for the Year ended 31 December 2015

2. Accounting policies (continued)

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

Recognition and measurement

This classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are those that require delivery of assets within the time frame established by regulation or convention of market place.

Transaction costs directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in the profit or loss.

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.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the company manages together and has a recent actual pattern of short term profit taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading 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 IAS 39 'Financial Instruments: Recognition and Measurement' permits 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 and is included in the 'net (losses)/gains on financial instruments held at fair value through profit or loss' line item within the profit and loss. Fair value is determined in the manner described in note 16.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in the active market. Loans and receivables (including trade and other receivables), bank balances and cash are measured at amortised cost using the effective interest rate method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the effect of discounting is immaterial.

BlackRock UK 4 LLP
Notes to the Financial Statements for the Year ended 31 December 2015

2. Accounting policies (continued)

Effective interest method

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

Income or expense is recognised on an effective interest basis for financial assets and liabilities.

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting date. Financial assets are impaired when there is any objective evidence that, as a result of one or more events that occurred after the initial recognition of a financial asset, the estimate of the future cash flows of the investment have been impacted.

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 at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is either held for trading or it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- it has been acquired principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the company manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading 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 liability 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 company'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 IAS 39 'Financial Instruments: Recognition and Measurement' permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on re-measurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'net (losses)/gains on financial instruments held at fair value through profit or loss'. Fair value is determined in the manner described in note 16.

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.

BlackRock UK 4 LLP
Notes to the Financial Statements for the Year ended 31 December 2015

2. Accounting policies (continued)

Derecognition of financial liabilities

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

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:

- fair value is derived from quoted prices (unadjusted) in active market prices for identical assets or liabilities ("level one");
- fair value is derived from inputs other than quoted prices included within level one that are observable for the asset or liability, either directly (i.e. as price) or indirectly (i.e. derived from prices) ("level two"); and
- fair value is derived from valuation techniques using inputs that include inputs for the asset or liability that are not based on observable market data (unobservable market inputs) ("level three").

Derivatives and hedging

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 and foreign currency derivative contracts 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 re-measured to their fair value at each balance sheet date. The resulting gain or loss is recognised in 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.

3. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Partnership's accounting policies, which are described in note 2, the members are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

These estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised.

The following are the critical judgements that the members have made.

Disclosure of interests in other entities

Management's judgement has been exercised when applying the principles of IFRS 12 Disclosure of Interests in Other Entities to the disclosure of interests in other entities.

Full details are set out in note 10.

BlackRock UK 4 LLP
Notes to the Financial Statements for the Year ended 31 December 2015

4. Operating (loss)/profit

| | 2015 | 2014 |
|---|-------------------|-------------------|
| | \$000 | \$000 |
| Operating (loss)/profit is stated after charging: | | |
| Foreign currency (gains)/losses | (24) | 66 |
| | <u> </u> | <u> </u> |

5. Auditor's remuneration

| | 2015 | 2014 |
|-----------------------------------|-------------------|-------------------|
| | \$000 | \$000 |
| Audit of the financial statements | 32 | 31 |
| | <u> </u> | <u> </u> |

Auditor's remuneration has been borne by another group company in the current year.
There were no non-audit fees payable by the Partnership to the auditor during 2015 (2014: \$nil).

6. Interest receivable and similar income

| | 2015 | 2014 |
|---------------------------|-------------------|-------------------|
| | \$000 | \$000 |
| Other interest receivable | 1 | 2 |
| | <u> </u> | <u> </u> |

7. Interest payable and similar charges

| | 2015 | 2014 |
|-------------------------------------|-------------------|-------------------|
| | \$000 | \$000 |
| Interest payable to group companies | 1,020 | 1,140 |
| Other interest | 72 | - |
| | <u> </u> | <u> </u> |
| | <u>1,092</u> | <u>1,140</u> |

BlackRock UK 4 LLP
Notes to the Financial Statements for the Year ended 31 December 2015

8. 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 year was two (2014: two).

The average profit per member was \$177,376,000 (2014: \$128,843,500).

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 year, was \$354,506,000 (2014: \$257,501,000).

9. Fixed asset investments

| | Subsidiary undertakings \$000 |
|---------------------------------|-------------------------------------|
| Cost | |
| At 1 January & 31 December 2015 | <u>3,921,618</u> |

The following are investments in subsidiary undertakings:

| Undertaking | Country of Incorporation | % Holding | Principal activity |
|-------------------------------------|-------------------------------------|------------------|---|
| BlackRock Finco LLC* | Delaware, USA | 100% | Financing and intermediary holding company |
| BlackRock Jersey Finco 2 Limited | Channel Islands | 100% | Financing company |

*indicates direct investment of the company

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10. Interest in unconsolidated structured entities

BlackRock holds interests in investment funds, some of which are considered to be structured entities within the definition of IFRS 12, and which are not consolidated. BlackRock holds an interest in these unconsolidated structured entities through a direct equity holding. The unconsolidated structured entities are constituted as open-ended and closed-ended investment companies, limited partnerships and investment trusts. These unconsolidated structured entities invest in a range of asset classes as detailed in the table below, together with the assets under management ("AUM") and BlackRock's percentage holding. The table below also summarises the carrying values of BlackRock's interests in unconsolidated structured entities funds as recognised in the balance sheet as at 31 December 2014 and 31 December 2015, alongside the fair value gains and losses recognised in BlackRock's income statement for the year ended 31 December 2014 and 31 December 2015.

The unconsolidated structured entities have various investment objectives and policies and are subject to the terms and conditions of their respective offering documentation. However, all unconsolidated structured entities invest capital from investors in a portfolio of assets in order to provide a return to those investors from capital appreciation of those assets, income from those assets, or both. Accordingly, they are susceptible to market price risk arising from uncertainties about future values of the assets they hold.

The unconsolidated structured entities are financed through a combination of equity capital provided by third party investors and seeding capital provided by BlackRock.

The following table summarises the Partnership's maximum exposure to loss by activity, from its interests in unconsolidated structured entities as at 31 December 2015, compared with the net assets of the entities below.

| | AUM 31 Dec 2015 \$'000 | Ownership 31 Dec 2015 % | Investments at fair value through P&L 31 Dec 2015 \$'000 | Fair value gains/losses through P&L 31 Dec 2015 \$'000 |
|----------------------------|---------------------------------------|--|---|---|
| Alternative mandates | 11,349,965 | <1 – 95% | 295,369 | 2,750 |
| Equity mandates | 201,073 | <1 – 100% | 82,158 | (2,501) |
| Fixed income mandates | 138,791 | <1 – 100% | 17,777 | (2,499) |
| Multi-asset class mandates | 3,315,080 | 1 – 98% | 72,679 | (5,281) |
| Total | 15,004,909 | | 467,983 | (7,531) |

The following table summarises the Partnership's maximum exposure to loss by activity, from its interests in unconsolidated structured entities as at 31 December 2014, compared with the net assets of the entities below.

| | AUM 31 Dec 2014 \$'000 | Ownership 31 Dec 2014 % | Investments at fair value through P&L 31 Dec 2014 \$'000 | Fair value gains through P&L 31 Dec 2014 \$'000 |
|----------------------------|---------------------------------------|--|---|--|
| Alternative mandates | 11,067,112 | <1 - 25% | 222,936 | 13,345 |
| Equity mandates | 422,924 | <1 - 100% | 111,287 | 19,293 |
| Fixed income mandates | 401,664 | <1 - 100% | 45,518 | 1,387 |
| Multi-asset class mandates | 1,615,368 | <1 - 2% | 50,787 | 1,265 |
| Total | 13,507,068 | | 430,528 | 35,290 |

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Notes to the Financial Statements for the Year ended 31 December 2015

10. Interest in unconsolidated structured entities (continued)

Maximum exposure to loss

BlackRock UK 4 LLP's maximum exposure to loss associated with its interest in these unconsolidated structured entities is limited to the carrying amount shown in the table above.

Financial support

BlackRock UK 4 LLP has not provided financial support to any of its unconsolidated structured entities during the year, and has no contractual obligations or current intention of providing financial support in the future.

Other information

There are no differences to the economic or voting rights attaching to the equity held by the Partnership from those held by other investors. There are no liquidity arrangements, guarantees or other commitments that may affect the fair value or risk of BlackRock UK 4 LLP's interest in the unconsolidated structured entities.

11. Current asset investments

| | 2015 \$000 | 2014 \$000 |
|---------------------------------------|-----------------------------|-----------------------------|
| Financial assets designated at FVTPL: | | |
| Listed investments | 350,613 | 210,201 |
| Unlisted investments | 117,370 | 220,327 |
| | <u>467,983</u> | <u>430,528</u> |

Listed investments relate to seed investments in sponsored investment products.

Unlisted investments relate to the MGPA Limited's Limited partnership interests in MGPA funds acquired by the Partnership in 2013. The fair value of unlisted investments are based on the Partnership's share of the net asset value ("NAV") of each fund. As the investments in the financial assets are not traded in active markets, the fair value is determined using valuation techniques. The partnership uses a variety of methods and makes assumptions that are based on market conditions existing at each balance sheet date. In addition, during the year, there have been further investments in alternative funds which are not listed.

12. Debtors

| | 2015 \$000 | 2014 \$000 |
|----------------------------------|-----------------------------|-----------------------------|
| Amounts due from group companies | 120,000 | 120,000 |
| Other debtors | 720 | 1,610 |
| | <u>120,720</u> | <u>121,610</u> |

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13. Creditors: Amounts falling due within one year

| | 2015 \$000 | 2014 \$000 |
|---|----------------|----------------|
| Amounts due to group companies - loan notes | 200,000 | 185,000 |
| Amounts due to group companies | 306 | 239 |
| Other creditors | 203 | 3,767 |
| | <u>200,509</u> | <u>189,006</u> |

Loan notes:

| Group company | Description | Interest | Maturity | 2015 \$000 | 2014 \$000 |
|------------------------------------|-------------|----------|--------------|----------------|----------------|
| BlackRock Financial Management Inc | Tranche 3 | 0.32% | 29 June 2015 | - | 185,000 |
| BlackRock Financial Management Inc | Tranche 6 | 0.43% | 23 June 2016 | 200,000 | - |
| | | | | <u>200,000</u> | <u>185,000</u> |

Amounts due to group companies are unsecured.

14. Derivative financial instruments

| | 2015 \$000 | 2014 \$000 |
|---------------------------------------|---------------|---------------|
| Derivatives carried at fair value: | | |
| Assets: | | |
| Total return swap | <u>653</u> | <u>-</u> |
| Liabilities | | |
| Total return swap | - | 3762 |
| Interest rate swap | - | 91 |
| Foreign currency derivative contracts | <u>262</u> | <u>-</u> |
| | <u>262</u> | <u>3,853</u> |

At 31 December 2015 the Partnership had seven (2014: five) outstanding total return swaps with two (2014: two) counterparties with an aggregate notional value of \$80,820,000 (2014: \$71,868,000). In addition, the Partnership had no (2014: two) outstanding interest rate swaps with no (2014: one) counterparty with an aggregate notional value of \$nil (2014: \$2,592,000).

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Notes to the Financial Statements for the Year ended 31 December 2015

15. Creditors: Amounts falling due after more than one year

| | 2015 | 2014 |
|---|---------------|---------------|
| | \$000 | \$000 |
| Amounts due to group companies – loan notes | 14,551 | 14,551 |
| Co-investment payment deed | 4,380 | 7,122 |
| | <u>18,931</u> | <u>21,673</u> |

Loan notes:

| Group company | Interest rate | Maturity | 2015 | 2014 |
|-------------------------|----------------------|-----------------|---------------|---------------|
| | | | \$000 | \$000 |
| BR Jersey International | 1.92% | 4 October 2022 | 14,551 | 14,551 |
| Holdings LP | | | <u>14,551</u> | <u>14,551</u> |

Interest on the loan notes is payable semi-annually. The amount of interest accrued on the loans is \$70,000 (2014: \$70,000) which is outstanding at the year end.

The Partnership acquired the MGPA Limited's Limited partnership interests in MGPA funds in October 2013. The Partnership has a deferred liability to the seller payable upon receipt of distributions from the funds.

16. Financial instruments

Financial assets

Financial assets at fair value through profit or loss

Derivative held for trade

| | 2015 | 2014 |
|----------------------------|--------------|--------------|
| | \$000 | \$000 |
| Derivative financial asset | <u>653</u> | <u>-</u> |

Valuation methods and assumptions

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.

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Notes to the Financial Statements for the Year ended 31 December 2015

16. Financial instruments (continued)

Non derivative held for trade

| | 2015 | 2014 |
|-----------------------|--------------|--------------|
| | \$000 | \$000 |
| Seed investments held | 467,983 | 430,528 |

Valuation methods and assumptions

Seed investments (listed)

The fair value of seed investments are determined with reference to quoted market prices.

Seed investments (unlisted)

As the investments in the financial assets are not traded in active markets, the fair value is determined using the valuation techniques (see note 2). The company uses a variety of methods and makes assumptions that are based on market conditions existing at each balance sheet date.

Loans and receivables

| | 2015 | 2014 |
|--------------------------|----------------|----------------|
| | \$000 | \$000 |
| Cash at bank and in hand | 373,505 | 50,802 |
| Trade and other debtors | 120,720 | 121,610 |
| | <u>494,225</u> | <u>172,412</u> |

Financial liabilities

Other financial liabilities

| | 2015 | 2014 |
|----------------------------------|----------------|----------------|
| | \$000 | \$000 |
| Trade and other creditors | 219,440 | 210,679 |
| Derivative financial liabilities | 262 | 3,853 |
| | <u>219,702</u> | <u>214,532</u> |

Valuation methods and assumptions

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.

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Notes to the Financial Statements for the Year ended 31 December 2015

17. Members' capital classified as equity

| | Members' capital | Income account | Total |
|---|---------------------|-------------------|------------------|
| | \$000 | \$000 | \$000 |
| Members' interests at 1 January 2015 | 3,649,359 | 660,667 | 4,310,026 |
| Profit for the financial year | - | 354,751 | 354,751 |
| Members' interests at 31 December 2015 | <u>3,649,359</u> | <u>1,015,418</u> | <u>4,664,777</u> |

| | Members' capital | Income account | Total |
|---|---------------------|-------------------|------------------|
| | \$000 | \$000 | \$000 |
| BlackRock UK 3 LLP | 3,646,859 | 1,014,722 | 4,661,581 |
| BlackRock Cayman Finco Limited | 2,500 | 696 | 3,196 |
| Members' interests at 31 December 2015 | <u>3,649,359</u> | <u>1,015,418</u> | <u>4,664,777</u> |

18. Subsequent events

In January 2016, the Partnership acquired material seed investments of \$54m in the BGF Asian Multi-Asset Growth Fund and \$60m in the BlackRock Multi-Manager Alternative Strategies Fund.

In March 2016, the Partnership's intercompany receivable of \$120m was settled by its counterparty, BlackRock Finco, LLC.

In June 2016, the Partnership repaid \$200,000,000 of loan note principal on Tranche 6 and any associated interest to BlackRock Financial Management, Inc ("BFM, Inc"). In addition the Partnership entered into a new loan facility of \$100,000,000 with BFM, Inc with a maturity date of 22 June 2017 and interest rate of 0.64% per annum.

19. Related party transactions

The Partnership has taken advantage of the exemption under paragraph 8(k) of FRS101 not to disclose transactions with fellow wholly owned subsidiaries.

Details of members' remuneration are set out in note 8. There are no personnel other than members, who as key management exercise authority and responsibility for planning, directing and controlling the activities of the Partnership.

20. 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 55 East 52nd Street, New York, NY 10055, USA or by e-mail at invrel@blackrock.com.