April 2024

Global Real Estate Outlook: Seizing on the Cyclical Uplift

BlackRock

FOR QUALIFIED PURCHASERS, PROFESSIONAL CLIENTS, QUALIFIED CLIENTS, QUALIFIED INVESTORS, PROFESSIONAL INVESTORS AND INSTITUTIONAL & WHOLESALE INVESTORS – NOT FOR FURTHER DISTRIBUTION

Global Real Estate Viewpoint

BlackRock Real Estate Research & Strategy

April 2024

Key highlights

- The global real estate market appears to be emerging from the downturn in capital values; stabilization in interest rates is driving this shift.
- As a result, we believe meaningful recovery in transaction volume will occur in 2024 after a muted 2023.
- There are nascent signs of life for improving investment activity with institutional investors hopping back into bidding tents and lenders coming back to the market.
- We believe demand drivers will likely be resilient over the next few quarters, supporting real estate fundamentals; however, there are concerns over supply.
- The rewiring of supply chains will likely lead to more investment in industrial real estate. This trend will likely take years to play out and real estate investors need to make sure properties are future proofed for the supply chains of tomorrow.

Finding a bottom

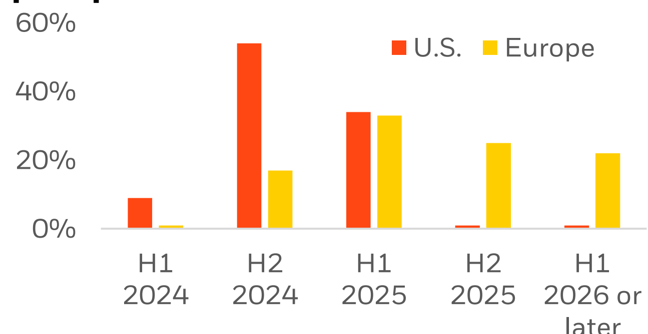
The global real estate market appears to be emerging from the most recent downturn in capital values. Interest rate stabilization is providing some clarity to pricing and driving more buyers to the table.

The most recent downturn was largely driven by rising and volatile interest rates. Transaction volumes were muted globally in 2023 as institutional investors reallocated to stocks and bonds, and others had difficulty pricing with the volatile rate environment. Overall volumes were down 48% year-over-year in 2023 (source: MSCI). We believe transaction volumes will likely recover meaningfully especially in the second half of 2024, aiding price discovery for many market participants.

We have started to observe nascent signs of life for improving investment activity, and lenders have also started to come back to the market to take advantage of high-quality collateral at attractive all-in yields. The market is currently in a transitory period where institutional investors are starting to move from the sidelines and bringing more price discovery to the market. While the market is gaining clarity on the direction of rates, investors should be cautious as the future investment landscape will likely be more volatile than what was experienced in the post-GFC era.

We believe there were several signs in the first quarter of 2024 that the market is near a bottom.

Expectations of when investment activity will pick up



Source: CBRE and BlackRock, from the 2024 U.S. Investor Intentions Survey and 2024 European Investor Intentions Survey as of February 2024.

Anecdotally, some investors have started to edge back into the market during the early months of 2024 based on participation in bidding tents. Dry powder on the sidelines (JLL estimates at USD $402 billion globally as of YE 2023), the need for some sponsors to realize sales for liquidity needs, and increased refinancing challenges will likely trigger more activity over the next 12 months. Investors have the advantage of acquiring properties at material discounts to replacement costs and potentially take advantage of increased distress and forced sellers in the market.

Investors today can benefit from entering the cyclical trough and capitalizing on dislocated pricing while aligning with key structural trends to drive future returns. Dispersion will likely continue to be high, thus providing more alpha creation potential.

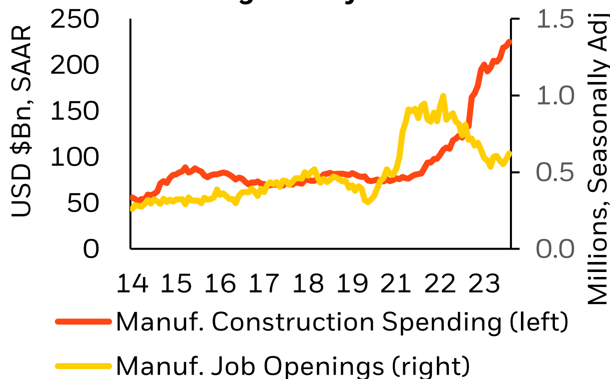
Geopolitical fragmentation

A whole new world of reshoring and near-shoring

Geopolitical fragmentation is a key mega force that will shape the future world in the new investment regime of higher macro and market volatility, and the BlackRock Investment Institute has highlighted it as a is a key investment theme for all asset classes. A cascading of recent events, including the U.S. trade wars, the pandemic, and the Ukraine invasion, have built on each other and exacerbated volatility. The result is more persistent uncertainty and thus, volatility.

Companies globally have been adjusting to this new world by rewiring their supply chains to build greater resilience in the face of disruptive events. Localizing supply chains can shield against supply risks and help businesses adjust quickly to changes in demand and supply. The U.S. has seen an uptick in investment in manufacturing, consistent with higher-than-average job openings in manufacturing and good wage growth. In Europe, nearly two thirds of countries say they plan to restructure their supply chain in the next five years, with the most noted concern being ongoing political instability (source: Inverto).

U.S. manufacturing activity has increased



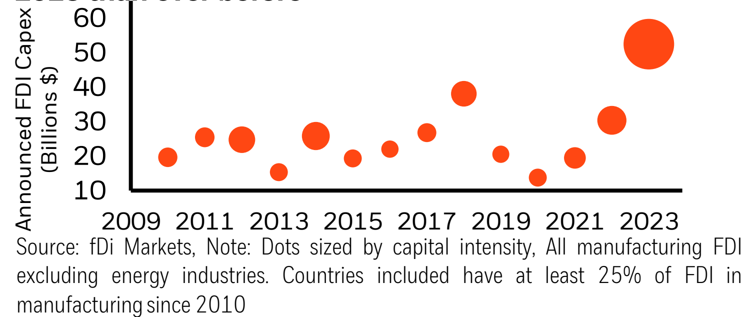
Source: U.S. Census Bureau and Bureau of Labor Statistics, as of January 2024.

Though the concept of nearshoring has been considered by investors for a long time, we are now seeing the impact of changing corporate preferences materialize in terms of tenant demand. For example, in the UK, manufacturing related deals in the industrial market accounted for 29% of the market in 2023 (source: Savills) with supply chain resilience cited as a driver for space.

Asia Pacific has similarly not been immune to supply chain disruption. In 2023, the number of companies in the region shifting their manufacturers/suppliers to home markets doubled (source: The Economist, Trade in Transition). Furthermore, the introduction of the Regional Comprehensive Economic partnership, an APAC centered trade deal, could cause companies to realign their supply chains to benefit from the advantages offered by the agreement, such as lowered input costs.

The rewiring of supply chains will likely create more investment opportunities for real estate investors. For tenants, having the right industrial/logistics assets is key for an optimized and more localized supply chain.

More foreign capital was pledged to manufacturing projects in European nearshoring destinations in 2023 than ever before



Source: fDi Markets, Note: Dots sized by capital intensity, All manufacturing FDI excluding energy industries. Countries included have at least 25% of FDI in manufacturing since 2010

Ancillary real estate close to manufacturing plants, data centers or distribution warehouses such as attainable housing and necessity-based retail will be important for the workforce ecosystem.

Disruption in trade flows will likely pave the way for opportunities in markets that were not historically viewed as institutionally investible. Industrial real estate investors generally look for assets located close to ports, airports, highways, rail hubs or manufacturing plants. The location ideally would be centralized for regional distribution. Reshoring and near-shoring of manufacturing activity will likely focus on lower cost areas. In the United States, the Sunbelt will likely continue to attract more manufacturing activity, and the focus has been on the high value computer and electronics category. As near-shoring comes more into play, Mexico and Canada will likely be beneficiaries of a shift in manufacturing locations to serve the U.S. market. This may point to a rejiggering of logistics networks to serve major markets in the United States.

The rewiring of supply chains is anticipated to be a prolonged trend, unfolding over several years. While the industrial property type has grown immensely thanks to e-commerce, we believe it can continue to expand due to this key driver in place. At the same time, real estate investors likely need to ensure investments are future proofed for the supply chains of tomorrow, with tall clear heights, sufficient bay depth and width, truck court and parking availability, and critically with sufficient power.

FOR QUALIFIED PURCHASERS, PROFESSIONAL CLIENTS, QUALIFIED CLIENTS, QUALIFIED INVESTORS, PROFESSIONAL INVESTORS AND INSTITUTIONAL & WHOLESALE INVESTORS

United States: Seize the moment

Investors can capitalize on dislocation to gain access to properties at discounted pricing. Real estate fundamentals are forecast to be reasonably stable, but values came down during the past year due to higher cost of capital. The values appear to be stabilizing at the current level, due in part to shift in interest rates; the 10-year Treasury yield has come down from the recent peak reached in the Fall 2023; the 10-year Treasury was 4.2% in early April, 80 bps lower than the recent peak reached on October 19, 2023, of 5.0%.

Forecasting interest rates is always challenging, but there are reasons to believe the hiking cycle is over for now. Inflation decelerated substantially over the past year and a half, from a peak of 8.9% year-over-year in June 2022 to 3.2% in February 2024 (source: U.S. Bureau of Labor Statistics). Nevertheless, the Federal Reserve is monitoring the economy cautiously, and would like to see evidence of persistence in the current direction of inflation. The BlackRock Investment Institute expects the Fed to start cutting rates around mid-2024 for a total of three cuts during the year.

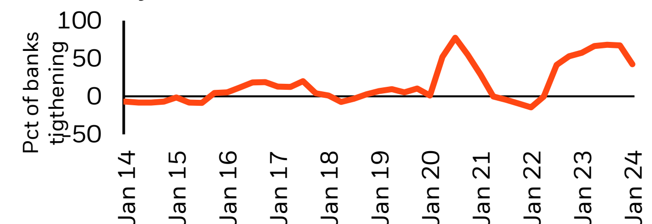
This stability in the economy has been evident in the property market. **Real estate fundamentals remain solid** with NOI growth at 5.5% year-over-year as of December 31, 2023 (source: NCREIF). NOI growth was 12.8% for industrial and 4.5% for multifamily over the past year as of December 31, 2023, and both are forecast to have positive income growth going forward, albeit at a slower rate. Supply is a risk for both sectors in the near term but mitigated by continued demand and an expected drop off in deliveries after this year.

Transaction volume is expected to increase as clarity comes to the capital market. Higher rates have contributed to repricing and the rate volatility has reduced the amount of capital available for investment. Both equity and debt participants pulled back from the market late in 2023. As it takes upwards of 90-days to close a deal, this information is just starting to show up in the data. Only $27bn closed in January 2024, 53% below the monthly average since the pandemic began (source: Real Capital Analytics). Activity on the ground has improved markedly since then, suggesting that closed volumes will likely improve over the next few months.

There is data showing green shoots in the capital market since beginning of the year. According to the latest Senior Officer Loan Survey in Q4 2023 (source: Federal Reserve), there was a significant reduction in net percent of bank tightening commercial real estate lending standards. This suggests that lending activity will improve over the next few quarters, although with bias towards higher-quality properties. 2024 will likely be a transitional year when we anticipate institutional investors to return in a bigger way.

Senior Officer Loan Survey

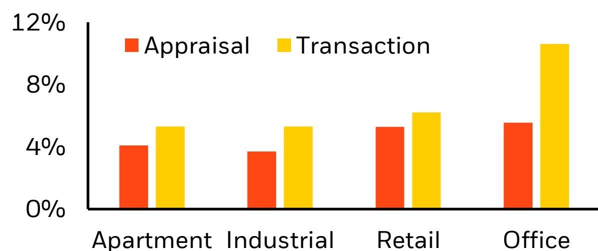
Net Percentage of Domestic Banks Tightening Standards for Commercial Real Estate Loans Secured by Nonfarm Nonresidential Structures



Source: Federal Reserve, as of February 5, 2024

Good quality assets with solid cash flows are still sought after, but prices have adjusted by 15-20% or more relative to peak values based on cap rate movements. In many instances, properties can be acquired at below replacement cost. Appraisal values will likely continue to decline further, but the transactions market is likely already reflecting adjusted pricing, benefitting investors with dry powder.

Gap between appraisal and transaction cap rates



Source: BlackRock and NCREIF, as of December 31, 2023. Appraisal cap rates from the NCREIF Property Index (NPI)

Dislocation today presents a compelling opportunity for investors over the next 24 months. Maturing debt over the next few years and the need to refinance construction loans for completing projects may act as catalysts for further price discovery.

Note: The figures shown relate to past performance. **Past performance is not a reliable indicator of current or future results.** Index returns are for illustrative purposes only. Index performance returns do not reflect any management fees, transaction costs or expenses. Indexes are unmanaged and one cannot invest directly in an index. All dollar ($) amounts refer to USD.

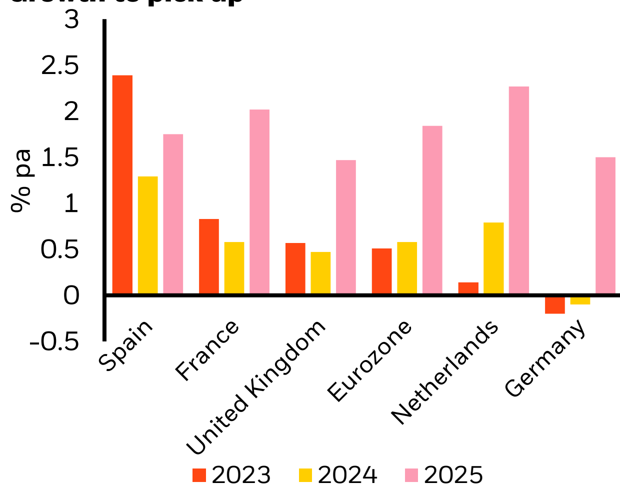
FOR QUALIFIED PURCHASERS, PROFESSIONAL CLIENTS, QUALIFIED CLIENTS, QUALIFIED INVESTORS, PROFESSIONAL INVESTORS AND INSTITUTIONAL & WHOLESALE INVESTORS

Europe: Pronounced sentiment shift, inflection imminent

Timing the bottom of the cycle is impossible, however, indicators are starting to point to us being there, or thereabouts. Sentiment has shifted markedly, as inflationary pressures have subsided, and a loosening of monetary policy seems probable over the course of the year.

The European **economy has proven more resilient** than once expected. Fortunately, the economy did not sink into a deep recession, instead growth remained subdued. 2024 is likely to be characterized by muted growth, and dispersed recovery. Given the procyclical nature of real estate, we see the vintage advantage that can be obtained at this point in the cycle. There is also a diversification benefit to be had by the dispersion in recovery, as investors can tilt their strategy towards countries and cities with heightened levels of stability. Such economic resilience has meant that the occupier market has held up relatively well compared to other cyclical downturns.

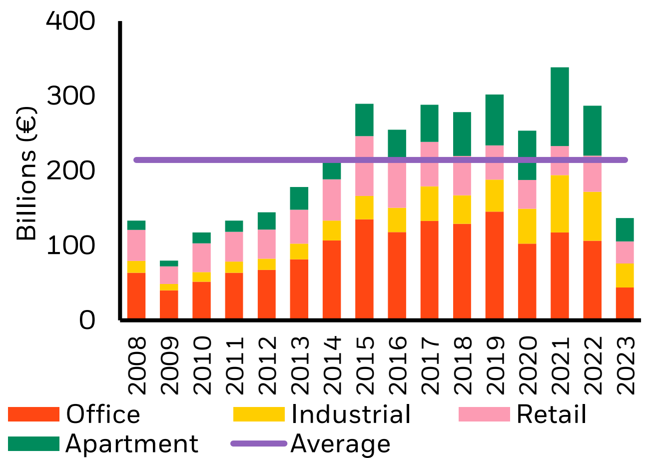
Growth to pick up



Source: OEF, 27 Feb 2024. Forecasts may not come to pass.

With significant value correction behind us, the question is the degree to which sentiment will improve and the time horizon for such improvement. To date, values have declined by 25% in the UK and 15% in Europe (source: MSCI). We believe that significant market correction is behind us, and today we are starting to see signs of stabilization. As the economy weakens, inflation declines and interest rates fall, the relative attractiveness of good quality real estate will improve. Greater focus should be on quality of income as we see measures of insolvency rising, increasing tenant risk.

Slowdown in capital market activity



Source: RCA 2023 Transaction Volumes, 19 Mar 2024.

Given the procyclical nature of real estate, we see now as the opportune time to enter the market to benefit from better entry prices. A differentiating factor in this cycle is the that rates will not return to the historically low levels investors had become accustomed to, in turn we see alignment with the long-term mega forces as key to ensure outsized returns. Despite subdued capital market activity last year, Q4 2023 total transaction volumes far exceeded other quarters in the year demonstrates that confidence may be starting to return the market (source: RCA).

Broadly speaking sectoral convictions remain consistent but importantly the **new cyclical opportunity will be characterized by a wider distribution of performance** within sectors. The most successful strategies will maintain granularity throughout the decision making and asset management process, to not only consider country wide idiosyncrasies but also city level opportunities.

Overall, we favor the logistics and living sectors. Both sectors benefit from a structural undersupply, alongside meaningful alignment with the megatrends namely digitalization and demographics. However, this is not to say accretive opportunities do not exist in both offices and retail. Despite being sidelined by investors in recent years, primarily owing to structural divestment, significant correction will enable to investors to capture best-in-class stock at an attractive price. We continue to recognize that the way society interacts with the built environment has changed. Sectors that are typically bucketed as 'alternative' are no longer alternative, growing in popularity exponentially with investors. Student housing, retirement living, cold storage and life sciences provide an increasingly attractive opportunity set.

Regional outlook

Asia Pacific: Differentiated markets driving diverse opportunity

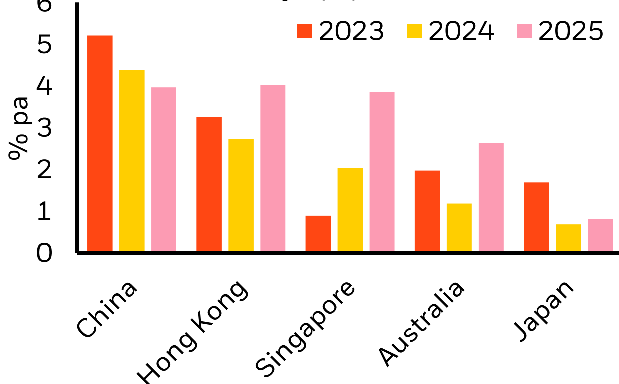
APAC on average is well positioned for growth, but the trajectories of each market will likely vary substantially across the region. However, target countries, such as Australia, Hong Kong and Singapore, look set to benefit from easing macro-economic headwinds, but recovery is dispersed. As inflation has slowed, the downward interest rate cycle in the region is expected to commence. At the time of writing, Australian interest rates are at a 12-year high of 4.35%, however the market is pricing in near-term cuts. A similar dynamic has been in observed in both Hong Kong and Singapore, as they closely mirror the policy setting of the Fed.

Japan has been the exception to this. The BOJ's move to raise rates into positive territory for the first time since 2007, and ending its yield curve control, is a historical turning point in the country's battle with deflation. Despite monetary policy remaining accommodative, this has signaled an 'economic revival', whereby wage growth may have the potential to further stimulate growth, however a focus on domestic Japanese monetary policy underestimated the currency implication of such a move.

Recovery has remained challenging in China, as deflationary pressures persist, and the property sector remains distressed. As such, fiscal stimulus is becoming increasingly expansive, but 2024 is still anticipated to be a year of more muted growth than the central government would have hoped.

Varied recovery across the region

GDP Growth Forecasts pa (%)



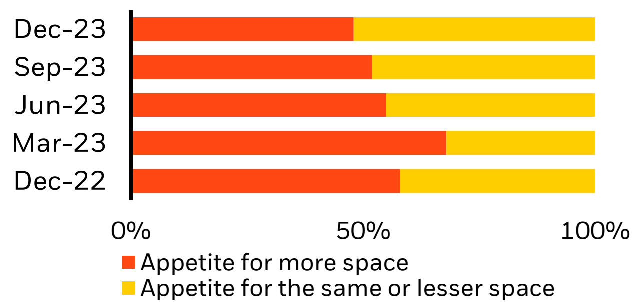
Source: OEF, 27 March2024. Forecasts may not come to pass.

Idiosyncrasy of risk remains attractive. Diverging monetary environment, and drivers of growth is expected to continue attracting investors who seek to tap into the diversification benefits associated with investing in the region.

The region was not immune to the challenges faced by the global real estate market last year, causing a sharp drop in liquidity. As we see a global shift to more accommodative monetary policy, sentiment will likely improve and deal activity increase, driving greater price transparency and capital market activity. We are entering new phase in the cycle.

The correction in real estate values has been less pronounced in APAC. To date in Australia values have declined c. 6% versus the 15% devaluation observed in Europe. However, pockets of opportunity have emerged whereby investors can benefit from attractive entry pricing and potentially distressed selling due to breached covenants.

Logistics leasing sentiment in APAC



Source: CBRE Asia Pacific Leasing Sentiment Index, Dec 2023.

Logistics is set to remain resilient. Despite macroeconomic challenges and geopolitical tensions, solid market growth drivers persist, with strong demand fueled by 3PLs leasing and increasing manufacturing demand in Southeast Asia. As shown, occupier demand has remained resilient, we expect the slowdown in construction and subsequent undersupply in key markets to drive rental growth in the medium term.

The retail sector remains depressed. Despite the recovery in tourism which positively impacted footfall, demand, and sentiment, high inflation and the fading of pent-up demand have started to negatively impact some markets in the region.

In the office sector, investors must continue to focus their attention on best-in-class stock with strong occupier demand. Brown-to-green retrofits are becoming increasingly important as regulation grows in breadth and depth.

Performance in the residential sector remains varied. Low vacancy in housing stock in Australia, alongside a strong demographic dynamic continues to drive rents. In Japan, multifamily remains favored due to the sector's steady cash flows. We anticipate that this sector will outperform all property given continued demographic tailwinds alongside structural undersupply.

Global Research Team

Simon Durkin
Global Head of Real Estate Research
simon.durkin@blackrock.com

Chloe Soar
EMEA Real Estate Research
chloe.soar@blackrock.com

Rukeyah Syeda
Real Estate Portfolio Analytics
rukeyah.syeda@blackrock.com

Alex Symes
Head of U.S. Real Estate Research
alex.symes@blackrock.com

Yasmine Kamaruddin
U.S. Real Estate Research
yasmine.kamaruddin@blackrock.com

Tobias Gotfredsten
Real Estate Portfolio Analytics
tobias.gotfredsten@blackrock.com

BlackRock.

FOR QUALIFIED, PROFESSIONAL, INSTITUTIONAL AND WHOLESALE INVESTORS USE ONLY

Important notes

Capital at risk. The value of investments and the income from them can fall as well as rise and are not guaranteed. Investors may not get back the amount originally invested.

Past performance is not a reliable indicator of current or future results and should not be the sole factor of consideration when selecting a product or strategy.

Changes in the rates of exchange between currencies may cause the value of investments to diminish or increase. Fluctuation may be particularly marked in the case of a higher volatility fund and the value of an investment may fall suddenly and substantially. Levels and basis of taxation may change from time to time.

Real Estate Risk. The value of any real estate investment may be significantly diminished in the event of a downturn in the real estate market. Real estate investments are subject to many factors including adverse changes in economic conditions, adverse local market conditions and risks associated with the acquisition, financing, ownership, operation and disposal of real estate and the value of real property will generally be a matter of a Valuer's opinion rather than fact.

Important information

This material is provided for educational purposes only and is not intended to be relied upon as a forecast, research or investment advice, and is not a recommendation, offer or solicitation to buy or sell any securities or to adopt any investment strategy. The opinions expressed are subject to change. References to specific securities, asset classes and financial markets are for illustrative purposes only and are not intended to be and should not be interpreted as recommendations. Reliance upon information in this material is at the sole risk and discretion of the reader. The material was prepared without regard to specific objectives, financial situation or needs of any investor.

This material may contain "forward-looking" information that is not purely historical in nature. Such information may include, among other things, projections, forecasts, and estimates of yields or returns. No representation is made that any performance presented will be achieved by any BlackRock Funds, or that every assumption made in achieving, calculating or presenting either the forward-looking information or any historical performance information herein has been considered or stated in preparing this material. Any changes to assumptions that may have been made in preparing this material could have a material impact on the investment returns that are presented herein. Past performance is not a reliable indicator of current or future results and should not be the sole factor of consideration when selecting a product or strategy.

Diversification does not guarantee investment returns and does not eliminate the risk of loss.

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.

In **the U.S.**, this material is for Institutional use only – not for public distribution.

In **Canada**, this material is intended for permitted clients as defined under Canadian securities law, is for educational purposes only, does not constitute investment advice and should not be construed as a solicitation or offering of units of any fund or other security in any jurisdiction.

For investors in **the Caribbean**, any funds mentioned or inferred in this material have not been registered under the provisions of the Investment Funds Act of 2003 of the Bahamas, nor have they been registered with the securities regulators of Bermuda, Dominica, the Cayman Islands, the British Virgin Islands, Grenada, Trinidad & Tobago or any jurisdiction in the Organisation of Eastern Caribbean States, and thus, may not be publicly offered in any such jurisdiction. The shares of any fund mentioned herein may only be marketed in Bermuda by or on behalf of the fund or fund manager only in compliance with the provision of the Investment Business Act 2003 of Bermuda and the Companies Act of 1981. Engaging in marketing, offering or selling any fund from within the Cayman Islands to persons or entities in the Cayman Islands may be deemed carrying on business in the Cayman Islands. As a non-Cayman Islands person, BlackRock may not carry on or engage in any trade or business unless it properly registers and obtains a license for such activities in accordance with the applicable Cayman Islands law. In the Dominican Republic, any securities mentioned or inferred in this material may only be offered in a private character according to the laws of the Dominican Republic, falling beyond the scope of articles 1 numeral (31), 46 et al of Law 249-17 dated 19 December 2017, as amended and its Regulations. Since no governmental authorizations are required in such offering, any "securities" mentioned or inferred in this material have not been and will not be registered with the Stock Market Superintendency of the Dominican Republic (Superintendencia de Mercado de Valores de la República Dominicana), and these "securities" may only be circulated, offered and sold in the Dominican Republic in a private manner based on the criteria established under Dominican laws and regulations.

Important notes (continued)

In **Latin America**, for institutional investors and financial intermediaries only (not for public distribution). This material is for educational purposes only and does not constitute investment advice or an offer or solicitation to sell or a solicitation of an offer to buy any shares of any fund or security and it is your responsibility to inform yourself of, and to observe, all applicable laws and regulations of your relevant jurisdiction. If any funds are mentioned or inferred in this material, such funds may not been registered with the securities regulators of Argentina, Brazil, Chile, Colombia, Mexico, Panama, Peru, Uruguay or any other securities regulator in any Latin American country and thus, may not be publicly offered in any such countries. The securities regulators of any country within Latin America have not confirmed the accuracy of any information contained herein. No information discussed herein can be provided to the general public in Latin America. The contents of this material are strictly confidential and must not be passed to any third party.

In **Colombia**, the sale of each fund discussed herein, if any, is addressed to less than one hundred specifically identified investors, and such fund may not be promoted or marketed in Colombia or to Colombian residents unless such promotion and marketing is made in compliance with Decree 2555 of 2010 and other applicable rules and regulations related to the promotion of foreign financial and/or securities related products or services in Colombia. With the receipt of these materials, and unless the Client contacts BlackRock with additional requests for information, the Client agrees to have been provided the information for due advisory required by the marketing and promotion regulatory regime applicable in Colombia.

IN MEXICO, for institutional and qualified investors use only. Investing involves risk, including possible loss of principal. This material is provided for educational and informational purposes only and does now constitute an offer or solicitation of an offer to buy an shares of any fund or security.

This information does not consider the investment objectives, risk tolerance or the financial circumstances of any specific investor. This information does not replace the obligation of financial advisor to apply his/her best judgment in making investment decisions or investment recommendations. It is your responsibility to inform yourself of, and to observe, all applicable laws and regulations of Mexico. If any funds, securities or investment strategies are mentioned or inferred in this material, such funds, securities or strategies have not been registered with the Mexican National Banking and Securities Commission (Comisión Nacional Bancaria y de Valores, the "CNBV") and thus, may not be publicly offered in Mexico. The CNBV has not confirmed the accuracy of any information contained herein. The provision of investment management and investment advisory services ("Investment Services") is a regulated activity in Mexico, subject to strict rules, and performed under the supervision of the CNBV. The materials that may be shared in this forum are for information purposes only, do not constitute investment advice, and are being shared in the understanding that the addressee is an Institutional or Qualified investor as defined under Mexican Law. BlackRock México Operadora, S.A. de C.V., Sociedad Operadora de Fondos de Inversión ("BlackRock México Operadora") is a Mexican subsidiary of BlackRock, Inc., authorized by the CNBV as a Mutual Fund Manager (Operadora de Fondos), and as such, authorized to manage Mexican mutual funds, ETFs and provide Investment Advisory Services.

For more information on the Investment Services offered by BlackRock Mexico, please review our Investment Services Guide available in **www.blackrock.com/mx**. This material represents an assessment at a specific time and its information should not be relied upon by the you as research or investment advice regarding the funds, any security or investment strategy in particular. Reliance upon information in this material is at your sole discretion. BlackRock México is not authorized to receive deposits, carry out intermediation activities, or act as a broker dealer, or bank in Mexico.

For more information on BlackRock México, please visit: **www.BlackRock.com/mx**. BlackRock receives revenue in the form of advisory fees for our advisory services and management fees for our mutual funds, exchange traded funds and collective investment trusts. Any modification, change, distribution or inadequate use of information of this document is not responsibility of BlackRock or any of its affiliates. Pursuant to the Mexican Data Privacy Law (Ley Federal de Protección de Datos Personales en Posesión de Particulares), to register your personal data you must confirm that you have read and understood the Privacy Notice of BlackRock México Operadora.

For the full disclosure, please visit www.BlackRock.com/mx and accept that your personal information will be managed according with the terms and conditions set forth therein.

For investors in Central America, these securities have not been registered before the Securities Superintendence of the Republic of Panama, nor did the offer, sale or their trading procedures. The registration exemption has made according to numeral 3 of Article 129 of the Consolidated Text containing of the Decree-Law No. 1 of July 8, 1999 (institutional investors). Consequently, the tax treatment set forth in Articles 334 to 336 of the Unified Text containing Decree-Law No. 1 of July 8, 1999, does not apply to them. These securities are not under the supervision of the Securities Superintendence of the Republic of Panama. The information contained herein does not describe any product that is supervised or regulated by the National Banking and Insurance Commission (CNBS) in Honduras. Therefore any investment described herein is done at the investor's own risk. In Costa Rica, any securities or services mentioned herein constitute an individual and private offer made through reverse solicitation upon reliance on an exemption from registration before the General Superintendence of Securities ("SUGEVAL"), pursuant to articles 7 and 8 of the Regulations on the Public Offering of Securities ("Reglamento sobre Oferta Pública de Valores"). This information is

Important notes (continued)

confidential, and is not to be reproduced or distributed to third parties as this is NOT a public offering of securities in Costa Rica. The product being offered is not intended for the Costa Rican public or market and neither is registered or will be registered before the SUGEVAL, nor can be traded in the secondary market. If any recipient of this documentation receives this document in El Salvador, such recipient acknowledges that the same has been delivered upon their request and instructions, and on a private placement basis. In Guatemala, this communication and any accompanying information (the “Materials”) are intended solely for informational purposes and do not constitute (and should not be interpreted to constitute) the offering, selling, or conducting of business with respect to such securities, products or services in the jurisdiction of the addressee (this “Jurisdiction”), or the conducting of any brokerage, banking or other similarly regulated activities (“Financial Activities”) in the Jurisdiction. Neither BlackRock, nor the securities, products and services described herein, are registered (or intended to be registered) in the Jurisdiction. Furthermore, neither BlackRock, nor the securities, products, services or activities described herein, are regulated or supervised by any governmental or similar authority in the Jurisdiction. The Materials are private, confidential and are sent by BlackRock only for the exclusive use of the addressee. The Materials must not be publicly distributed and any use of the Materials by anyone other than the addressee is not authorized. The addressee is required to comply with all applicable laws in the Jurisdiction, including, without limitation, tax laws and exchange control regulations, if any.

In Argentina, only for use with Qualified Investors under the definition as set by the Comisión Nacional de Valores (CNV).
In Brazil, this private offer does not constitute a public offer, and is not registered with the Brazilian Securities and Exchange Commission, for use only with professional investors as such term is defined by the Comissão de Valores Mobiliários.

In Chile, the sale of each fund not registered with the CMF began on the date as indicated for such fund as described herein and the sale of such securities is subject to General Rule No. 336 issued by the SVS (now the CMF). The subject matter of this sale may include securities not registered with the CMF; therefore, such securities are not subject to the supervision of the CMF. Since the securities are not registered in Chile, there is no obligation of the issuer to make publicly available information about the securities in Chile. The securities shall not be subject to public offering in Chile unless registered with the relevant registry of the CMF.

In Peru, this private offer does not constitute a public offer, and is not registered with the Securities Market Public Registry of the Peruvian Securities Market Commission, for use only with institutional investors as such term is defined by the Superintendencia de Banca, Seguros y AFP.

In Uruguay, the Securities are not and will not be registered with the Central Bank of Uruguay. The Securities are not and will not be offered publicly in or from Uruguay and are not and will not be traded on any Uruguayan stock exchange. This offer has not been and will not be announced to the public and offering materials will not be made available to the general public except in circumstances which do not constitute a public offering of securities in Uruguay, in compliance with the requirements of the Uruguayan Securities Market Law (Law Nº 18.627 and Decree 322/011).

In the EEA and UK, this material is for distribution to Professional Clients (as defined by the Financial Conduct Authority or MiFID Rules) only and should not be relied upon by any other persons. This document is marketing material.

In the UK and Non-European Economic Area (EEA) countries, this is Issued by BlackRock Investment Management (UK) Limited, authorised and regulated by the Financial Conduct Authority. Registered office: 12 Throgmorton Avenue, London, EC2N 2DL. Tel: + 44 (0)20 7743 3000. Registered in England and Wales No. 02020394. For your protection telephone calls are usually recorded. Please refer to the Financial Conduct Authority website for a list of authorised activities conducted by BlackRock.

In the European Economic Area (EEA), this is Issued by BlackRock (Netherlands) B.V. is authorised and regulated by the Netherlands Authority for the Financial Markets. Registered office Amstelplein 1, 1096 HA, Amsterdam, Tel: 020 – 549 5200, Tel: 31-20-549-5200. Trade Register No. 17068311 For your protection telephone calls are usually recorded. For information on investor rights and how to raise complaints please go to https://www.blackrock.com/corporate/compliance/investor-right available in Italian.

For Qualified Investors in Switzerland:

For Qualified Investors only. This document is marketing material.

This document shall be exclusively made available to, and directed at, qualified investors as defined in Article 10 (3) of the CISA of 23 June 2006, as amended, at the exclusion of qualified investors with an opting-out pursuant to Art. 5 (1) of the Swiss Federal Act on Financial Services ("FinSA").

For information on art. 8 / 9 Financial Services Act (FinSA) and on your client segmentation under art. 4 FinSA, please see the following website: **www.blackrock.com/finsa**.

Important notes (continued)

In Saudi Arabia, Bahrain, Dubai (DIFC), Kuwait, Oman, Qatar and UAE, the information contained in this document, does not constitute and should not be construed as an offer of, invitation or proposal to make an offer for, recommendation to apply for or an opinion or guidance on a financial product, service and/or strategy. Whilst great care has been taken to ensure that the information contained in this document is accurate, no responsibility can be accepted for any errors, mistakes or omissions or for any action taken in reliance thereon. You may only reproduce, circulate and use this document (or any part of it) with the consent of BlackRock.

The information contained in this document is for information purposes only. It is not intended for and should not be distributed to, or relied upon by, members of the public.

The information contained in this document, may contain statements that are not purely historical in nature but are "forward-looking statements". These include, amongst other things, projections, forecasts or estimates of income. These forward-looking statements are based upon certain assumptions, some of which are described in other relevant documents or materials. If you do not understand the contents of this document, you should consult an authorised financial adviser.

Saudi Arabia: The information contained in this document is intended strictly for sophisticated institutions.

Bahrain: The information contained in this document is intended strictly for sophisticated institutions.

Dubai (DIFC): Blackrock Advisors (UK) Limited -Dubai Branch is a DIFC Foreign Recognised Company registered with the DIFC Registrar of Companies (DIFC Registered Number 546), with its office at Unit L15 - 01A, ICD Brookfield Place, Dubai International Financial Centre, PO Box 506661, Dubai, UAE, and is regulated by the DFSA to engage in the regulated activities of 'Advising on Financial Products' and 'Arranging Deals in Investments' in or from the DIFC, both of which are limited to units in a collective investment fund (DFSA Reference Number F000738).

The information contained in this document is intended strictly for Professional Clients as defined under the Dubai Financial Services Authority ("DFSA") Conduct of Business (COB) Rules.

Kuwait: The information contained in this document is intended strictly for sophisticated institutions that are 'Professional Clients' as defined under the Kuwait Capital Markets Law and its Executive Bylaws.

Oman: The information contained in this document is intended strictly for sophisticated institutions.

Qatar: The information contained in this document is intended strictly for sophisticated institutions.

UAE: The information contained in this document is intended strictly for non-natural Qualified Investors as defined in the UAE Securities and Commodities Authority's Board Decision No. 3/R.M of 2017 concerning Promoting and Introducing Regulations.

For investors in Israel: BlackRock Investment Management (UK) Limited is not licenced under Israel's Regulation of Investment Advice, Investment Marketing and Portfolio Management Law, 5755-1995 (the "Advice Law"), nor does it carry insurance thereunder.
In South Africa, please be advised that BlackRock Investment Management (UK) Limited is an authorised Financial Services provider with the South African Financial Services Conduct Authority, FSP No. 43288.

Any research in this document has been procured and may have been acted on by BlackRock for its own purpose. The results of such research are being made available only incidentally. The views expressed do not constitute investment or any other advice and are subject to change. They do not necessarily reflect the views of any company in the BlackRock Group or any part thereof and no assurances are made as to their accuracy.

This document is for information purposes only and does not constitute an offer or invitation to anyone to invest in any BlackRock funds and has not been prepared in connection with any such offer.

In Singapore, this document is provided by BlackRock (Singapore) Limited (company registration number:200010143N） for use only with institutional investors as defined in Section 4A of the Securities and Futures Act, Chapter 289 of Singapore. This advertisement or publication has not been reviewed by the Monetary Authority of Singapore.

In Hong Kong, this material is issued by BlackRock Asset Management North Asia Limited and has not been reviewed by the Securities and Futures Commission of Hong Kong. This material is for distribution to "Professional Investors" (as defined in the Securities and Futures Ordinance (Cap.571 of the laws of Hong Kong) and any rules made under that ordinance.) and should not be relied upon by any other persons or redistributed to retail clients in Hong Kong.

Important notes (cont'd)

In South Korea, this information is issued by BlackRock Investment (Korea) Limited. This material is for distribution to the Qualified Professional Investors (as defined in the Financial Investment Services and Capital Market Act and its sub-regulations) and for information or educational purposes only and does not constitute investment advice or an offer or solicitation to purchase or sells in any securities or any investment strategies.

In Taiwan, independently operated by BlackRock Investment Management (Taiwan) Limited. Address: 28F., No. 100, Songren Rd., Xinyi Dist., Taipei City 110, Taiwan. Tel: (02)23261600.
In Australia and New Zealand, [MM3] issued by BlackRock Investment Management (Australia) Limited ABN 13 006 165 975, AFSL 230 523 (BIMAL) for the exclusive use of the recipient, who warrants by receipt of this material that they are a wholesale client as defined under the Australian Corporations Act 2001 (Cth) and the New Zealand Financial Advisers Act 2008 respectively.

This material provides general information only and does not take into account your individual objectives, financial situation, needs or circumstances. Before making any investment decision, you should therefore assess whether the material is appropriate for you and obtain financial advice tailored to you having regard to your individual objectives, financial situation, needs and circumstances. Refer to BIMAL's Financial Services Guide on its website for more information. This material is not a financial product recommendation or an offer or solicitation with respect to the purchase or sale of any financial product in any jurisdiction.

This material is not intended for distribution to, or use by, any person or entity in any jurisdiction or country where such distribution or use would be contrary to local law or regulation. BIMAL is a part of the global BlackRock Group which comprises of financial product issuers and investment managers around the world. BIMAL is the issuer of financial products and acts as an investment manager in Australia. BIMAL does not offer financial products to persons in New Zealand who are retail investors (as that term is defined in the Financial Markets Conduct Act 2013 (FMCA)). This material does not constitute or relate to such an offer. To the extent that this material does constitute or relate to such an offer of financial products, the offer is only made to, and capable of acceptance by, persons in New Zealand who are wholesale investors (as that term is defined in the FMCA).

BIMAL, its officers, employees and agents believe that the information in this material and the sources on which it is based (which may be sourced from third parties) are correct as at the date of publication. While every care has been taken in the preparation of this material, no warranty of accuracy or reliability is given and no responsibility for the information is accepted by BIMAL, its officers, employees or agents. Except where contrary to law, BIMAL excludes all liability for this information.

In China, this material may not be distributed to individuals resident in the People's Republic of China ("PRC", for such purposes, not applicable to Hong Kong, Macau and Taiwan) or entities registered in the PRC unless such parties have received all the required PRC government approvals to participate in any investment or receive any investment advisory or investment management services.

For Southeast Asia: This document is issued by BlackRock and is intended for the exclusive use of any recipient who warrants, by receipt of this material, that such recipient is an institutional investors or professional/sophisticated/qualified/ accredited/expert investor as such term may apply under the relevant legislations in Southeast Asia (for such purposes, includes only Malaysia, the Philippines, Thailand, Indonesia and Brunei). BlackRock does not hold any regulatory licenses or registrations in Southeast Asia countries listed above, and is therefore not licensed to conduct any regulated business activity under the relevant laws and regulations as they apply to any entity intending to carry on business in Southeast Asia, nor does BlackRock purport to carry on, any regulated activity in any country in Southeast Asia. BlackRock funds, and/or services shall not be offered or sold to any person in any jurisdiction in which such an offer, solicitation, purchase, or sale would be deemed unlawful under the securities laws or any other relevant laws of such jurisdiction(s).

This material is provided to the recipient on a strictly confidential basis and is intended for informational or educational purposes only. Nothing in this document, directly or indirectly, represents to you that BlackRock will provide, or is providing BlackRock products or services to the recipient, or is making available, inviting, or offering for subscription or purchase, or invitation to subscribe for or purchase, or sale, of any BlackRock fund, or interests therein. This material neither constitutes an offer to enter into an investment agreement with the recipient of this document, nor is it an invitation to respond to it by making an offer to enter into an investment agreement.

The distribution of the information contained herein may be restricted by law and any person who accesses it is required to comply with any such restrictions. By reading this information you confirm that you are aware of the laws in your own jurisdiction regarding the provision and sale of funds and related financial services or products, and you warrant and represent that you will not pass on or utilize the information contained herein in a manner that could constitute a breach of such laws by BlackRock, its affiliates or any other person.

Important notes (cont'd)

In Japan, this is issued by BlackRock Japan. Co., Ltd. (Financial Instruments Business Operator: The Kanto Regional Financial Bureau. License No375, Association Memberships: Japan Investment Advisers Association, The Investment Trusts Association, Japan, Japan Securities Dealers Association, Type II Financial Instruments Firms Association.) for Professional Investors only (Professional Investor is defined in Financial Instruments and Exchange Act).

For Other Countries in APAC: This material is provided for your informational purposes only and must not be distributed to any other persons or redistributed. This material is issued for Institutional Investors only (or professional/sophisticated/qualified investors as such term may apply in local jurisdictions) and does not constitute investment advice or an offer or solicitation to purchase or sell in any securities, BlackRock funds or any investment strategy nor shall any securities be offered or sold to any person in any jurisdiction in which an offer, solicitation, purchase or sale would be unlawful under the securities laws of such jurisdiction.

The information provided here is neither tax nor legal advice. Investors should speak to their tax professional for specific information regarding their tax situation. Investment involves including possible loss of principal. International investing involves risks, including risks related to foreign currency, limited liquidity, less government regulation, and the possibility of substantial volatility due to adverse political, economic or other developments. These risks are often heightened for investments in emerging/developing markets or smaller capital markets.

FOR PROFESSIONAL, INSTITUTIONAL, WHOLESALE AND QUALIFIED INVESTORS/PROFESSIONAL, QUALIFIED AND PERMITTED CLIENT USE ONLY

©2024 BlackRock, Inc. All Rights Reserved. BLACKROCK is a registered trademark of BlackRock, Inc. All other trademarks are those of their respective owners.