BLACKROCK GREATER EUROPE INVESTMENT TRUST PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS 31 AUGUST 2014

BLACKROCK®

Investment Objective

The Company's objective is the achievement of capital growth, primarily through investment in a focused portfolio constructed from a combination of the securities of large, mid and small capitalisation European companies, together with some investment in the developing markets of Europe.

The Company will have the flexibility to invest in any country included in the FTSE World Europe ex UK Index, as well as the freedom to invest in developing countries not included in the Index but considered by the Manager and the Directors as part of greater Europe.

aic
The Association of Investment Companies

A MEMBER OF THE ASSOCIATION OF INVESTMENT COMPANIES

Details about the Company are available on the BlackRock website at blackrock.co.uk/brge

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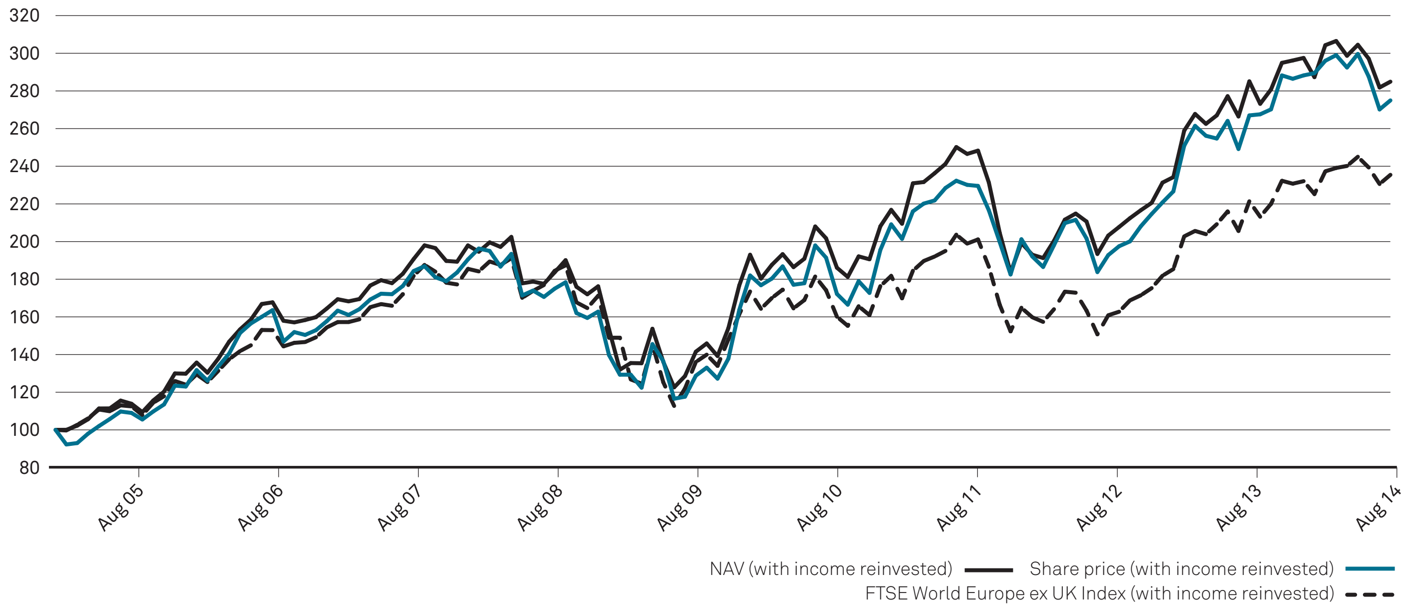
FINANCIAL HIGHLIGHTS

Attributable to ordinary shareholders	As at 31 August 2014	As at 31 August 2013	Change %
Assets			
Net asset value per ordinary share – undiluted	237.98p	234.49p	+1.5
– with income reinvested**			+4.3
Net asset value per ordinary share – diluted	237.98p	234.23p	+1.6
– with income reinvested**			+4.5
Net assets (£'000)*	258,987	254,941	+1.6
Ordinary share price (mid-market)	228.50p	228.75p	-0.1
– with income reinvested**			+2.8
Subscription share price (mid-market)	10.00p	23.38p	-57.2

	For the year ended 31 August 2014	For the year ended 31 August 2013	Change %
Revenue			
Net revenue return after taxation (£'000)	4,964	7,295	-32.0
Revenue return per ordinary share – basic and diluted	4.59p	6.32p	-27.4
Dividends:			
– Interim	1.50p	–	
– Final	3.20p	4.50p+	
Total dividends paid and payable	4.70p	4.50p	+4.4

* The change in net assets reflects the tender offer implemented in the year, market movements and the exercise of subscription shares.
** Net asset value and share price performance include the dividend reinvestment.
\+ Excluding a special dividend of 1.00p per share.

PERFORMANCE SINCE LAUNCH ON 20 SEPTEMBER 2004 TO 31 AUGUST 2014



Sources: BlackRock Investment Management (UK) Limited and Datastream.
Total return performance record in Sterling terms, rebased to 100 at 20 September 2004.

Overview

Chairman's statement

OVERVIEW

After enjoying excellent returns at the interim stage, market conditions in the second half of our financial year proved to be much more challenging. A perception of growing political risks in Ukraine and the Middle East combined with the sluggish pace of economic recovery to create a volatile background against which long term investors struggled to hold their nerve as the more short term investors unwound their positions. Meanwhile, lack of clarity about the direction of central bank policy was an added uncertainty in unsettled markets.

PERFORMANCE

Against this background, the Company underperformed the market for the year as a whole, despite the good performance reported at the interim. For the twelve months ended 31 August 2014, the undiluted net asset value (NAV) per share returned 4.3%, compared with a return of 10.4% in the FTSE World Europe ex UK Index. The share price returned 2.8% over the same period. All percentages are calculated in Sterling terms with income reinvested.

A full explanation of market factors and the background to the underperformance is set out in the Investment Managers' Report.

Since the year end, the Company's undiluted NAV per share decreased by 6.4% compared with a fall in the FTSE World Europe ex UK Index of 7.0% over the same period.

REVENUE RETURN AND DIVIDENDS

The revenue return for the year was 4.59p per share compared with 6.32p per share for the previous year. The reduction in revenue compared with the previous year is due to sales of the Company's higher yielding stocks and a fall in special dividends.

The Board declared a dividend at the half year stage of 1.50p per share and this was paid to shareholders on 30 May 2014 (2013: nil). The Directors now recommend the payment of a final dividend of 3.20p per share making a total dividend for the year of 4.70p per share (2013: 4.50p plus a special dividend of 1.00p per share). The dividend will be paid on 12 December 2014 to shareholders on the Company's register on 31 October 2014. The ex dividend date is 30 October 2014.

DISCOUNT CONTROL AND TENDER OFFERS

The Directors recognise the importance to shareholders that the Company's shares should not trade at a significant discount to their underlying NAV. As the Company's shares had traded at an average discount to NAV of 2.2% over the six month period to 28 February 2014, the Directors decided not to implement a semi-annual tender offer in May 2014.

It was announced on 19 September 2014 that the next semi-annual tender offer will take place on 1 December 2014 being the first business day after 30 November 2014. The tender offer will be for up to 20% of the shares in issue (excluding treasury shares) at the prevailing fully diluted NAV per share subject to a discount of 2%. A Circular relating to the tender offer is enclosed with this Annual Report. The Circular will be available on the BlackRock website at blackrock.co.uk/brge, and additional copies may be requested from the Company's registered office c/o The Secretary, BlackRock Greater Europe Investment Trust plc, 12 Throgmorton Avenue, London EC2N 2DL.

Resolutions to renew the Company's semi-annual tender authorities will be put to shareholders at the forthcoming Annual General Meeting.

ALTERNATIVE INVESTMENT FUND MANAGERS' DIRECTIVE (AIFMD)

BlackRock Fund Managers Limited (BFM) was appointed as the Company's Alternative Investment Fund Manager (AIFM or Manager) on 2 July 2014. The Board has also appointed BNY Mellon Trust & Depositary (UK) Limited to act as the Company's depositary. In complying with its new regulatory obligations, the Board takes this opportunity to reassure shareholders that it continues to act independently of the AIFM and the arrangements in respect of the management and performance fees remain unchanged. BlackRock Investment Management (UK) Limited (BIM (UK)) continues to act as the Company's Investment Manager under a delegation agreement with BFM.

NEW REPORTING REQUIREMENTS

This Annual Report has been restructured to comply with the new framework for reporting to shareholders. A new Strategic Report replaces the Business Review, previously part of the Directors' Report. Other changes cover the Directors' Remuneration Report, including remuneration policy, which will be the subject of a binding shareholder vote; the work and responsibilities of the Audit and Management Engagement Committee; the report of the Independent Auditor; and regulatory disclosures including those in respect of the AIFMD.

BOARD

Having decided to step down from the Board, my predecessor as Chairman, John Walker-Haworth, who was Chairman from the Company's launch on 20 September 2004, did not seek re-election at the last Annual General Meeting in December 2013. On behalf of the Board, I would like to take this opportunity to thank him for his enormous contribution over the years and especially for his careful stewardship, guidance and leadership. We wish him well for the future.

The Board's composition is reviewed on a regular basis to ensure that it has the appropriate balance of skills, knowledge and experience to fulfil its obligations. With a view to planning for succession and keeping the Board membership refreshed, we have appointed an independent search consultant to help us in appointing an additional Board member.

OUTLOOK

Despite disappointing macroeconomic news during the second quarter, our Portfolio Managers remain broadly positive on European equities. Valuations are reasonable relative to other asset classes and to U.S. equities. European earnings expectations for 2014 are also now more realistic and the weakening of the Euro should support revised growth forecasts.

In late August, Mario Draghi, president of the European Central Bank (ECB), indicated that he is willing to see some economic stimulus and this should increase interest in European stocks in the coming months. Draghi's clear objective is to protect the Euro while promoting nominal growth in Europe and recent measures announced by the ECB are designed to provide a boost in liquidity with the ultimate aim of reducing the cost of corporate debt. Developments are not expected to be rapid, but more aggressive central bank policy should help to support any European economic recovery which has faltered in recent months and provide a positive catalyst for markets.

ANNUAL GENERAL MEETING

The Annual General Meeting of the Company will be held at 12.00 noon, at the offices of BlackRock, at 12 Throgmorton Avenue, London EC2N 2DL on Wednesday, 3 December 2014. The Portfolio Managers, Vincent Devlin and Sam Vecht, will make a presentation highlighting the performance of the past year and prospects for the year to come and they will be available to answer questions.

We, the Directors of your Company, regard the Annual General Meeting as the most important meeting of the year and we encourage you to come along. We have considered the resolutions proposed in the Notice of the Annual General Meeting and believe that all are in the interests of shareholders as a whole. We therefore recommend that you vote in favour of each resolution.

CAROL FERGUSON
21 October 2014

Performance

Strategic report

The Directors present the Strategic Report of the Company for the year ended 31 August 2014. The aim of the Strategic Report is to provide shareholders with the information to assess how the Directors have performed their duty to promote the success of the Company for the collective benefit of shareholders.

PRINCIPAL ACTIVITY

The Company carries on business as an investment trust and its principal activity is portfolio investment.

OBJECTIVE

The Company's objective is the achievement of capital growth, primarily through investment in a focused portfolio constructed from a combination of the securities of large, mid and small capitalisation European companies, together with some investment in the developing markets of Europe. The Company will also have the flexibility to invest in any country included in the FTSE World Europe ex UK Index, as well as the freedom to invest in developing countries not included in the Index but considered by the Manager and the Directors as part of greater Europe.

STRATEGY, BUSINESS MODEL AND INVESTMENT POLICY

The Company's policy is that the portfolio should consist of approximately 30-70 securities and the majority of the portfolio will be invested in larger capitalisation companies, being companies with a market capitalisation of over €5 billion. Up to 25% may be invested in companies in developing Europe with the flexibility to invest up to 5% of the portfolio in unquoted investments. However, overall exposure to developing European companies and unquoted investments together will not exceed 25% of the Company's portfolio.

As at 31 August 2014, the Company held 55 investments. 7.7% of the portfolio was invested in developing Europe. The Company had no unquoted investments.

Investment in developing European securities may be either direct or through other funds, including those managed by BlackRock Investment Management (UK) Limited (BIM (UK)), subject to a maximum of 15% of the portfolio. Direct investment in Russia is limited to 10% of the Company's assets. Investments may also include depositary receipts or similar instruments representing underlying securities.

The Company also has the flexibility to invest up to 20% of the portfolio in debt securities, such as convertible bonds and corporate bonds. No bonds were held at 31 August 2014. The use of any derivative instruments such as financial futures, options and warrants and the entering into of stock lending arrangements will only be for the purposes of efficient portfolio management.

While the Company may hold shares in other investment companies (including investment trusts), the Board has agreed that the Company will not invest more than 15%, in aggregate, of its gross assets in other listed closed-ended investment funds (save to the extent that such closed-ended investment funds have published investment policies to invest no more than 15% of their total assets in such other listed closed-ended investment funds).

The Company achieves an appropriate spread of risk by investing in a diversified portfolio of securities.

The Investment Manager believes that appropriate use of gearing can add value over time. This gearing typically is in the form of an overdraft facility which can be repaid at any time. The level and benefit of any gearing is discussed and agreed regularly by the Board. The Investment Manager generally aims to be fully invested and it is anticipated that gearing will not exceed 15% of net asset value (NAV) at the time of draw down of the relevant borrowings. At the year end, the Company did not have any gearing (2013: 4.3%).

The Directors recognise that it is in the long term interests of shareholders that shares do not trade at a significant discount to their prevailing NAV. The Board believes this may be achieved through the use of regular tender offers and the use of share buy back powers. In the year to 31 August 2014, the Company's share price to NAV traded from a premium of 0.5% to a discount of 6.0% calculated on an undiluted cum income basis (diluted NAV: from a premium of 1.2% to a discount of 6.0% respectively).

PERFORMANCE

In the year to 31 August 2014, the Company's undiluted NAV per share returned 4.3% (compared with a return in the FTSE World Europe ex UK Index of 10.4%) and the share price returned 2.8% (all percentages calculated in Sterling terms with income reinvested).

The Investment Manager's Report on pages 9 and 10 includes a review of the main developments during the year, together with information on investment activity within the Company's portfolio.

RESULTS AND DIVIDENDS

The results for the Company are set out in the Income Statement on page 35. The total profit for the year, after taxation, was £11,696,000 (2013: £62,119,000). The reduction in profit primarily arises from a decrease in investment holding gains. The revenue return amounted to £4,964,000 (2013: £7,295,000).

As explained in the Company's Half Yearly Financial Report, the Directors declared an interim dividend of 1.50p per share (2013: nil). The Directors recommend the payment of a final dividend of 3.20p per share making a total dividend of 4.70p (2013: 4.50p and a special dividend of 1.00p per share). Subject to approval at the forthcoming Annual General Meeting, the dividend will be paid on 12 December 2014 to shareholders on the register of members at the close of business on 31 October 2014.

KEY PERFORMANCE INDICATORS

At each Board meeting, the Directors consider a number of performance measures to help assess the Company's success in achieving its objectives. The key performance indicators (KPIs) used to measure the progress and performance of the Company over time and which are comparable to those reported by other investment trusts are set out below.

	As at 31 August 2014	As at 31 August 2013
Net asset value per share – undiluted	237.98p	234.49p
Net asset value per share – diluted	237.98p	234.23p
Share price	228.50p	228.75p
Discount to net asset value – undiluted	4.0%	2.4%
Discount to net asset value – diluted	4.0%	2.3%

	Year ended 31 August 2014	Year ended 31 August 2013
Revenue return per share – undiluted	4.59p	6.32p
Ongoing charges*	0.9%	0.9%
Ongoing charges#	0.9%	1.3%

* Ongoing charges (excluding interest costs and any performance fees, after any relief for taxation) as a % of average shareholders' funds.
\# Ongoing charges (including any performance fees but excluding interest costs, after any relief for taxation) as a % of average shareholders' funds.

The Board monitors the above KPIs on a regular basis. Additionally, it regularly reviews a number of indices and ratios to understand the impact on the Company's relative performance of the various components such as asset allocation and stock selection. The Board also assesses the Company's performance against its peer group of investment trusts with similar investment objectives.

Whilst the NAV has appreciated, the share price (excluding income reinvested) has fallen, which is disappointing. This was as a result of poor investor sentiment and the strong market rotation as explained in the Investment Manager's Report. The reduction in revenue compared with the previous year is due to sales of the Company's higher yielding stocks and a fall in special dividends.

PRINCIPAL RISKS

The key risks faced by the Company are set out below. The Board regularly reviews and agrees policies for managing each risk, as summarised below.

- Performance risk – The Board is responsible for deciding the investment strategy to fulfil the Company's objective and monitoring the performance of the Investment Manager. An inappropriate strategy may lead to underperformance against the reference index and the Company's peer group. To manage this risk the Investment Manager provides an explanation of significant stock selection decisions and the rationale for the composition of the investment portfolio. The Board monitors and mandates an adequate spread of investments, in order to minimise the risks associated with particular countries or factors specific to particular sectors, based on the diversification requirements inherent in the Company's investment policy. The Board also receives and reviews regular reports showing an analysis of the Company's performance against the FTSE World Europe ex UK Index and other similar indices. Past performance is not necessarily a guide to future performance and the value of your investment in the Company and the income from it can fluctuate as the value of the underlying investments fluctuate.

- Income/dividend risk – The amount of dividends and future dividend growth will depend on the Company's underlying portfolio. Any change in the tax treatment of the dividends or interest received by the Company (including as a result of withholding taxes or exchange controls imposed by jurisdictions in which the Company invests) may reduce the level of dividends received by shareholders. The Board monitors this risk through the receipt of detailed income forecasts and considers the level of income at each meeting.

- Regulatory risk – The Company operates as an investment trust in accordance with the requirements of Chapter 4 of Part 24 of the Corporation Tax Act 2010. As such, the Company is exempt from capital gains tax on the sale of its investments. The Investment Manager monitors investment movements, the level of forecast income and expenditure and the amount of proposed dividends to ensure that the provisions of Chapter 4 of Part 24 of the Corporation Tax Act 2010 are not breached and the results are reported to the Board. Following authorisation under the Alternative Investment Fund Managers' Directive (AIFMD), the Company and its appointed Alternative Investment Fund Manager (AIFM) are subject to the risks that the requirements of this Directive are not correctly complied with. The Board and the Manager also monitor changes in government policy and legislation which may have an impact on the Company.

- Operational risk – In common with most other investment trust companies, the Company has no employees. The Company therefore relies upon the services provided by third parties and is dependent on the control systems of the Manager, BNY Mellon Trust & Depositary (UK) Limited (the Depositary) and the Bank of New York Mellon (International) Limited, who maintain the Company's accounting records. The security of the Company's assets, dealing procedures, accounting records and maintenance of regulatory and legal requirements, depend on the effective operation of these systems. These have been regularly tested and monitored throughout the period which is evidenced through their Service Organisation Control (SOC) reports to provide assurance regarding the effective operation of internal controls which are reported on by their reporting accountants and give assurance regarding the effective operation of controls. The Board also considers succession arrangements for key employees of the Investment Manager and the business continuity arrangements for the Company's key service providers.

- Market risk – Market risk arises from volatility in the prices of the Company's investments. It represents the potential loss the Company might suffer through holding investments in the face of negative market movements. In addition, it should be noted that emerging markets tend to be more volatile than more established stock markets and therefore present a greater degree of risk. Changes in general economic and market conditions in certain countries, such as interest rates, exchange rates, rates of inflation, industry conditions, competition, political events and trends, tax laws, national and international conflicts, economic sanctions and other factors can also substantially and adversely affect the securities and, as a consequence, the Company's prospects and share price. The Board considers asset allocation, stock selection, unquoted investments and levels of gearing on a regular basis and has set investment restrictions and guidelines which are monitored and reported on by the Investment Manager. The Board monitors the implementation and results of the investment process with the Investment Manager.

- Financial risk – The Company's investment activities expose it to a variety of financial risks that include market risk, currency risk, interest rate risk, market price risk, liquidity risk and credit risk. Further details are disclosed in note 18 on pages 47 to 52 together with a summary of the policies for managing these risks.

- Gearing risk – The Company has the power to borrow money (gearing) and does so when the Investment Manager is confident that market conditions and opportunities exist to enhance investment returns. However, if the investments fall in value, any borrowings will magnify the extent of this loss. All borrowings require the approval of the Board and gearing levels are discussed by the Board and the Investment Manager at each meeting.

FUTURE PROSPECTS

The Board's main focus is to achieve capital growth. The future performance of the Company is dependent upon the success of the investment strategy and, to a large extent, on the performance of financial markets. The outlook for the Company in the next twelve months is discussed in the Investment Manager's Report on page 10 and the Chairman's Statement on page 5.

SOCIAL, COMMUNITY AND HUMAN RIGHTS ISSUES

As an investment trust, the Company has no direct social or community responsibilities. However, the Company believes that it is in shareholders' interests to consider human rights issues, and environmental, social and governance factors when selecting and retaining investments. Details of the Company's policy on socially responsible investment are set out on page 27.

DIRECTORS, GENDER REPRESENTATION AND EMPLOYEES

The Directors of the Company on 31 August 2014, all of whom held office throughout the year, are set out in the Directors' biographies on page 15. The Board consists of two male Directors and two female Directors. The Company does not have any employees.

The information set out on pages 9 to 14, including the Investment Manager's Report, forms part of the Strategic Report.

The Strategic Report was approved by the Board at its meeting on 21 October 2014.

BY ORDER OF THE BOARD

BLACKROCK INVESTMENT MANAGEMENT (UK) LIMITED
Company Secretary
21 October 2014

Performance

Investment manager's report

MARKET OVERVIEW

The Company's share price and underlying NAV gained over the last twelve months to 31 August 2014, but performance was disappointing when compared with the broad market. In the year, the Company's undiluted NAV returned 4.3% and the share price returned 2.8%. By way of comparison, the FTSE World Europe ex UK Index returned 10.4% over the same period. All percentages are calculated in Sterling terms with income reinvested.

We have seen two distinct periods in European equities over the last twelve months. First, from September to February, equities rose in anticipation of a long-awaited economic recovery in the Eurozone. Despite a lack of earnings growth in Europe, markets rallied as leading indicators of consumer spending and business conditions indicated economic expansion in the Eurozone. The financial system showed signs of healing for the first time since the recession, with bank funding costs falling in southern Europe and loan demand beginning to pick up towards the end of 2013. The European Central Bank (ECB) had already taken action in 2012 to indicate that it would do 'whatever it takes' to keep the more troubled economies solvent. Markets were also buoyed by international investors buying into Europe in order to take advantage of cheap valuations and, in the periphery, the turning point in economic fortunes.

The second period, from mid-March to the end of August, saw a change in direction for Europe, both at a headline level (the market return was flat in this period, having gained from September to February) and in the composition of the types of stocks that were favoured by investors. The Company's weaker performance during the year can be attributed to this period, especially in April, July and August. This reversal was characterised by stocks and sectors that had performed well over the previous 'recovery' phase subsequently underperforming sharply, such as the technology, financials and industrials sectors. In some cases, shares fell by more than 20% in a matter of weeks despite no observable deterioration in the earnings or cash flow profile of the business. Simultaneously, the stocks and sectors that had underperformed over the 'recovery' period began to outperform such as the oil & gas, utilities and basic material sectors. Indeed, during April, the oil & gas sector outperformed the technology sector by more than 10%. Moving into July and August, weaker macroeconomic data from many European countries during the summer, along with continued escalation of geopolitical issues in Russia, Ukraine and the Middle East, caused stocks with higher sensitivity to the economy (often called 'cyclicals') to underperform.

PORTFOLIO ACTIVITY

Positions in both emerging Europe and developed Europe detracted from performance over the year. Within developed Europe, the sharp rotation in market leadership outlined above caused losses across various parts of the portfolio. Stocks within the consumer services, financial and technology sectors proved the most challenged as investors rotated away from these areas. The Company's biases to certain sectors also detracted from performance, especially the higher exposure to the industrials sector and a lower exposure to utilities. The portfolio's average exposure to emerging Europe was 8% during the full year; within this, positions in Russia hindered performance the most, as the impact of tensions between Russia and Ukraine was felt in the equity markets. The portfolio had an average gearing of -1.0% during the period; this modestly benefited portfolio performance.

Banks were among the worst performing positions in the Company during the reporting year. A position in Russian bank Sberbank had the most impact, with the share price falling by more than 25%. The Russian market has been largely ignoring fundamental valuations with geopolitical tension between Russia and Ukraine being the dominant driver of market direction. While there is still room for downside in the event of more serious sanctions, it is crucial to emphasise that the prospects for returns would be very positive if there is stabilisation in the region. The recent announcement of a cease-fire is indicative of a de-escalation of the crisis with an increased likelihood that a political resolution will be found. Also within the financial sector, not holding Spanish bank Banco Santander detracted from performance. The stock performed strongly, returning over 44% on the back of improving economic conditions in Spain. However, we still feel that there are too many uncertainties surrounding their Brazilian business and in our view the current valuation of the stock remains relatively expensive. In contrast, several domestically exposed European banks performed well earlier in the year as the potential for earnings to normalise increased. The most notable of these were German business Commerzbank, which benefited from the disposal of part of its non-core asset book, and Belgian retail bank KBC.

In the consumer sectors, businesses with a higher degree of emerging market exposure (especially in Asia) performed worst. A position in Remy Cointreau detracted from returns, falling over 26% as the market became cautious around its significant exposure to China, for which economic data was weakening, and the effect of the clampdown on the Chinese custom of gifting. A position in Portuguese retailer Jeronimo Martins also detracted due to negative sentiment in relation to its eastern European exposure and, later in the period, deflationary pressures in Poland as competition in the food retail market increased.

Within telecoms, a position in French telecom business Iliad fell 21% over the period after they announced their intention to acquire a majority stake in US mobile business T-Mobile. This had a negative impact on the share price as investors saw this as a significant divergence from their core business and the original investment case which was predicated on the management team's competitive approach in its domestic market.

On a more positive note, some positions enjoyed significant share price gains during the reporting year. Positions in the auto sector performed well as the European autos market

Performance

Investment manager's report continued

began to recover from very depressed levels. German tyre and auto part manufacturer Continental and French car manufacturer Renault performed especially well in this context. Within health care, a position in Danish diabetes treatment company Novo Nordisk was one of the Company's best performers, with the share price rising by 30% over the period. Following a relatively poor 2013 for the company, the market is now focusing on the potential for a new drug, which combines two of Novo Nordisk's existing diabetes treatments, to help drive growth further for the company over the next few years. There was also news that a competitor's rival offering had not demonstrated any efficiency over one of its own key pipeline product offerings. Finally, within the consumer sector, a holding in Danish jeweller Pandora performed well gaining by more than 33% due to a combination of falling raw materials costs and rising sales across the majority of regions.

The Company's basic positioning did not change very significantly during the period. This reflects the fact that, in our view, the direction of the earnings cycle in Europe did not significantly change despite the volatility seen in the market during the second half of the reporting year. For example, the Company had more exposure to health care, consumer services, financials and technology, and less exposure to basic materials, utilities, telecoms and consumer goods for most of the period. The most notable shift was away from consumer goods businesses such as autos and beverages and into industrials such as construction and engineering businesses. This change took place during the first quarter of 2014. Otherwise, changes were limited to some additions in the oil & gas sector and a reduction in telecoms, which despite an increase in industry consolidation does not yet offer the vital ingredient of pricing growth. As a result, we believe that many of the holdings in the Company today offer greater potential upside than they would have following the recent period of weaker performance and that the solid fundamentals of these businesses remain intact.

PORTFOLIO ANALYSIS

Information regarding the Company's investment exposures is contained within the investment listing on pages 12 and 13 and the investment size, market capitalisation and distribution of investment charts on page 14.

OUTLOOK

The economic recovery in Europe has faltered in recent months and this has exacerbated the problems faced by Europe's cyclical businesses following a difficult second quarter. Whilst the recovery in Europe is more muted than initially expected, we believe that we are unlikely to see a 'triple-dip' recession in the region, given that economic momentum in the U.S. continues to be strong and the ECB package of measures should have a positive impact on growth over the next 12 months. While the ECB measures directly address the supply of credit, many investors remain worried about the lack of demand at both company and household levels. In our view, after a muted five years, there is some pent up demand in corporate spending, with companies' investment intentions improving. Demand for credit has also been encouraged by current lower business loan rates.

European valuations have re-rated over the last year and look to be in line with their long term average. However, European equities are still under-priced versus the U.S. and are at extremely cheap valuations on longer term metrics. Consensus earnings estimates have been cut this year but they now are beginning to be adjusted upwards from a low base, and the Euro weakness is likely to provide support to earnings with over 50% of European listed companies' turnover coming from outside Europe. On balance, the European recovery is in our view intact, albeit the pace remains sluggish.

VINCENT DEVLIN AND SAM VECHT
BlackRock Investment Management (UK) Limited
21 October 2014

Performance

Ten largest investments as at 31 August 2014

Roche: 6.0% (2013: 6.1%) is a Swiss pharmaceuticals company with global exposure. Roche has gone through a strong period of growth but has now transitioned to focusing on profitability and improving shareholder returns. Continued cost control, combined with a growing and attractive dividend yield and a solid pipeline of drugs coming to market, make this an attractive investment case.

Novo Nordisk: 4.6% (2013: 3.4%) is a Danish pharmaceuticals company and the dominant global franchise in diabetes treatment. The company has high levels of market share in Asia ex-Japan, which is a rapidly growing market for insulin demand, and we believe that the company has significant potential to continue its strong track record of delivering double-digit earnings growth per year for the foreseeable future.

Bayer: 4.2% (2013: 3.3%) is a German company with divisions in health care, nutrition and high-tech materials. The company offers strong growth over the next 3-5 years, especially within its pharmaceuticals and crop science businesses, fuelled by new products coming to market. We see good value in the company as it looks cheap for the growth profile it offers.

Zurich Insurance Group: 3.3% (2013: 3.0%) is a Swiss-based insurance company. The company is relatively defensive when compared to the broad insurance sector due to its exposure to non-life products and has a resilient balance sheet in our view. The company also offers a high and stable dividend yield paid net of withholding tax and has a solid management team.

ENI: 3.2% (2013: nil) is an Italian oil and gas company. Management at ENI have demonstrated a willingness to address investor concerns, in particular announcing a cost cutting programme, accelerated downstream restructuring and options for their engineering and construction division. Our view that their free cash flow generation is improving due to the cost cutting programme and downstream restructuring is one of the key drivers for this stock. The increased cash generation will allow the company to cover its dividend organically by 2016.

GDF Suez: 3.0% (2013: nil) is a diversified French utility company which has operations from upstream generation down to transmission and distribution. GDF Suez has the highest dividend yield in the sector; however, it has no longer been trading on the premium it once did. This has presented an interesting investment case based on valuation. The company has also been taking action on its balance sheet by launching a cost cutting and disposal programme which adds an element of self-help to the stock.

Continental: 2.6% (2013: 3.4%) is a German auto supplier. We believe it is one of the highest quality large cap auto-related stocks in Europe and is able to benefit from the 'mega trends' of CO_2 emission reduction and active safety in the global car market. The company is priced at a very attractive valuation given the potential growth rate and could benefit from a rebound in the depressed European car market.

ING: 2.5% (2013: 1.9%) is a Dutch banking and financial services company with its primary businesses being retail banking, commercial banking, investment banking, direct banking, asset management and insurance. The company has been undergoing a restructuring process to dispose of several insurance assets, focusing more on its banking divisions. The company is attractively priced with further upside potential as the macro environment improves and rates potential rise.

Schneider Electric: 2.5% (2013: 1.5%) is a French electrical distribution and industry automation specialist which focuses on energy efficiencies. The company has a good market position, high operating returns and strong cash flow generation. However, the stock now trades on a discount to its peers after several acquisitions have resulted in poor returns on capital employed. This has presented an opportunity as management have stated their intention to focus on organic growth and improving returns on capital employed which should help drive the share price going forward.

KBC: 2.5% (2013: 2.6%) is a Belgian bank which is involved in multiple businesses including retail and merchant banking. KBC is one of the largest banks in Europe and has a significant presence in central and eastern Europe. The bank has significantly increased its capital ratio and provisioned for losses on its Irish loan book ahead of the Asset Quality Review which we believe it will get through comfortably. It remains one of our top picks in the sector.

All percentages reflect the value of the holding as a percentage of total investments.
Percentages in brackets represent the value of the holding as at 31 August 2013.
Together, the ten largest investments represent 34.4% of the Company's portfolio (31 August 2013: 34.7%).

Performance

Investments as at 31 August 2014

	Country of operation	Market value £'000	% of investments
Financials			
Zurich Insurance Group	Switzerland	8,365	3.3
ING	Netherlands	6,361	2.5
KBC	Belgium	6,312	2.5
Sberbank	Russia	5,070	2.0
Sampo Oyj	Finland	4,899	1.9
Unibail-Rodamco	France	4,675	1.8
Nordea Bank	Sweden	4,347	1.7
Intesa Sanpaolo	Italy	4,139	1.6
Türkiye Garanti Bankasi	Turkey	3,641	1.4
Partners Group	Switzerland	3,559	1.4
Türkiye Halk Bankasi	Turkey	3,545	1.4
Banca Popolare di Milano	Italy	3,046	1.2
OTP Bank	Hungary	2,953	1.1
Anima	Italy	2,699	1.1
UniCredit	Italy	2,640	1.0
Bank of Ireland	Ireland	2,359	0.9
Cembra Money Bank	Switzerland	1,519	0.6
BlackRock's Institutional Cash Fund	Ireland	1,023	0.4
		71,152	**27.8**
Industrials			
Schneider Electric	France	6,358	2.5
Compagnie de Saint-Gobain	France	5,410	2.1
Airbus	France	5,125	2.0
Assa Abloy	Sweden	4,567	1.8
Aeroports de Paris	France	4,376	1.7
CTT – Correios de Portugal	Portugal	4,002	1.6
Alfa Laval	Sweden	3,955	1.5
Hexagon	Sweden	3,580	1.4
Geberit	Switzerland	3,517	1.4
Holcim	Switzerland	3,299	1.3
Adecco	Switzerland	2,605	1.0
Kingspan	Ireland	1,914	0.8
Saft Groupe	France	719	0.2
		49,427	**19.3**
Health Care			
Roche	Switzerland	15,470	6.0
Novo Nordisk	Denmark	11,753	4.6
Fresenius	Germany	5,530	2.2
Grifols	Spain	3,290	1.3
GN Store Nord	Denmark	872	0.3
		36,915	**14.4**
Consumer Goods			
Continental	Germany	6,718	2.6
Unilever	Netherlands	5,410	2.1
Compagnie Financiére Richemont	Switzerland	5,259	2.1
Autoliv	Sweden	3,088	1.2
Norma	Germany	2,497	1.0
		22,972	**9.0**

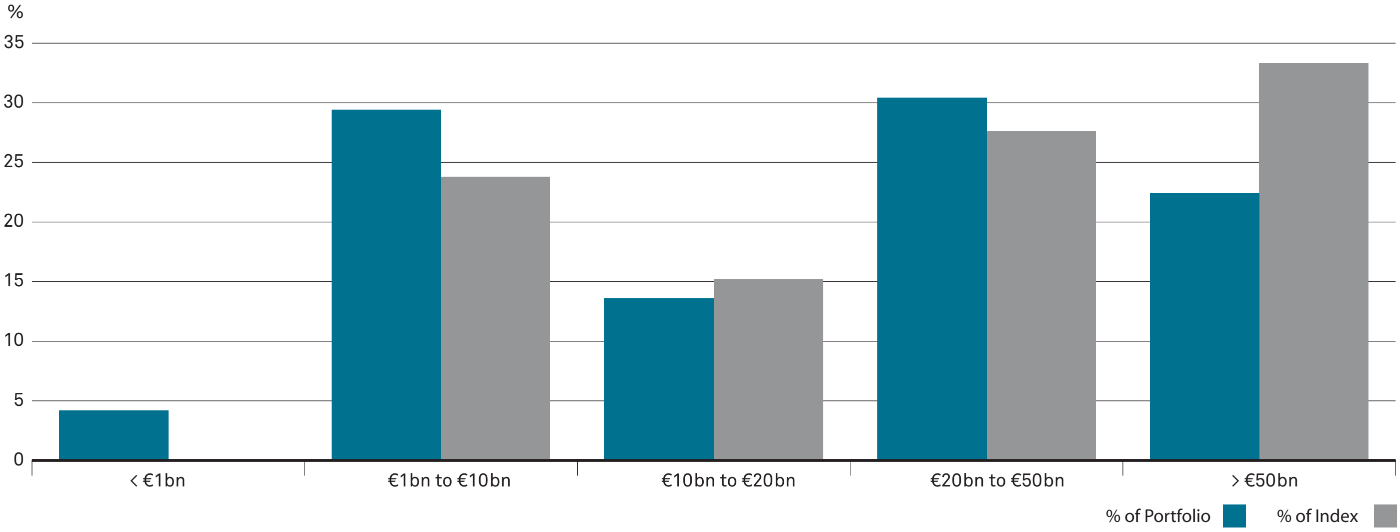
	Country of operation	Market value £'000	% of investments
Basic Materials			
Bayer	Germany	10,766	4.2
Syngenta	Switzerland	5,409	2.1
Uralkali	Russia	4,480	1.8
		20,655	**8.1**
Consumer Services			
Ryanair	Ireland	6,093	2.4
Reed Elsevier	Netherlands	4,735	1.8
ProSieben	Germany	3,591	1.4
Mediaset	Italy	2,812	1.1
Jerónimo Martins	Portugal	2,797	1.1
		20,028	**7.8**
Oil & Gas			
ENI	Italy	8,202	3.2
Total	France	5,698	2.2
		13,900	**5.4**
Technology			
ASML	Netherlands	5,774	2.3
Iliad	France	4,123	1.6
Capgemini	France	3,399	1.3
		13,296	**5.2**
Utilities			
GDF Suez	France	7,738	3.0
		7,738	**3.0**
Total Investments		**256,083**	**100.00**

All investments are in ordinary shares unless otherwise stated. The total number of investments held at 31 August 2014 was 55 (31 August 2013: 53).

Performance

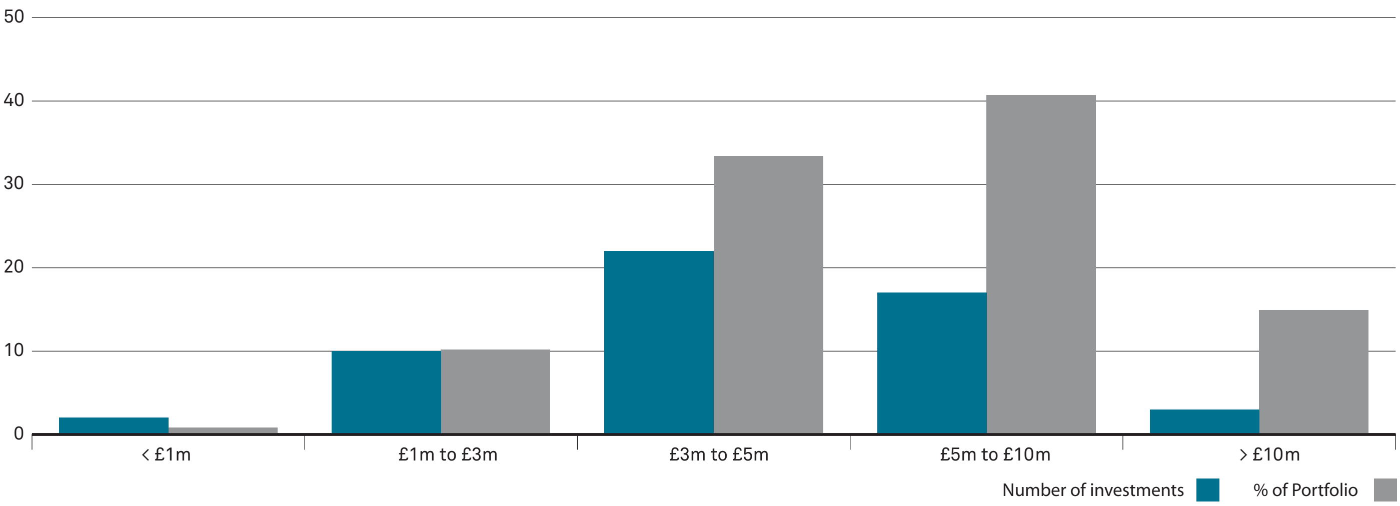
Investment exposure

MARKET CAPITALISATION AS AT 31 AUGUST 2014



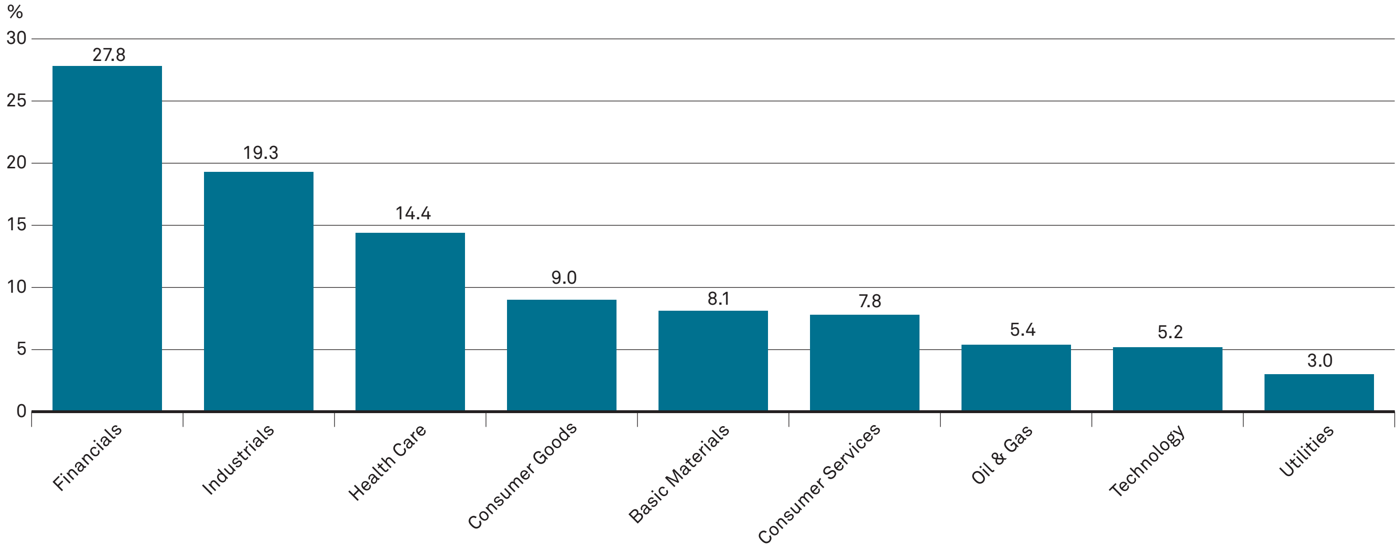
Source: BIM (UK).

INVESTMENT SIZE AS AT 31 AUGUST 2014



Source: BIM (UK).

DISTRIBUTION OF INVESTMENTS AS AT 31 AUGUST 2014



Source: BIM (UK).

Governance

Governance structure and directors' biographies

Responsibility for good governance lies with the Board. The governance framework of the Company reflects the fact that as an investment company it has no employees and outsources investment management and administration to the Manager and other external service providers.

The Board

Four non-executive Directors (NEDs), all independent of the Investment Manager

Chairman: Carol Ferguson (since December 2013)

5 scheduled meetings per annum

Objectives:

- To determine investment policy, strategy and parameters;
- To provide leadership within a framework of prudent and effective controls which enable risk to be assessed and managed and the Company's assets to be safeguarded; and
- To challenge constructively and scrutinise performance of all outsourced activities.

Committees

Audit and Management Engagement Committee

2 scheduled meetings per annum

Membership: All NEDs

Chairman: Eric Sanderson (since December 2013)

Key objectives:

- To oversee financial reporting and the control environment;
- To review other service providers; and
- To review the performance of the Manager.

Nomination Committee

1 scheduled meeting per annum

The Board as a whole performs this function

Key objectives:

- To regularly review the Board's structure and composition; and
- To make recommendations for any new appointments.

Remuneration Committee

1 scheduled meeting per annum

The Board as a whole performs this function

Key objective:

- To set the remuneration policy.

Directors

Carol Ferguson

Chairman,
Appointed June 2004

is a qualified accountant and has over twenty five years' experience in the investment and financial services industry. She is also a non-executive director of Monks Investment Trust PLC and Standard Life UK Smaller Companies Trust PLC and Chairman of Invesco Asia Trust plc. She is also on the board of Vernalis plc.

Attendance record:
Board: 5/5
Audit and Management Engagement Committee: 2/2

Eric Sanderson

Audit and Management Engagement Committee Chairman,
Appointed April 2013

is a chartered accountant and a banker and was chief executive of British Linen Bank from 1989 to 1997 and a member of the management board of Bank of Scotland in his role as head of group treasury operations from 1997 to 1999. He was formerly chairman of MyTravel Group PLC, MWB Group Holdings and Dunedin Fund Managers Limited. He is presently chairman of the Court (Governing Body) of the University of Dundee and chairman of Schroder UK Mid Cap Fund plc.

Attendance record:
Board: 5/5
Audit and Management Engagement Committee: 2/2

Davina Curling

Appointed December 2011

has over 25 years' experience of investment management and was managing director and head of Pan European Equities at Russell Investments. Prior to this she was head of European Equities at F&C, ISIS, Royal & SunAlliance and Nikko Capital Management (UK). She is also a non-executive director of Invesco Income Growth Trust plc and a member of the St James's Place Wealth Management Investment Committee.

Attendance record:
Board: 5/5
Audit and Management Engagement Committee: 2/2

Gerald Holtham

Appointed June 2004

is managing partner of Cadwyn Capital LLP. From 2000 to 2004 he was the chief investment officer of Morley Fund Management and formerly a global strategist at Norwich Union Investment Management and a managing director at Lehman Brothers, Europe. From 1976 to 1985 he worked at the Organisation for Economic Co-operation and Development (OECD) in Paris, heading the General Economics Division from 1982 to 1985. He is a visiting professor at Cardiff University Business School.

Attendance record:
Board: 5/5
Audit and Management Engagement Committee: 2/2

None of the Directors has a service contract with the Company. The terms of their appointment are detailed in a letter sent to them when they join the Board. These letters are available for inspection at the registered office of the Company and will be available at the Annual General Meeting.

Directors' report

The Directors present the Annual Report and Financial Statements of the Company for the year ended 31 August 2014.

STATUS OF THE COMPANY

The Company is registered as a public limited company under the Companies Acts and is an investment company under section 833 of the Companies Act 2006. The Company has received approval from HMRC on the basis of the application under Regulation 5 of the Investment Trust (Approved Company) (Tax) Regulations 2011 for Investment Trust status for accounting periods starting on or after 1 September 2012. This is subject to the Company continuing to meet the eligibility conditions in section 1158 of the Corporation Tax Act 2010 and the ongoing requirements for approved companies in Chapter 3 of Part 2 of the Investment Trust (Approved Company) (Tax) Regulations 2011. The Directors are of the opinion, under advice, that the Company continues to conduct its affairs as an Approved Investment Trust under the Investment Trust (Approved Company) (Tax) Regulations 2011.

As an investment company that is managed and marketed in the United Kingdom, the Company is an Alternative Investment Fund (AIF) falling within the scope of, and subject to the requirements of the Alternative Investment Fund Managers' Directive (AIFMD), which became effective on 22 July 2014. From this date, the Company is governed by the provisions of the European Union (Alternative Investment Fund Managers' Regulations 2013 (The Regulations) and is required to be authorised by the Financial Conduct Authority (FCA) and must comply with a number of new obligations, including the appointment of an Alternative Investment Fund Manager (AIFM) and a depositary to carry out certain functions. The AIFM must also comply with the Regulations in respect of leverage, outsourcing, conflicts of interest, risk management, valuation, remuneration and capital requirements and must also make additional disclosures to both shareholders and the FCA. Further details are set out in the Regulatory Disclosures Report on pages 59 to 62 and in the notes to the financial statements on pages 47 to 52.

The Company is a qualifying company for the purposes of Stocks and Shares Individual Savings Accounts.

FACILITATING RETAIL INVESTMENTS

The Company currently conducts its affairs so that the shares issued by the Company can be recommended by independent financial advisers to ordinary retail investors in accordance with the FCA's rules in relation to non-mainstream investment products and intends to continue to do so for the foreseeable future. The shares are excluded from the FCA's restrictions which apply to non-mainstream investment products because they are shares in an investment trust.

In the context of the implementation of the Retail Distribution Review and the growing popularity of investment trusts on platforms, it is worth noting that the Company's shares are designed for private investors in the UK including retail investors, professionally-advised private clients and institutional investors who seek long term capital growth, primarily through investing in a focused portfolio constructed from a combination of the securities of large, mid and small capitalisation European companies, together with some investments in the developing markets of Europe and who understand and are willing to accept the risks of exposure to equities. When assessing the suitability of the shares, private investors should also consider consulting an independent financial adviser who specialises in advising on the acquisition of shares and other securities before acquiring shares. Naturally, investors should also be capable of evaluating the risks and merits of an investment in the Company and should always have sufficient resources to bear any loss that may result.

FUTURE PROSPECTS

Commentary on future prospects for the Company is set out in both the Chairman's Statement on page 5 and the Investment Manager's Report on page 10.

DIVIDENDS

Details of dividends paid and payable in respect of the year are set out in the Strategic Report on page 6.

INVESTMENT MANAGEMENT AND ADMINISTRATION

BlackRock Fund Managers Limited (BFM) was appointed as the Company's AIFM with effect from 2 July 2014, having been authorised as an AIFM by the FCA on 1 May 2014. The management contract is terminable by either party on six months' notice.

BlackRock Investment Management (UK) Limited (BIM (UK)) continues to act as the Company's Investment Manager under a delegation agreement with BFM. BIM (UK) also acted as the Secretary of the Company throughout the year. BFM receives an annual fee of 0.70% of market value plus a performance fee of 15% of any outperformance of the FTSE World Europe ex UK Index, up to a maximum total investment management fee of 1.15% of Performance Fee Market Value. This fee was payable to BIM (UK) up to and including 1 July 2014. Where the Company invests in other investment or cash funds managed by BIM (UK), any underlying fee charged is rebated. Performance Fee Market Value is defined as the monthly average market capitalisation of the Company adjusted for dividends declared during the period. Further details are disclosed in note 4 on pages 40 and 41.

The Company contributes to a focused investment trust sales and marketing initiative operated by BIM (UK) on behalf of the investment trusts under its management which commenced on 1 November 2013. The Company's contribution to the consortium element of the initiative, which enables the trusts to achieve efficiencies by combining certain sales and marketing activities, will represent 0.03% per annum of its net assets (£269.5 million) as at 31 October 2013 and this contribution is matched by BIM (UK). In addition, a budget of up to a further 0.04% of 31 October 2013 net assets has been allocated for Company specific sales and marketing activity. For the year ended 31 August 2014, £113,000 (excluding VAT) has been accrued in respect of these initiatives. The purpose of the programme overall is to ensure effective communication with existing shareholders and to attract new shareholders to the Company. This has the benefits of improving liquidity in the Company's shares and helps sustain the stock market rating of the Company.

BFM and BIM (UK) are subsidiaries of BlackRock, Inc. which is a publicly traded corporation on the New York Stock Exchange operating as an independent firm. The PNC Financial Services Group, Inc. has a significant economic interest in BlackRock, Inc. PNC Financial Services Group, Inc. is a U.S. public company.

APPOINTMENT OF THE MANAGER

The Board considers the arrangements for the provision of investment management services to the Company on an ongoing basis and a formal review is conducted annually. As part of the annual review the Board considered the quality and continuity of the personnel assigned to handle the Company's affairs, the investment process and the results achieved to date.

The Board believes that the continuing appointment of the Manager, on the terms disclosed above, is in the interests of all shareholders given their proven track record in successfully investing in Europe.

DEPOSITARY AND CUSTODIAN

The Company is required under the AIFMD to appoint an AIFMD compliant depositary. The Company appointed BNY Mellon Trust & Depositary (UK) Limited (BNYMTD or the Depositary) in this role with effect from 2 July 2014. Their duties and responsibilities are outlined in the investment fund legislation (as defined in the FCA AIF Rulebook). The main role of the Depositary under AIFMD is to act as a central custodian with additional duties to monitor the operations of the Company, including monitoring cash flows and ensuring the Company's assets are valued appropriately in accordance with the relevant regulations and guidance. The Depositary is also responsible for enquiring into the conduct of the AIFM in each annual accounting period. BNYMTD receives a fee payable at 0.015% of the net assets of the Company. The Company has appointed BNYMTD in a tripartite agreement to which BFM as AIFM is also a signatory. The Depositary is also liable for the loss of financial instruments held in custody.

Under the depositary agreement, custody services in respect of the Company's assets have been delegated to the Bank of New York Mellon (International) Limited (BNYM). BNYM receives a custody fee payable by the Company at rates depending on the number of trades effected and the location of securities held. The depositary agreement is subject to 90 days' notice of termination by any party.

CHANGE OF CONTROL

There are no agreements which the Company is party to that might be affected by a change of control of the Company.

EXERCISE OF VOTING RIGHTS IN INVESTEE COMPANIES

The exercise of voting rights attached to the Company's portfolio has been delegated to the Investment Manager by BFM. BIM (UK)'s approach to voting at shareholder meetings, engagement with companies and corporate governance is framed within an investment context. BIM (UK) believes that sound corporate governance practices by companies contribute to their long term financial performance and thus to better risk-adjusted returns. BIM (UK)'s proxy voting process is led by its Corporate Governance and Responsible Investment team, located in six offices around the world. In addition to its own professional staff, the Corporate Governance and Responsible Investment team draws upon the expertise of BIM (UK)'s portfolio managers, researchers and other internal and external resources globally.

BIM (UK)'s global corporate governance and engagement principles are published on the website blackrock.com/corporate/en-gb/about-us/responsible-investment/responsible-investment/engagement-and-proxy-voting. The principles set out BIM (UK)'s views on the overarching features of corporate governance that apply in all markets. For each region, BIM (UK) also publish market-specific policies, which are updated every year to ensure that they remain relevant.

The voting guidelines are principles-based and not prescriptive because BIM (UK) believes that each voting situation needs to be assessed on its merits. Voting decisions are taken to support the outcome that BIM (UK) believe in their professional judgement will best protect the economic interests of their clients.

During the year under review, the Investment Manager voted on 1,070 proposals at 60 general meetings on behalf of the Company. At these meetings the Investment Manager voted in favour of most resolutions, as should be expected when investing in well-run companies, but voted against 55 management resolutions and abstained from voting on 2 resolutions. Most of the votes against were in respect of executive remuneration packages where there was no clear link between pay and performance, board composition where there was a perceived lack of independence and proposals which contained insufficient disclosure for the Investment Manager to make an informed decision.

PRINCIPAL RISKS

The key risks faced by the Company are set out in the Strategic Report on pages 7 and 8.

GOING CONCERN

The Directors, having considered the nature and liquidity of the portfolio, the Company's investment objective and the Company's projected income and expenditure, are satisfied that the Company has adequate resources to continue in operational existence for the foreseeable future and is financially sound. For this reason, they continue to adopt the going concern basis in preparing the financial statements. The Company is able to meet all of its liabilities from its assets and income generated from these assets and the ongoing charges are 0.94% of net assets.

DIRECTORS

The Directors of the Company as at 31 August 2014 and their biographies are set out on page 15. Details of their interests in the shares of the Company are set out in the Directors' Remuneration Report on page 24. All the Directors held office throughout the year under review.

All appointments to the Board and re-elections of Directors are carried out in accordance with the Companies Act and the Company's Articles of Association. The Company's Articles of Association provide that one third of Directors retire by rotation each year and that each Director shall retire and offer himself/herself for re-election at intervals of no more than three years. The Board may also appoint Directors to the Board but any Director so appointed must stand for election by the shareholders at the next Annual General Meeting in accordance with the Articles of Association. Directors are required to retire if they have served more than nine years on the Board, but then may offer themselves for annual re-election.

Ms Ferguson will retire both in accordance with the provisions of the Articles of Association regarding retirement by rotation and the Board's policy that Directors serving for more than nine years seek annual re-election. Having served over nine years, Mr Holtham will also retire and offer himself for re-election. The Board has considered the continued appointment of Ms Ferguson and Mr Holtham. The Board's view is that length of tenure does not compromise independence and that experience can add strength to a Board. The Board is conscious of the need to maintain continuity on the Board and believes retaining Directors with sufficient experience of both the Company and the markets is of great benefit to shareholders.

The Board believes that the performance of Ms Ferguson and Mr Holtham continues to be effective and that they demonstrate a range of business, financial and asset management skills and experience relevant to the direction and control of the Company. The Board, having considered the retiring Directors' performance within the annual Board performance evaluation process, hereby recommends that shareholders vote in favour of each Director's proposed re-election.

There were no contracts subsisting during or at the end of the year in which a Director of the Company is or was materially interested and which is or was significant in relation to the Company's business. None of the Directors has a service contract with the Company. No Director is entitled to compensation for loss of office on the takeover of the Company.

DIRECTORS' INDEMNITY

In addition to Directors' and Officers' liability insurance cover, the Company's Articles of Association provide, subject to the provisions of applicable UK legislation, an indemnity for Directors in respect of costs incurred in the defence of any proceedings brought against them by third parties arising out of their positions as Directors, in which they are acquitted or judgement is given in their favour. The Company has entered into deeds of indemnity with Directors individually which are available for inspection at the Company's registered office and will also be available at the Annual General Meeting.

CONFLICTS OF INTEREST

The Board has put in place a framework for Directors to report conflicts of interest or potential conflicts of interest which it believes has worked effectively during the year. All Directors notified the Company Secretary of any situations where they considered that they had a direct or indirect interest, or duty that conflicted, or possibly conflicted, with the interests of the Company. All such situations were reviewed by the Board and duly authorised. Directors were also made aware that there remains a continuing obligation to notify the Company Secretary of any new situation that may arise, or any change to a situation previously notified. It is the Board's intention to review all notified situations on an annual basis.

SUBSTANTIAL SHARE INTERESTS

As at 31 August 2014, the Company had received notification in accordance with the FCA's Disclosure and Transparency Rule 5.1.2R of the following interests in 3% or more of the voting rights attaching to the Company's issued share capital.

	Number of Ordinary shares	% of issued Share Capital
BlackRock Investment Management (UK) Limited*	25,750,527	23.7

* 22.3% held through the BlackRock Investment Trust Savings Plan and ISA.

	Number of Subscription shares	Combined % of Ordinary Share Capital
BlackRock Investment Management (UK) Limited	4,431,408	27.7

As at 13 October 2014, the Company had received notification of the following interests.

	Number of Ordinary shares	% of issued Share Capital
BlackRock Investment Management (UK) Limited*	25,572,647	23.5

* 22.1% held through the BlackRock Investment Trust Savings Plan and ISA.

	Number of Subscription shares	Combined % of Ordinary Share Capital
BlackRock Investment Management (UK) Limited	4,412,166	27.5

No other shareholder had notified an interest of 3% or more in the Company's shares up to 21 October 2014.

SHARE CAPITAL

Full details of the Company's share capital are given in note 15 on page 46. Details of the voting rights in the Company's shares as at the date of this report are given in note 16 to the Notice of Annual General Meeting on page 66. The ordinary shares carry the right to receive dividends and have one voting right per ordinary share. There are no restrictions on the voting rights of the ordinary shares or on the transfer of the ordinary or subscription shares. The subscription shares do not have any voting rights or the right to receive dividends. There are no shares which carry specific rights with regard to the control of the Company.

As at 31 August 2014, the Company had 108,828,058 ordinary shares (excluding 5,429,676 treasury shares) and 20,647,848 subscription shares in issue.

TENDER OFFERS

The Directors exercised their discretion to operate the half yearly tender offer on 30 November 2013 and the Company offered to repurchase up to 20% of its issued ordinary shares (excluding treasury shares). The tender offer was undersubscribed with 2,627,623 shares (2.39% of the ordinary shares in issue excluding treasury shares) being tendered. The tender price calculated as at close of business on 2 December 2013, the calculation date, was 240.27p per share. The ordinary shares were bought back with a nominal value of £2,628 at a cost of £6,445,000 including expenses. All shares tendered were repurchased by the Company and cancelled. The Directors decided not to implement a semi-annual tender offer in May 2014 as the shares had traded at an average discount to net asset value (NAV) of 2.2% over the six month period to 28 February 2014.

The Directors have decided to exercise their discretion to implement a further tender offer subject to a maximum 20% in aggregate of the shares in issue (excluding treasury shares). The tender offer NAV will be calculated at 1 December 2014, being the succeeding business day to 30 November 2014, and will be for 98% of the NAV per share. Full details of the tender offer and the procedure for tendering shares are contained in the Circular to shareholders dated 30 October 2014.

The current tender offer authority will expire on 31 January 2015 and the Directors are proposing that their authority to make further regular tender offers be renewed at the forthcoming Annual General Meeting.

SHARE REPURCHASES

No ordinary shares were purchased during the period, other than in respect of the tender offers. The latest authority to repurchase ordinary shares was granted to Directors on 4 December 2013 and expires at the conclusion of the Annual General Meeting on 3 December 2014. The Directors considered that it was unnecessary to buy back any shares as there was demand for the Company's ordinary shares in the market and any discount at which the shares traded to their underlying NAV remained narrow and compared favourably with those of its peer group. The Directors are proposing that their authority to buy back shares be renewed at the forthcoming Annual General Meeting.

The main objective of any buy back is to enhance the NAV per share of the remaining shares and to reduce the absolute level and volatility of any discount to NAV at which shares may trade. Although the Manager initiates the buy backs, the policy and parameters are set by the Board and reviewed at regular intervals. The Company intends to raise the cash needed to finance the purchase of shares either by selling securities in the Company's portfolio or by short term borrowing.

The Board also aims to use the buy back powers to make market purchases of subscription shares for cancellation.

SUBSCRIPTION SHARES

The latest authority to purchase subscription shares for cancellation was granted to Directors on 4 December 2013 and expires at the conclusion of the Annual General Meeting in 2014. The Directors are proposing that their authority to buy back subscription shares for cancellation be renewed at the forthcoming Annual General Meeting.

From 1 September 2013 to 31 August 2014, a total of 2,536,470 subscription shares were exercised into ordinary shares raising proceeds of £5,912,000. 2,524,179 ordinary shares were issued at a price of 233p per share and 12,291 ordinary shares have been issued at the current conversion rate of 248p per share.

ISSUE OF SHARES

Other than in respect of the conversion of subscription shares, no ordinary shares were issued in the year.

TREASURY SHARES

During the year, 200,000 ordinary shares held in treasury have been subsequently reissued at a discount of less than 2% to the prevailing NAV per ordinary share. Total proceeds (before broker's commission) amounted to £499,000.

At the 2013 Annual General Meeting the Company was authorised to repurchase ordinary shares into treasury for reissue or cancellation at a future date. Following the 30 November 2013 tender offer, the ordinary shares purchased were cancelled and, in addition, 88,677 shares previously held in treasury were cancelled to maintain the 5% limit on treasury shares which has been determined by the Board.

A resolution to renew the authority to reissue ordinary shares from treasury will again be put to shareholders at the forthcoming Annual General Meeting. Both the repurchase for cancellation and the use of treasury shares should assist the Manager in the objective of providing a discount management mechanism and enhancing the NAV of the Company's shares. This will provide the Directors with additional flexibility to manage the Company's investment portfolio. The Directors have determined the following policies in respect of the Manager's discretion in the use of treasury shares.

The Manager will not repurchase shares into treasury through the tender offers at a discount to NAV of less than 2% on the date of purchase. The Board has determined that the number of treasury shares that may be held for reissue at any one time will be limited to 5% of the ordinary shares in issue at such time. Treasury shares will only be reissued at a lesser discount to NAV than that at which they were acquired and in addition at a price which is not less than the market bid price at the time of sale. This ensures that the combined purchase of shares into treasury and subsequent sale of shares out of treasury is NAV enhancing on the roundtrip. The Directors will still have the discretion to issue shares out of treasury at a price in excess of the NAV per share if it determines that this is in the interests of shareholders.

GLOBAL GREENHOUSE GAS EMISSIONS FOR THE PERIOD 1 SEPTEMBER 2013 TO 31 AUGUST 2014

The Company has no greenhouse gas emissions to report from its operations, nor does it have responsibility for any other emissions producing sources under the Companies Act 2006 (Strategic Report and Directors' Reports) Regulations 2013.

ARTICLES OF ASSOCIATION

Any amendments to the Company's Articles of Association must be made by special resolution.

ANNUAL GENERAL MEETING

The following information to be discussed at the forthcoming Annual General Meeting is important and requires your immediate attention. If you are in any doubt about the action you should take, you should seek advice from your stockbroker, bank manager, solicitor, accountant or other financial adviser authorised under the Financial Services and Markets Act 2000 (as amended).

If you have sold or transferred all of your ordinary shares in the Company, you should pass this document, together with any other accompanying documents (but not the personalised Form of Proxy or Form of Direction) as soon as possible to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer was effected, for onward transmission to the purchaser or transferee.

Following publication of final remuneration disclosure regulations effective from 1 October 2013 and in accordance with the Enterprise and Regulatory Reform Act, the Company's remuneration policy will be subject to a triennial binding shareholder vote. The rest of the Directors' Remuneration Report will continue to be subject to an advisory vote. These resolutions are included as items of ordinary business as Resolutions 2 and 3 in the Notice of Annual General Meeting on page 63 of the Annual Report.

Resolutions relating to the following items of special business will be proposed at the forthcoming Annual General Meeting.

Resolution 9 Authority to allot shares

The Directors may only allot shares for cash if authorised to do so by shareholders in general meeting. This resolution seeks authority for the Directors to allot shares for cash up to an aggregate nominal amount of £5,441 which is equivalent to 5,441,402 ordinary shares of 0.1p each and represents 5% of the current issued ordinary share capital excluding treasury shares. The Directors will use this authority when it is in the best interests of the Company to issue shares for cash. This authority will expire at the conclusion of next year's Annual General Meeting, unless renewed prior to that date at an earlier general meeting.

Resolution 10 Authority to disapply pre-emption rights

By law, Directors require specific authority from shareholders before allotting new shares or selling shares out of treasury for cash without first offering them to existing shareholders in proportion to their holdings.

Resolution 10 empowers the Directors to allot new shares for cash or to sell shares held by the Company in treasury, otherwise than to existing shareholders on a pro rata basis, up to an aggregate nominal amount of £5,441 which is equivalent to 5,441,402 ordinary shares of 0.1p each and represents 5% of the Company's issued ordinary share capital excluding treasury shares at the date of this notice. Unless renewed at a general meeting prior to such time, this authority will expire at the conclusion of the Annual General Meeting of the Company to be held in 2015.

Resolution 11 Authority to buy back ordinary shares

The resolution to be proposed will seek to renew the authority granted to Directors enabling the Company to purchase its own ordinary shares. The Directors will only consider repurchasing shares in the market if they believe it to be in shareholders' interests and as a means of correcting any imbalance between supply and demand for the Company's shares.

Under the Listing Rules of the Financial Conduct Authority, the maximum price payable by the Company for each ordinary share is the higher of (i)105% of the average of the middle market quotations of the ordinary shares for the five dealing days prior to the date of the market purchase and (ii) the higher of the price quoted for the last independent trade and the highest current independent bid as stipulated by Article 5(1) of Commission Regulation (EC) 22 December 2003 implementing the Market Abuse Directive as regards exemptions for buyback programmes and stabilisation of financial instruments (No. 2273/2003). The Directors are seeking authority to purchase up to 16,313,325 ordinary shares (being 14.99% of the ordinary shares in issue at the date of this report) or, if less, 14.99% of the ordinary shares at 3 December 2014. This authority, unless renewed at an earlier general meeting, will expire at the conclusion of next year's Annual General Meeting.

Resolution 12 Authority to buy back subscription shares

Resolution 12 will seek shareholder approval to renew the authority granted to Directors on 4 December 2013 enabling the Company to purchase its own subscription shares. Purchases of subscription shares will be made at the discretion of the Board and will only be made when market conditions are considered by the Board to be appropriate.

The purchases of subscription shares will only be made through the market in accordance with the Listing Rules of the Financial Conduct Authority. The maximum price payable by the Company for each subscription share is the higher of (i) 105% of the average of the middle market quotations of the subscription shares for the five dealing days prior to the date of the market purchase and (ii) the higher of the price quoted for the last independent trade and the highest current independent bid as stipulated by Article 5(1) of Commission Regulation (EC) 22 December 2003 implementing the Market Abuse Directive as regards exemptions for buyback programmes and stabilisation of financial instruments (No. 2273/2003). The Directors are seeking authority to purchase up to 3,095,112 subscription shares (being 14.99% of the subscription shares in issue at the date of this report) or, if less, 14.99% of the subscription shares at 3 December 2014. This authority, unless renewed at an earlier general meeting, will expire at the conclusion of the Annual General Meeting in 2015.

Resolutions 13 and 14 Regular tender offers

Resolutions 13 and 14 seek shareholder approval to renew the authorities to operate the semi-annual tender offers in accordance with the terms and conditions of the Company's regular tender offers. The Directors are seeking authority to purchase up to a maximum of 20% of the ordinary shares in issue at each relevant tender offer date. The authorities, if renewed, will expire on 31 July 2015 and 31 January 2016.

Recommendation:

The Board considers that each of the resolutions is likely to promote the success of the Company and is in the best interests of the Company and its shareholders as a whole. The Directors unanimously recommend that you vote in favour of the resolutions as they intend to do in respect of their own beneficial holdings.

CORPORATE GOVERNANCE

Full details are given in the Corporate Governance Statement on pages 25 to 28. The Corporate Governance Statement forms part of this Directors' Report.

AUDIT INFORMATION

As required by section 418 of the Companies Act 2006 the Directors who held office at the date of this report each confirm that, so far as they are aware, there is no relevant audit information of which the Company's auditor is unaware and each Director has taken all the steps that they ought to have taken as a Director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

AUDITOR

The auditor, Ernst & Young LLP, has indicated its willingness to continue in office and resolutions proposing its reappointment and authorising the Directors to determine its remuneration for the ensuing year will be submitted at the Annual General Meeting.

The Directors' Report was approved by the Board at its meeting on 21 October 2014.

BY ORDER OF THE BOARD

BLACKROCK INVESTMENT MANAGEMENT (UK) LIMITED
Company Secretary
21 October 2014

Directors' remuneration report

The Board presents the Directors' Remuneration Report for the year ended 31 August 2014 which has been prepared in accordance with sections 420-422 of the Companies Act 2006 and Schedule 8 of The Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013. In addition, following the publication by the Department of Business, Innovation and Skills (BIS) of final remuneration disclosure regulations effective from 1 October 2013, the report now comprises a policy report which is subject to a triennial binding shareholder vote, and a remuneration policy implementation report which will be subject to an annual advisory vote. The future remuneration policy which is subject to a triennial binding vote is set out in the future policy table on page 23.

The law requires the Company's auditor to audit certain of the disclosures provided. Where disclosures have been audited, they are indicated as such. The auditor's opinion is included in their report on pages 33 and 34.

STATEMENT BY THE CHAIRMAN

The Board's policy on remuneration is set out in the future policy table on page 23. A key element is that fees payable to Directors should be sufficient to attract and retain individuals with suitable knowledge and experience.

Following a review in July 2014, it was agreed that fees would not be increased from 1 September 2014 and the remuneration of the Chairman would remain at £33,000, the Chairman of the Audit and Management Engagement Committee at £27,500 and the other Directors at £23,000. No external advisors were used in the process. The remuneration was last increased on 1 September 2013. The basis for determining the level of increase in Directors' remuneration is set out in the policy report opposite.

REMUNERATION COMMITTEE

The Board as a whole fulfils the function of the Remuneration Committee and considers any change in the Directors' remuneration policy. It is not considered necessary to have a separate Committee as the Company's Directors are all non-executive and independent of the Manager.

POLICY REPORT

In determining Directors' fees, a number of factors are considered, including the workload of the Directors, their responsibilities, any change in these responsibilities and additional legal duties (for example as a result of new legislation being implemented), the relationship with their suppliers and the size and complexity of the Company. The time commitment required, the level of skills and appropriate experience required and the need for Directors to maintain on an ongoing basis an appropriate level of knowledge of regulatory and compliance requirements in an industry environment of increasing complexity are also taken into account. The Board also considers the average rate of inflation during the period since the last fee increase, and reviews the level of remuneration in comparison with other investment trusts of a similar size and/or mandate as well as taking account of any data published by the Association of Investment Companies to ensure that fees are in line with industry practice. This comparison, together with consideration of any alteration in non-executive Directors' responsibilities, is used to review whether any change in remuneration is necessary. The review is performed on an annual basis.

No element of the Directors' remuneration is performance related. The Company has not awarded any share options or long term performance incentives to any of the Directors. None of the Directors has a service contract with the Company or receives any non cash benefits or pension entitlements. The terms of their appointment are detailed in a letter sent to them when they join the Board. These letters are available for inspection at the registered office of the Company.

CONSIDERATION OF SHAREHOLDERS' VIEWS

An ordinary resolution to approve the remuneration report is put to members at each Annual General Meeting and shareholders have the opportunity to express their views and raise any queries in respect of the remuneration policy at this meeting. To date, no shareholders have commented in respect of the remuneration policy.

In accordance with recent changes to the Companies Act 2006, the Company is required to seek shareholder approval for its remuneration policy. Consequently, an ordinary resolution for the approval of the remuneration policy, as set out in the future policy table on page 23, will be put to shareholders at the forthcoming Annual General Meeting. It is the intention of the Board that the policy on remuneration will take effect from the date of the Annual General Meeting and will continue to apply for the next three years.

This will be the first year that a binding vote is put to shareholders in respect of the Company's remuneration policy. In previous years, the remuneration report has been subject to an advisory vote by shareholders. At the Company's previous Annual General Meeting, held on 4 December 2013, 98.60% of votes cast were in favour of the resolution to approve the Directors' remuneration report in respect of the year ended 31 August 2013.

FUTURE POLICY TABLE

Purpose and link to strategy		Fees payable to Directors should be sufficient to attract and retain individuals of high calibre with suitable knowledge and experience. Those chairing the Board and key Committees should be paid higher fees than other Directors in recognition of their more demanding roles. Fees should reflect the time spent by Directors on the Company's affairs and the level of complexity of responsibilities borne by the Directors.
Description		Current levels of fixed annual fee: Chairman – £33,000 Audit and Management Engagement Committee Chairman – £27,500 Directors – £23,000 All reasonable expenses to be reimbursed.
Maximum levels		Remuneration consists of a fixed fee each year, set in accordance with the stated policies and any increase granted must be in line with the stated policies. The Company's Articles of Association set an aggregate limit of £200,000 in respect of the remuneration that may be paid to Directors in any financial year. In addition, the Directors propose a limit of £20,000 per annum in relation to the maximum that may be paid in respect of taxable benefits. These ceilings have been set at a level to provide flexibility in respect of the recruitment of additional Board members and inflation.
Operation	Fixed fee element	The Board reviews the quantum of Directors' pay each year to ensure that this is in line with the level of Directors' remuneration for other investment trusts of a similar size. When making recommendations for any changes in fees, the Board will consider wider factors such as the average rate of inflation over the period since the previous review, and the level and any change in complexity of the Directors' responsibilities (including additional time commitments as a result of increased regulatory or corporate governance requirements). There is no compensation for loss of office.
	Taxable benefits	Taxable benefits comprise travel and subsistence expenses incurred by the Directors in the course of travel to attend Board and Committee meetings which are held at the Company's registered office in London, and which are reimbursed by the Company and therefore treated as a benefit in kind and are subject to tax and national insurance. The Company's policy in respect of this element of remuneration is that all reasonable costs of this nature will be reimbursed as they are incurred.

REMUNERATION IMPLEMENTATION REPORT

A single figure for the total remuneration of each Director is set out in the table below for the years ended 31 August 2014 and 31 August 2013:

Directors	2014 Fees £	2013 Fees £	2014 Taxable benefits £	2013 Taxable benefits £	2014 Total £	2013 Total £
Carol Ferguson (Chairman)[1]	31,564	26,500	–	20	31,564	26,520
Eric Sanderson[2]	26,325	9,167	2,470	–	28,795	9,167
Davina Curling	23,000	22,000	–	–	23,000	22,000
Gerald Holtham	23,000	22,000	–	–	23,000	22,000
John Walker-Haworth[3]	8,617	32,000	–	261	8,617	32,261
Total	112,506	111,667	2,470	281	114,976	111,948

1. Appointed as Chairman on 4 December 2013. Previously Chairman of the Audit and Management Engagement Committee.
2. Appointed as a Director on 1 April 2013 and as Chairman of the Audit and Management Engagement Committee on 4 December 2013.
3. Retired as Chairman on 4 December 2013.

The information in the above table has been audited. The amounts paid by the Company to the Directors were for services as non-executive Directors.

As at 31 August 2014, fees of £9,000 (2013: £10,000) were outstanding to Directors in respect of their annual fees.

Directors' remuneration report continued

RELATIVE IMPORTANCE OF SPEND ON REMUNERATION

As the Company has no employees, the table on page 23 also comprises the total remuneration costs and benefits paid by the Company. To enable shareholders to assess the relative importance of spend on pay, this has been shown in the table below compared with the Company's dividend distributions and share buybacks.

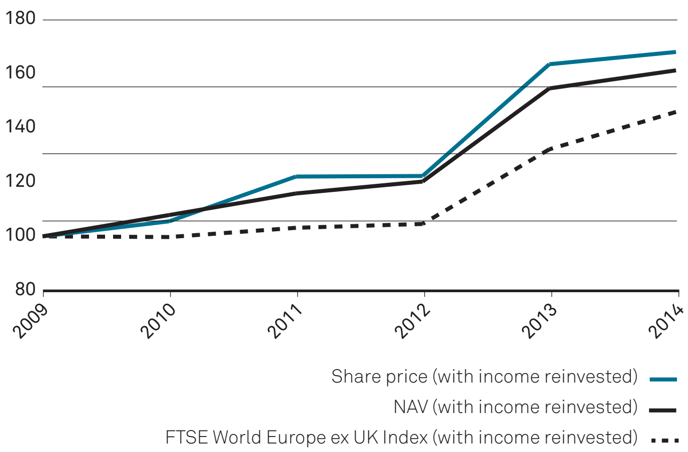
As the Company has no employees, no consideration is required to be given to employment conditions elsewhere in setting Directors' pay.

	2014 £'000	2013 £'000	Change %
Directors' total remuneration	115	112	+2.7
Dividends paid and payable	5,094	5,980	-14.8
Buy back of ordinary shares	6,313	26,839	-76.5

PERFORMANCE

The graph below compares the Company's NAV and share price total return (assuming all dividends are reinvested) to ordinary shareholders compared to the total notional shareholder return on an equivalent investment in the FTSE World Europe ex UK Index. This index was chosen for comparison purposes as it is the best proxy whereby the success of the Investment Manager's investment decisions may be judged.

PERFORMANCE FROM 1 SEPTEMBER 2009 TO 31 AUGUST 2014



Sources: BIM (UK) and Datastream.
Total return performance record in sterling terms rebased to 100 at 20 September 2004.

SHAREHOLDINGS

The Board has not adopted a policy that Directors are required to own shares in the Company.

The interests of the Directors in the shares of the Company are set out in the table below. The Company does not have a share option scheme therefore none of the Directors has an interest in share options.

	31 August 2014 Ordinary shares	31 August 2013 Ordinary shares
Carol Ferguson	57,600	48,000
Eric Sanderson	4,000	–
Davina Curling	–	–
Gerald Holtham	13,320	11,100

	31 August 2014 Subscription shares	31 August 2013 Subscription shares
Carol Ferguson	–	9,600
Eric Sanderson	–	–
Davina Curling	–	–
Gerald Holtham	–	2,220

All of the holdings of the Directors are beneficial. No changes to these holdings had been notified up to the date of this report.

The information in the above tables has been audited.

RETIREMENT OF DIRECTORS

Directors are appointed for an initial term covering the period from the date of appointment until the first Annual General Meeting thereafter, at which time they are required to stand for election in accordance with the Articles of Association. Subsequently, Directors retire by rotation at least every three years.

BY ORDER OF THE BOARD

BLACKROCK INVESTMENT MANAGEMENT (UK) LIMITED
Company Secretary
21 October 2014

Governance

Corporate governance statement

CHAIRMAN'S INTRODUCTION

Corporate governance is the process by which the Board seeks to look after shareholders' interests and protect and enhance shareholder value. Shareholders hold the Directors responsible for the stewardship of the Company, delegating authority and responsibility to the Directors to manage the Company on their behalf and holding them accountable for its performance.

The Board is ultimately responsible for framing and executing the Company's strategy and for closely monitoring risks. We aim to run our Company in a manner which is responsible and consistent with our belief in honesty, transparency and accountability. In our view, good governance means managing our business well and engaging effectively with investors. We consider the practice of good governance to be an integral part of the way we manage the Company and we are committed to maintaining high standards of financial reporting, transparency and business integrity.

As a UK-listed investment trust company our principal reporting obligation is driven by the UK Corporate Governance Code (the UK Code) issued by the Financial Reporting Council in September 2012. However, as listed investment trust companies differ in many ways from other listed companies, the Association of Investment Companies has drawn up its own set of guidelines, the AIC Code of Corporate Governance (the AIC Code) issued in February 2013, which addresses the governance issues relevant to investment companies and meets the approval of the Financial Reporting Council.

The UK Code is available from the Financial Reporting Council's website at frc.org.uk. The AIC Code is available from the Association of Investment Companies at theaic.co.uk.

This report, which forms part of the Directors' Report, explains how the Board deals with its responsibility, authority and accountability.

COMPLIANCE

The Board has made the appropriate disclosures in this report to ensure that the Company meets its continuing obligations. It should be noted that, as an investment trust, most of the Company's day-to-day responsibilities are delegated to third parties, the Company has no employees and the Directors are non-executive. Thus, not all of the provisions of the UK Code are directly applicable to the Company.

The Board considers that the Company has complied with the recommendations of the AIC Code and the provisions contained within the UK Code that are relevant to the Company throughout this accounting period, except where explained below, and this statement describes how the relevant principles of governance are applied to the Company.

THE BOARD

Board composition

The Board currently consists of four non-executive Directors, all of whom are independent of the Company's Manager. The provision of the UK Code (A.2.1) which relates to the combination of the roles of the chairman and chief executive does not apply as the Company has no executive directors. The structure of the Board is such that it is considered unnecessary to identify a Senior Independent Director. The Directors' biographies, on page 15, demonstrate a breadth of investment knowledge, business and financial skills which enables them to provide effective strategic leadership and proper governance of the Company. Details of the Chairman's other significant time commitments can also be found on page 15.

Board independence and tenure

The Board regularly reviews the independence of its members and considers all of the Directors to be independent. The Board is of the view that length of service will not necessarily compromise the independence or contribution of directors of an investment trust company, where continuity and experience can add significantly to the strength of the Board. It is considered that Ms Ferguson and Mr Holtham who have each served as a Director for over nine years, continue to be independent in both character and judgement.

Directors' appointment, retirement and rotation

The rules concerning the appointment, retirement and rotation of Directors are discussed in the Directors' Report on page 18.

The Directors support a planned and progressive renewing of the Board. The Board's tenure and succession policy seeks to ensure that the Board is well-balanced through the appointment of new Directors with the skills and experience necessary. Directors must be able to demonstrate commitment to the Company, including in terms of time.

Directors' training and induction

New appointees are given a briefing on the workings and processes of the Company (including the receipt of key documentation) and meet the Portfolio Managers, the Company Secretary and other key employees of the Investment Manager. The Company's policy is to encourage Directors to keep up to date and attend training courses on matters which are directly relevant to their involvement with the Company. The Directors also receive regular briefings from, amongst others, the auditor and the Company Secretary regarding any proposed developments or changes in laws or regulations that could affect them or the Company.

Directors' liability insurance

The Company has maintained appropriate Directors' liability insurance cover throughout the year in respect of legal action against its Directors.

Corporate governance statement continued

BOARD'S RESPONSIBILITIES

The Board is responsible for the effective stewardship of the Company's affairs and a formal schedule of matters reserved for the decision of the Board has been adopted. Investment policy and strategy are determined by the Board. It is also responsible for the gearing policy, dividend policy, public documents such as the reports and financial statements, the terms of the discount control mechanism, buy back policy and corporate governance matters. In order to enable them to discharge their responsibilities, the Board has full and timely access to relevant information.

The Board meets at least five times a year to review investment performance, financial reports and other reports of a strategic nature. Board or Board committee meetings are also held on an ad hoc basis to consider particular issues as they arise. Key representatives of the Manager and/or Investment Manager attend each meeting and between these meetings there is regular contact with the Manager and Investment Manager.

The Board has established a procedure whereby Directors, wishing to do so in the furtherance of their duties, may take independent professional advice at the Company's expense.

The Board has direct access to company secretarial advice and services of the Investment Manager which, through its nominated representative, is responsible for ensuring that Board and Committee procedures are followed and that applicable regulations are complied with. The appointment and removal of the Company Secretary is a matter for the whole Board.

PERFORMANCE EVALUATION

In order to review the effectiveness of the Board, its Committees and the individual Directors, the Board carries out an annual appraisal process. The annual evaluation for the year ended 31 August 2014 has been carried out and took the form of written questionnaires and, if appropriate, interviews. The appraisal of the Chairman follows the same process. The results of these evaluations are issued to and discussed by the Board. The appraisal process is considered to be constructive in terms of identifying areas for improving the functioning and the performance of the Board and its Committees and the contribution of individual Directors, as well as building on and developing individual and collective strengths. There were no significant actions arising from the evaluation process.

DELEGATION OF RESPONSIBILITIES

The Board has delegated the following areas of responsibility:

Management and administration

The management of the investment portfolio and the administration of the Company have been contractually delegated to the Manager. The Manager, operating under guidelines determined by the Board, has direct responsibility for the decisions relating to the day-to-day running of the Company and is accountable to the Board for the investment, financial and operating performance of the Company.

The Board has delegated the exercise of voting rights attaching to the securities held in the portfolio to the Manager. Details of the Manager's voting policy are set out on page 17.

The review of the Manager's performance is an ongoing duty and responsibility of the Board which is carried out at every Board meeting. In addition, a formal review is undertaken annually, details of which are set out on page 17 of the Directors' Report.

Committees of the Board

Nomination Committee

As the Board is small and comprises only non-executive Directors it fulfils the function of the Nomination Committee. The role of the Committee is to review Board structure, size and composition, the balance of knowledge, experience and skill ranges and to consider succession planning and tenure policy. Appointments of new Directors will be made on a formalised basis, with the Committee agreeing the selection criteria and the method of selection, recruitment and appointment. The services of an external search consultant may be used to identify potential candidates and the Board has employed Trust Associates, an independent firm, to carry out the search for an additional Board member.

The Board's policy on diversity, including gender, is to take this factor into account during the recruitment process. However, the Board is committed to appointing the most appropriate candidates, regardless of gender or other forms of diversity. Therefore no target has been set against which to report.

Audit and Management Engagement Committee

The Audit and Management Engagement Committee, which is chaired by Mr Sanderson, comprises the whole Board. Further details are provided on page 15 and in the Report of the Audit and Management Engagement Committee on pages 29 to 31.

Remuneration Committee

The Company's policy on Directors' remuneration, together with details of the remuneration of each Director, is detailed in the Directors' Remuneration Report on pages 22 to 24 to carry out the search for an additional Board Member. Further details are also included on page 15.

INTERNAL CONTROLS

The Board is responsible for the internal controls of the Company and for reviewing their effectiveness, for ensuring that financial information published or used within the business is reliable, and for regularly monitoring compliance with regulations governing the operation of investment trusts. The Board continuously reviews the effectiveness of the internal control systems to identify, evaluate and manage the Company's significant risks. As part of that process, there are procedures designed to capture and evaluate any failings or weaknesses and should a case be categorised by the Board as significant, procedures exist to ensure that necessary action is taken to remedy the failings. The Board is not aware of any significant failings or weaknesses arising in the year under review.

Control of the risks identified, covering financial, operational, compliance and risk management, is embedded in the operations of the Company. There is a monitoring and reporting process to review these controls, which has been in place throughout the year under review and up to the date of this report, carried out by the Manager's corporate audit department. This accords with the Financial Reporting Council's "Internal Control: Revised Guidance for Directors on the UK Corporate Governance Code".

The Manager reports to the Company on its review of internal controls, formally on a semi-annual basis and verbally at each Board and Audit and Management Engagement Committee meeting. The Audit and Management Engagement Committee also receives annual and quarterly reports, respectively from the Manager and custodian on the internal controls of their respective operations, together with the opinion of their reporting accountants.

The Board recognises that these control systems can only be designed to manage rather than eliminate the risk of failure to achieve business objectives, and to provide reasonable, but not absolute, assurance against material misstatement or loss, and relies on the operating controls established by the Manager and the custodian. The Manager prepares revenue forecasts and management accounts which allow the Board to assess the Company's activities and review its performance. The Board and the Manager have agreed clearly defined investment criteria, specified levels of authority and exposure limits. Reports on these issues, including performance statistics and investment valuations, are submitted to the Board at each meeting.

The Company does not have its own internal audit function, as all the administration is delegated to the Manager. The Board monitors the controls in place through the Manager's internal audit department and feels that there is currently no need for the Company to have its own internal audit function although this matter is kept under review.

FINANCIAL REPORTING

The Statement of Directors' Responsibilities in respect of the Annual Report and Financial Statements is set out on page 32, the Independent Auditor's Report on pages 33 and 34 and the statement of Going Concern on pages 17 and 18.

SOCIALLY RESPONSIBLE INVESTMENT

Investment trusts do not employ staff and accordingly have no direct impact on social matters but can be significant investors in the economies of the regions in which they invest. The Company invests in the securities of large, mid and small capitalisation European companies, together with some investment in the developing markets of Europe. The Board believes that it is important to invest in companies whose boards act responsibly in respect of environmental, ethical and social issues. The Investment Manager's evaluation procedure and financial analysis of the companies within the portfolio includes research and appraisal, and also takes into account environmental policies and other business issues.

The Manager is supportive of the UK Stewardship Code, which sets out the responsibilities of institutional shareholders in respect of investee companies, and is voluntary and operates on a "comply or explain" basis. The Manager's approach to the UK Stewardship Code, and policies on Socially Responsible Investment, are detailed on their website at blackrock.com/corporate/en-gb/about-us/responsible-investment/responsible-investment-reports.

BRIBERY PREVENTION POLICY

The provision of bribes of any nature to third parties in order to gain a commercial advantage is prohibited and is a criminal offence. The Board has a zero tolerance policy towards bribery and a commitment to carry out business fairly, honestly and openly. The Board takes its responsibility to prevent bribery by the Company's Manager on its behalf very seriously and BlackRock has anti-bribery policies and procedures in place which are high level, proportionate and risk based. The Company's service providers have been contacted in respect of their anti-bribery policies and, where necessary, contractual changes are made to existing agreements in respect of anti-bribery provisions.

COMMUNICATION WITH SHAREHOLDERS

All shareholders have the opportunity to attend and vote at the Annual General Meeting. The Notice of Annual General Meeting which is sent out 20 working days in advance of the meeting sets out the business of the Meeting and any item not of an entirely routine nature is explained in the Directors' Report on pages 20 and 21. Separate resolutions are proposed for substantive issues.

In addition, regular updates on performance are available to shareholders and the Portfolio Managers will review the Company's portfolio and performance at the Annual General Meeting, where the Chairman of the Board and the Chairman of the Audit and Management Engagement Committee and representatives of the Investment Manager will be available to answer shareholders' queries. Proxy voting figures will be announced to shareholders at the Annual General Meeting and will be made available on the Investment Manager's website shortly after the meeting.

The Company's willingness to enter into discussions with institutional shareholders is also demonstrated by the programmes of institutional presentations made by the Investment Manager. The Board discusses with the Investment Manager at each Board meeting any feedback from meetings with shareholders and it also receives reports from its corporate broker.

Corporate governance statement continued

There is a section within this report entitled "Additional Information – Shareholder Information", on pages 53 to 56 which provides an overview of useful information available to shareholders.

The Company's accounts, regular factsheets and other information are also published on the BlackRock website at blackrock.co.uk/brge. The work undertaken by the auditor does not involve consideration of the maintenance and integrity of the website and, accordingly, the auditor accepts no responsibility for any changes that have occurred to the accounts since they were initially presented on the website. Visitors to the website need to be aware that legislation in the United Kingdom governing the preparation and dissemination of the accounts may differ from legislation in their jurisdiction.

DISCLOSURE AND TRANSPARENCY RULES

Other information required to be disclosed pursuant to the Disclosure and Transparency Rules has been placed in the Directors' Report on pages 16 to 21 because it is information which refers to events that have taken place during the course of the year.

FOR AND ON BEHALF OF THE BOARD

CAROL FERGUSON
Chairman
21 October 2014

Report of the Audit and Management Engagement Committee

As Chairman of the Audit and Management Engagement Committee (the Committee) I am pleased to present the Committee's first formal report to shareholders on the effectiveness of the external audit process and how this has been assessed for the year ended 31 August 2014.

ROLE AND RESPONSIBILITIES

The Company has established a separately chaired Committee whose duties include considering and recommending to the Board for approval the contents of the half yearly and annual financial statements, and providing an opinion as to whether the Annual Report and Financial Statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's performance, business model and strategy. The Committee also reviews the external auditor's report thereon and is responsible for reviewing and forming an opinion on the effectiveness of the external audit process and audit quality. Other duties include reviewing the appropriateness of the Company's accounting policies and ensuring the adequacy of the internal control systems and standards. The Committee operates within written terms of reference detailing its scope and duties and these are available on the website at blackrock.co.uk/brge.

The Committee meets at least twice a year. The two planned meetings are held prior to the Board meetings to approve the half yearly and annual results and the Committee receives information from the Manager's corporate audit and compliance departments. The Committee does not consider that as an investment trust company it needs to hold an additional meeting, although this is kept under review.

COMPOSITION

All of the Directors are members of the Committee, which is chaired by Mr Sanderson. The Directors' biographies are given on page 15 of the Annual Report and the Board considers that at least one member of the Committee has sufficient recent and relevant financial experience for the Committee to discharge its function effectively. The Chairman of the Company is a member of the Committee to enable her to be kept fully informed of any issues which may arise.

RESPONSIBILITIES AND REVIEW OF THE EXTERNAL AUDIT

During the year, the principal activities of the Committee included:

- considering and recommending to the Board for approval the contents of the half yearly and annual financial statements and reviewing the external auditor's report thereon;
- reviewing the scope, execution, results, cost effectiveness, independence and objectivity of the external auditor;
- reviewing and recommending to the Board for approval the audit and non-audit fees payable to the external auditor and the terms of their engagement;
- reviewing and approving the external auditor's plan for the financial year, with a focus on the identification of areas of audit risk, and consideration of the appropriateness of the level of audit materiality adopted;
- reviewing the role of the Board, the Manager and third party service providers in an effective audit process;
- reviewing the efficacy of the external audit process and making a recommendation to the Board with respect to the reappointment of the auditor;
- considering the quality of the formal audit report to shareholders;
- reviewing the appropriateness of the Company's accounting policies;
- ensuring the adequacy of the internal control systems and standards; and
- considering the remuneration of the Manager and reviewing the terms of the investment management agreement.

The Committee has also reviewed and accepted the 'whistleblowing' policy that has been put in place by the Manager under which its staff, in confidence, can raise concerns about possible improprieties in matters of financial reporting or other matters, insofar as they affect the Company.

SIGNIFICANT ISSUES CONSIDERED REGARDING THE ANNUAL REPORT AND FINANCIAL STATEMENTS

During the year, the Committee considered a number of significant issues and areas of key audit risk in respect of the Annual Report and Financial Statements. The Committee reviewed the external audit plan at an early stage and concluded that the appropriate areas of audit risk relevant to the Company had been identified and that suitable audit procedures had been put in place to obtain reasonable assurance that the Financial Statements as a whole would be free of material misstatements. The table on page 30 sets out the key areas of risk identified and also explains how these were addressed.

Report of the Audit and Management Engagement Committee continued

Significant issue	How the issue was addressed
The accuracy of the valuation of the investment portfolio	Listed investments are valued using stock exchange prices by third party vendors. Unquoted or illiquid investments, if any, are valued by the Directors based on recommendations from BlackRock's Pricing Committee. The Board reviews detailed portfolio valuations on a regular basis throughout the year and receives confirmation from the Manager that the pricing basis is appropriate, in line with relevant accounting standards as adopted by the Company, and that the carrying values are materially correct. The Board also relies on the Manager's and Fund Accountant's controls which are documented in semi-annual internal control reports and reviewed by the Committee.
The risk of misappropriation of assets and unsecured ownership of investments	The Committee reviews reports from its service providers on key controls over the assets of the Company. Any significant issues are reported by the Manager to the Committee. The Manager has put in place procedures to ensure that investments can only be made to the extent that the appropriate contractual and legal arrangements are in place to protect the Company's assets.
The accuracy of the calculation of management and performance fees	The Manager reports to the Board on the calculation of any performance fee accruals that have been included in the Company's NAV on a regular basis. The management fee and any performance fee are calculated in accordance with the contractual terms in the investment management agreement by the administrator and are reviewed in detail by the Manager and are also subject to an analytical review by the Board. The audit also includes checks on the calculation of the management fee and any performance fee to ensure that they are correctly calculated.
The risk that income is overstated, incomplete or inaccurate through failure to recognise proper income entitlements or to apply the appropriate accounting treatment for recognition of income	The Board reviews income forecasts, including special dividends, and receives explanations from the Manager for any variations or significant movements from previous forecasts and prior year figures. The audit includes checks on the completeness and accuracy of income, and also checks that this has been recognised in accordance with stated accounting policies.

As the provision of portfolio valuation, fund accounting and administration services is delegated to the Company's Manager who sub-delegates fund accounting to a third party service provider, and the provision of custody services is provided by Bank of New York Mellon (International) Limited, the Committee has also reviewed the Service Organisation Control (SOC) reports prepared by the Manager and Custodian to ensure that the relevant control procedures are in place to cover these areas of risk as identified above and are adequate and appropriate and have been designated as operating effectively by their reporting auditor.

AUDITOR AND AUDIT TENURE

The Company's current auditor, Ernst & Young LLP, has acted in this role since the launch of the Company in 2004. The appointment of the auditor is not regularly put out to tender but the performance of the auditor is regularly reviewed by the Committee, taking into consideration the services and advice provided to the Company and the fees charged for their services. On the basis of the auditor's performance the Committee has recommended their continuing appointment to the Board.

The Committee also considers the risks associated with audit firms withdrawing from the market and the relationship with the Company's auditor. The appointment of the auditor is reviewed each year and the audit partner rotates at least every five years. The new EU regulations on mandatory auditor rotation have now been approved which require the appointment of a new auditor every ten years, although this can be extended up to ten additional years if tenders are carried out at the decade mark or another audit firm is appointed to do a joint audit. The Company will have to review alternative audit service providers in 2023 at the latest but we will review the audit provision on a regular basis. It also prohibits certain non-audit consulting services and caps the amount of additional fees auditors can charge their clients.

There are no contractual obligations that restrict the Company's choice of auditor. No other audit services were provided to the Company by the auditor (2013: fees of £5,250 (excluding VAT) were paid in relation to their review of the half yearly financial statements).

The auditor has indicated its willingness to continue in office and resolutions proposing its reappointment and authorising the Directors to determine its remuneration for the ensuing year will be proposed at the Annual General Meeting.

ASSESSMENT OF THE EFFICACY OF THE EXTERNAL AUDIT PROCESS

To assess the effectiveness of the external audit, members of the Committee work closely with BIM (UK) to obtain a good understanding of the progress and efficiency of the audit. The Committee has adopted a formal framework in its review of the effectiveness of the external audit process and audit quality. This includes a review of the following areas:

- the quality of the audit engagement partner and the audit team;
- the expertise of the audit firm and the resources available to it;
- identification of areas of audit risk;

- planning, scope and execution of the audit;
- consideration of the appropriateness of the level of audit materiality adopted;
- the role of the Board, the Manager and third party service providers in an effective audit process;
- communications by the auditor with the Committee;
- how the auditor supports the work of the Committee and how the audit contributes added value;
- a review of the independence and objectivity of the audit firm; and
- the quality of the formal audit report to shareholders.

Feedback in relation to the audit process and the efficacy of the Manager in performing its role is also sought from relevant involved parties, notably the audit partner and team. The external auditor is invited to attend the Committee meetings at which they have the opportunity to meet with the Committee without representatives of the Manager or Investment Manager being present. The effectiveness of the Board and the Manager in the external audit process is assessed principally in relation to the timely identification and resolution of any process errors or control breaches that might impact the Company's net asset values and accounting records. It is also assessed by reference to how successfully any issues in respect of areas of accounting judgement are identified and resolved, the quality and timeliness of papers analysing these judgements, the Board and the Manager's approach to the value of independent audit and the booking of any audit adjustments arising, and the timely provision of draft public documents for review by the auditor and the Committee.

To form a conclusion with regard to the independence of the external auditor, the Committee considers whether the skills and experience of the auditor make them a suitable supplier of non-audit services and whether there are safeguards in place to ensure that there is no threat to their objectivity and independence in the conduct of the audit resulting from the provision of any such services. On an annual basis, Ernst & Young LLP review the independence of their relationship with the Company and report to the Committee, providing details of any other relationship with the Manager. As part of this review, the Committee also receives information about policies and processes for maintaining independence and monitoring compliance with relevant requirements from the Company's auditor, including information on the rotation of audit partners and staff, the level of fees that the Company pays in proportion to the overall fee income of the firm, and the level of related fees, details of any relationships between the audit firm and its staff and the Company as well as an overall confirmation from the auditor of their independence and objectivity. As a result of their review, the Committee has concluded that Ernst & Young LLP is independent of the Company and the Manager.

CONCLUSIONS IN RESPECT OF THE ANNUAL REPORT AND FINANCIAL STATEMENTS

The production and the audit of the Company's Annual Report and Financial Statements is a comprehensive process requiring input from a number of different contributors. In order to reach a conclusion that the Annual Report and Financial Statements are fair, balanced and understandable, the Board has requested that the Committee advise on whether these criteria are satisfied. In so doing, the Committee has given consideration to the following:

- the comprehensive control framework over the production of the Annual Report and Financial Statements, including the verification processes in place to deal with the factual content;
- the extensive levels of review that are undertaken in the production process by the Manager, the Depositary and the Committee;
- the controls that are in place at the Manager and third party service providers to ensure the completeness and accuracy of the Company's financial records and the security of the Company's assets; and
- the existence of satisfactory Service Organisation Control Reports that have been reviewed and reported on by external auditors to verify the effectiveness of the internal controls of the Manager, Custodian and Fund Accountants.

In addition to the work outlined above, the Committee has reviewed the Annual Report and Financial Statements and is satisfied that, taken as a whole, they are fair, balanced and understandable. In reaching this conclusion, the Committee has assumed that the reader of the Annual Report and Financial Statements would have a reasonable level of knowledge of the investment trust industry in general and of investment trusts in particular. The Committee has reported on these findings to the Board who affirm the Committee's conclusions in the Statement of Directors' Responsibilities on page 32.

ERIC SANDERSON
Chairman
Audit and Management Engagement Committee
21 October 2014

Governance

Statement of Directors' Responsibilities in respect of the Annual Report and Financial Statements

The Directors are responsible for preparing the Annual Report and the Financial Statements in accordance with applicable law and regulations. Company law requires the Directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company as at the end of each financial year and of the profit or loss of the Company for that period.

In preparing those financial statements, the Directors are required to:

- present fairly the financial position, financial performance and cash flows of the Company;
- select suitable accounting policies in accordance with IAS 8: Accounting Policies, Changes in Accounting Estimates and Errors and then apply them consistently;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK 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 Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are also responsible for preparing the Strategic Report, the Directors' Report, the Directors' Remuneration Report, the Corporate Governance Statement and the Report of the Audit and Management Engagement Committee in accordance with the Companies Act 2006 and applicable regulations, including the requirements of the Listing Rules and the Disclosure and Transparency Rules. The Directors have delegated responsibility to the Manager for the maintenance and integrity of the Company's corporate and financial information included on the BlackRock website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Each of the Directors, whose names are listed on page 15, confirm to the best of their knowledge that:

- the financial statements, prepared in accordance with applicable accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company; and
- the Strategic Report contained in the Annual Report and Financial Statements includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties that it faces.

The 2012 UK Corporate Governance Code requires Directors to ensure that the Annual Report and Financial Statements are fair, balanced and understandable. In order to reach a conclusion on this matter, the Board has requested that the Audit and Management Engagement Committee advise on whether it considers that the Annual Report and Financial Statements fulfils these requirements. The process by which the Committee has reached these conclusions is set out in the Audit and Management Engagement Committee's Report on pages 29 to 31. As a result, the Board has concluded that the Annual Report for the year ended 31 August 2014, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy.

FOR AND ON BEHALF OF THE BOARD
CAROL FERGUSON
Chairman
21 October 2014

Financial statements

Independent auditor's report to the members of BlackRock Greater Europe Investment Trust plc

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 August 2014 and of its return for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

OVERVIEW OF THE SCOPE OF OUR AUDIT

We have audited the financial statements of BlackRock Greater Europe Investment Trust plc for the year ended 31 August 2014 which comprise the Income Statement, the Reconciliation of Movements in Shareholders' Funds, the Balance Sheet, the Cash Flow Statement and the related notes 1 to 20. 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).

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company'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 Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR

As explained more fully in the Directors' Responsibilities Statement set out on page 32, the Directors 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 Company 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 Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; 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.

OUR ASSESSMENT OF RISKS OF MATERIAL MISSTATEMENT

We identified the following risks that had the greatest effect on the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team:

- incorrect valuation of the investment portfolio, including incorrect application of exchange rate movements and assessment of stock liquidity;
- incomplete or inaccurate income recognition through failure to recognise proper income entitlements;
- management and performance fees are not calculated correctly in accordance with the investment management agreement; and
- misappropriation of the Company's assets and unsecured ownership of investments.

OUR APPLICATION OF MATERIALITY

We determined planning materiality for the Company to be £2.58 million, which is 1% of total equity. This provided a basis for determining the nature, timing and extent of risk assessment procedures, identifying and assessing the risk of material misstatement and determining the nature, timing and extent of further audit procedures.

On the basis of our risk assessments, together with our assessment of the Company's overall control environment, our judgment was that overall performance materiality (i.e. our tolerance for misstatement in an individual account or balance) for the Company should be 75% of planning materiality, namely £1.94 million. Our objective in adopting this approach was to ensure that total detected and undetected audit differences in all accounts did not exceed our planning materiality level.

Given the importance of the distinction between revenue and capital for the Company we have also applied a separate performance materiality of £286,100 for the income statement being 5% of the return on ordinary activities before taxation.

Independent auditor's report to the members of BlackRock Greater Europe Investment Trust plc continued

We reported to the Committee all audit differences in excess of £129,000, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

RESPONSES TO IDENTIFIED RISKS OF MATERIAL MISSTATEMENTS

Our response to the risks identified above was as follows:

- we agreed 100% of the Company's investments year end prices to an independent source and obtained supporting evidence for any unlisted valuations where management have exercised judgement;
- we re-performed the management and performance fee calculations for the year to confirm they were correctly calculated and in accordance with the investment management agreement;
- we obtained independent confirmation from the custodian of the investment portfolio and cash balances, agreeing them to the books and records; and
- we tested on a sample basis the completeness and accuracy of income receipts and confirmed that income was recorded in accordance with the Company's accounting policy for revenue recognition on a basis consistent with UK GAAP and AIC SORP.

OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the Company's financial statements; and
- the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

We have nothing to report in respect of the following:

Under the ISAs (UK and Ireland), we are required to report to you if, in our opinion, information in the Annual Report is:

- materially inconsistent with the information in the audited financial statements; or
- apparently materially incorrect based on, or materially inconsistent with, our knowledge of the Company acquired in the course of performing our audit; or
- otherwise misleading.

In particular, we are required to consider whether we have identified any inconsistencies between our knowledge acquired during the audit and the Directors' statement that they consider the Annual Report is fair, balanced and understandable and whether the Annual Report appropriately discloses those matters that we communicated to the Audit Committee which we consider should have been disclosed.

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Company's financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Under the Listing Rules we are required to review:

- the Directors' statement, set out on pages 17 and 18 in relation to going concern; and
- the part of the Corporate Governance Statement relating to the Company's compliance with the nine provisions of the UK Corporate Governance Code specified for our review.

Matthew Price (Senior Statutory Auditor)
For and on behalf of Ernst & Young LLP
Statutory Auditor
London
21 October 2014

Financial statements

Income statement for the year ended 31 August 2014

	Notes	Revenue 2014	Revenue 2013	Capital 2014	Capital 2013	Total 2014	Total 2013
		£'000	£'000	£'000	£'000	£'000	£'000
Gains on investments held at fair value through profit or loss	11	–	–	8,253	57,436	8,253	57,436
Income from investments held at fair value through profit or loss	3	6,873	9,181	–	–	6,873	9,181
Other income	3	42	–	–	–	42	–
Investment management and performance fees	4	(364)	(339)	(1,454)	(2,492)	(1,818)	(2,831)
Operating expenses	5	(678)	(688)	(19)	–	(697)	(688)
Net return before finance costs and taxation		5,873	8,154	6,780	54,944	12,653	63,098
Finance costs	7	(151)	(26)	(48)	(105)	(199)	(131)
Return on ordinary activities before taxation		5,722	8,128	6,732	54,839	12,454	62,967
Taxation on ordinary activities	8	(758)	(833)	–	(15)	(758)	(848)
Return on ordinary activities after taxation	10	4,964	7,295	6,732	54,824	11,696	62,119
Return per ordinary share – basic and diluted	10	4.59p	6.32p	6.22p	47.50p	10.81p	53.82p

The total column of this statement represents the profit and loss account of the Company. The supplementary revenue and capital columns are both prepared under guidance published by the Association of Investment Companies. The Company had no recognised profits or losses other than those disclosed in the Income Statement. All items in the above statement derive from continuing operations. No operations were acquired or discontinued during the year.

The notes on pages 39 to 52 form part of these financial statements.

Financial statements

Reconciliation of movements in shareholders' funds for the year ended 31 August 2014

	Share capital	Share premium account	Capital redemption reserve	Capital reserves	Special reserve	Revenue reserve	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
For the year ended 31 August 2014							
At 31 August 2013	138	55,672	102	158,879	27,660	12,490	254,941
Return for the year	–	–	–	6,732	–	4,964	11,696
Issue of ordinary shares held in treasury	–	60	–	–	439	–	499
Ordinary shares purchased and cancelled	(3)	–	3	–	(6,313)	–	(6,313)
Exercise of 2013 subscription shares	–	5,912	–	–	–	–	5,912
Share issue and share purchase costs	–	–	–	–	(156)	–	(156)
Dividends paid*	–	–	–	–	–	(7,592)	(7,592)
At 31 August 2014	135	61,644	105	165,611	21,630	9,862	258,987
For the year ended 31 August 2013							
At 31 August 2012	148	53,420	68	104,055	55,124	10,226	223,041
Return for the year	–	–	–	54,824	–	7,295	62,119
Ordinary shares purchased and cancelled	–	–	–	–	(26,839)	–	(26,839)
Exercise of 2010 and 2013 subscription shares	–	2,276	–	–	–	–	2,276
Bonus issue of 2013 subscription shares	24	(24)	–	–	–	–	–
Cancellation of treasury shares	(12)	–	12	–	–	–	–
2010 subscription shares expired	(22)	–	22	–	–	–	–
Share purchase costs	–	–	–	–	(625)	–	(625)
Dividend paid**	–	–	–	–	–	(5,031)	(5,031)
At 31 August 2013	138	55,672	102	158,879	27,660	12,490	254,941

* Interim dividend paid in respect of the year ended 31 August 2014 of 1.50p per share was declared on 17 April 2014 and paid on 30 May 2014. Final dividend paid in respect of the year ended 31 August 2013 of 4.50p per share was recommended on 21 October 2013 and paid on 13 December 2013 and special dividend paid in respect of the year ended 31 August 2013 of 1.00p per share was declared on 21 October 2013 and paid on 13 December 2013.

** Final dividend paid in respect of the year ended 31 August 2012 of 4.20p per share recommended on 10 October 2012 and paid on 7 December 2012.

The notes on pages 39 to 52 form part of these financial statements.

Financial statements

Balance sheet as at 31 August 2014

	Notes	2014	2013
		£'000	£'000
Fixed assets			
Investments held at fair value through profit or loss	11	256,083	268,376
Current assets			
Debtors	12	5,585	1,226
Cash	13	88	–
		5,673	1,226
Creditors – amounts falling due within one year			
Bank overdraft	13	(4)	(10,840)
Other creditors	14	(2,765)	(3,821)
		(2,769)	(14,661)
Net current assets/(liabilities)		2,904	(13,435)
Net assets		258,987	254,941
Capital and reserves			
Called-up share capital	15	135	138
Share premium account	16	61,644	55,672
Capital redemption reserve	16	105	102
Capital reserves	16	165,611	158,879
Special reserve	17	21,630	27,660
Revenue reserve	17	9,862	12,490
Total equity shareholders' funds		258,987	254,941
Net asset value per ordinary share – undiluted	10	237.98p	234.49p
Net asset value per ordinary share – diluted	10	237.98p	234.23p

The financial statements on pages 35 to 52 were approved and authorised for issue by the Board of Directors on 21 October 2014 and signed on its behalf by Ms Carol Ferguson, Chairman.

BlackRock Greater Europe Investment Trust plc

Registered in England, No. 5142459

The notes on pages 39 to 52 form part of these financial statements.

Financial statements

Cash flow statement for year ended 31 August 2014

	Notes	2014	2013
		£'000	£'000
Net cash inflow from operating activities	5(b)	1,550	4,725
Servicing of finance		(60)	(131)
Taxation recovered		526	218
Capital expenditure and financial investment			
Purchase of investments		(349,819)	(287,717)
Proceeds from sale of investments		366,341	324,588
Realised gains/(losses) on foreign currency transactions		422	(801)
Net cash inflow from capital expenditure and financial investment		16,944	36,070
Equity dividends paid		(7,592)	(5,031)
Net cash inflow before financing		11,368	35,851
Financing			
Purchase of ordinary shares		(6,313)	(26,839)
Share issue and share purchase costs paid		(578)	(144)
Proceeds from issue of ordinary shares out of treasury		499	–
Proceeds from issue of 2010 subscription shares		–	2,112
Proceeds from issue of 2013 subscription shares		5,912	164
Proceeds/(costs) arising from the acquisition of portfolio assets of Charter European Trust plc		36	(75)
Net cash outflow from financing		(444)	(24,782)
Increase in cash in the year	13	10,924	11,069

The notes on pages 39 to 52 form part of these financial statements.

Financial statements

Notes to the financial statements

1. PRINCIPAL ACTIVITY

The principal activity of the Company is that of an investment trust company within the meaning of section 1158 of the Corporation Tax Act 2010.

2. ACCOUNTING POLICIES

(a) Basis of preparation

The Company's financial statements have been prepared in accordance with UK Generally Accepted Accounting Practice (UK GAAP) and with the Statement of Recommended Practice 'Financial Statements of Investment Trust Companies' (SORP) revised in January 2009. The principal accounting policies adopted by the Company are set out below. All of the Company's operations are of a continuing nature.

The Company's financial statements are presented in Sterling, which is the currency of the primary economic environment in which the Company operates. All values are rounded to the nearest thousand pounds (£'000) except where otherwise indicated.

(b) Presentation of the Income Statement

In order to reflect better the activities of an investment trust company and in accordance with guidance issued by the Association of Investment Companies (AIC), supplementary information which analyses the Income Statement between items of a revenue and a capital nature has been presented alongside the Income Statement.

(c) Segmental reporting

The Directors are of the opinion that the Company is engaged in a single segment of business being investment business.

(d) Income

Dividends receivable on equity shares are treated as revenue for the year on an ex-dividend basis gross of withholding taxes. Where no ex-dividend date is available, dividends receivable on or before the year end are treated as revenue for the year. Provisions are made for dividends not expected to be received. Fixed returns on debt securities are recognised on a time apportionment basis. Interest income and expenses are accounted for on an accruals basis.

(e) Expenses

All expenses are accounted for on an accruals basis. Expenses have been treated as revenue except as follows:

- expenses which are incidental to the acquisition or disposal of an investment are included within the cost of the investment. Details of transaction costs on the purchases and sales of investments are disclosed in note 11, on pages 44 and 45;
- the investment management fee has been allocated 80% to capital reserves and 20% to the revenue account in line with the Board's expected long term split of returns, in the form of capital gains and income respectively, from the investment portfolio;
- performance fees are allocated 100% to capital reserves, as performance has been predominantly generated through capital returns of the investment portfolio.

(f) Finance costs

Finance costs are accounted for on an accruals basis. Finance costs are allocated, insofar as they relate to the financing of the Company's investments, 80% to capital and 20% to the revenue account, in line with the Board's expected long term split of returns, in the form of capital gains and income respectively, from the investment portfolio.

(g) Taxation

Deferred taxation is recognised in respect of all timing differences at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or right to pay less tax in the future have occurred at the balance sheet date. This is subject to deferred taxation assets only being recognised if it is considered more likely than not that there will be suitable profits from which the future reversal of the timing differences can be deducted.

2. ACCOUNTING POLICIES continued

(h) Investments held at fair value through profit or loss

The Company's investments are classified as held at fair value through profit or loss in accordance with FRS 26 – 'Financial Instruments: Recognition and Measurement' and are managed and evaluated on a fair value basis in accordance with its investment strategy. All investments are designated upon initial recognition as held at fair value through profit or loss.

The purchase and sales of assets are recognised at the trade date of the transaction. Disposals will be measured at fair value which will be regarded as the proceeds of sale less any transaction costs.

The investments are measured on initial recognition and subsequently at fair value. Changes in the value of investments held at fair value through profit or loss and gains and losses on disposal are recognised in the Income Statement as "Gains or losses on investments held at fair value through profit or loss". Also included within this heading are transaction costs in relation to the purchase or sale of investments.

The fair value of the financial instruments is based on their quoted bid price at the balance sheet date, without deduction for the estimated future selling costs. Unquoted investments are valued by the Directors at fair value using International Private Equity and Venture Capital Association Guidelines. This policy applies to all current and fixed asset investments of the Company.

(i) Dividends payable

Under FRS 21, final dividends should not be accrued in the financial statements unless they have been approved by shareholders before the balance sheet date. Dividends payable to equity shareholders are recognised in the Reconciliation of Movements in Shareholders' Funds when they have been approved by shareholders and become a liability of the Company.

(j) Foreign currency translation

All transactions in foreign currencies are translated into Sterling at the rates of exchange ruling on the dates of such transactions. Foreign currency assets and liabilities at the balance sheet date are translated into Sterling at the exchange rates ruling at that date. Exchange differences arising on the revaluation of investments held as fixed assets are included in capital reserves. Exchange differences arising on the translation of foreign currency assets and liabilities are taken to capital reserves.

3. INCOME

	2014 £'000	2013 £'000
Investment income:		
Overseas dividends	6,873	9,181
	6,873	9,181
Other income:		
Bank interest	1	–
Interest on withholding tax reclaims	41	–
	42	–
Total	6,915	9,181

4. INVESTMENT MANAGEMENT AND PERFORMANCE FEES

	2014			2013		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Investment management fee	364	1,454	1,818	339	1,355	1,694
Performance fee	–	–	–	–	1,137	1,137
Total	364	1,454	1,818	339	2,492	2,831

BlackRock Investment Management (UK) Limited (BIM (UK)) provided management and administration services to the Company under a contract which was terminated with effect from 2 July 2014. BlackRock Fund Managers Limited (BFM) was appointed as the Company's AIFM with effect from 2 July 2014. BIM (UK) continues to act as the Company's Investment Manager under a delegation agreement with BFM. Further details of the investment management contract are disclosed in the Directors' Report on pages 16 and 17.

The investment management fee is levied quarterly, based on the market capitalisation of the Company's ordinary shares on the last day of each month. The investment management fee due to BIM (UK) and BFM for the year ended 31 August 2014 amounted to £1,818,000 (2013: £1,694,000). No performance fee was accrued for the year ended 31 August 2014 (2013: £1,137,000). Any performance fee is based on the outperformance of the Company's share price relative to the FTSE World Europe ex UK Index over a three year rolling period.

At the year end, £440,000 was outstanding in respect of the management fee (2013: £874,000) and nil (2013: £1,137,000) in respect of the performance fee. The management fee and any performance fee were until 2 July 2014 payable to BIM (UK) and thereafter to BFM.

In addition to the above services, with effect from 1 November 2013, BIM (UK) has provided the Company with marketing services. The total fees paid or payable for these services for the year ended 31 August 2014 amounted to £113,000 excluding VAT (2013: nil), of which £113,000 (2013: nil) was outstanding at 31 August 2014.

5. OPERATING ACTIVITIES

	2014 £'000	2013 £'000
(a) Operating expenses		
Custody fee	33	37
Auditor's remuneration:		
– statutory audit	26	26
– other audit services*	–	5
Depositary fees	7	–
Directors' emoluments and expenses	115	112
Registrar's fees and other operating expenses	497	508
	678	688
Transaction costs – capital	19	–
The Company's ongoing charges, calculated as a percentage of average net assets and using expenses, excluding performance fees and finance costs, after relief for any taxation were:	0.94%	0.87%
The Company's ongoing charges, calculated as a percentage of average net assets and using expenses, including performance fees but excluding finance costs, after relief for any taxation were:	0.94%	1.33%

* Other audit services in 2013 relate to the review of the half yearly financial statements.

	2014 £'000	2013 £'000
(b) Reconciliation of net return before finance costs and taxation to net cash flow from operating activities		
Net return before finance costs and taxation	12,653	63,098
Less capital return before finance costs and taxation	(6,780)	(54,944)
Net revenue return before finance costs and taxation	5,873	8,154
Expenses charged to capital	(1,473)	(2,507)
Decrease/(increase) in accrued income	13	(24)
(Increase)/decrease in debtors	(11)	4
(Decrease)/increase in accrued expenditure	(1,767)	468
Tax on investment income included within gross income	(1,085)	(1,370)
Net cash inflow from operating activities	1,550	4,725

6. DIRECTORS' EMOLUMENTS

Details of the Directors' emoluments are given in the Directors' Remuneration Report on page 23.

7. FINANCE COSTS

	2014			2013		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Interest payable – bank overdraft	12	48	60	26	105	131
Interest accrued – corporation tax	139	–	139	–	–	–
	151	48	199	26	105	131

8. TAXATION

a) Analysis of charge in year

	2014			2013		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Current taxation:						
Corporation tax prior year adjustment	–	–	–	9	–	9
	–	–	–	9	–	9
Overseas tax suffered	780	–	780	824	15	839
Overseas tax – prior year adjustment	(46)	–	(46)	–	–	–
Exchange difference on reclaimable WHT	24	–	24	–	–	–
Total current taxation (note 8 (b))	758	–	758	833	15	848

b) Factors affecting current tax charge for the year

The tax assessed for the year is lower than the standard rate of corporation tax in the UK for a large company of 22.16% (2013: 23.58%). The differences are explained below:

	2014			2013		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Return on ordinary activities before taxation	5,722	6,732	12,454	8,128	54,839	62,967
Return on ordinary activities multiplied by standard rate of 22.16% (2013: 23.58%)	1,268	1,492	2,760	1,917	12,933	14,850
Effects of:						
Overseas tax suffered	780	–	780	824	–	824
Overseas tax prior year adjustment	(46)	–	(46)	9	–	9
Exchange difference on reclaimable WHT	24	–	24	–	–	–
WHT on scrip dividends	–	–	–	–	15	15
Overseas dividends not subject to tax	(1,415)	–	(1,415)	(2,112)	–	(2,112)
Current year expenses not utilised	165	322	487	193	588	781
Current year non trade loan relationships not utilised	–	–	–	(4)	25	21
Expense relief for overseas tax	(17)	–	(17)	(7)	–	(7)
Non-deductible expenses	(1)	1	–	13	–	13
Capital gains not taxable	–	(1,829)	(1,829)	–	(13,546)	(13,546)
Excess non-trade loan relationship deficit not utilised	–	10	10	–	–	–
Disallowable expenses	–	4	4	–	–	–
Current corporation tax charge (note 8(a))	758	–	758	833	15	848

At 31 August 2014, the Company had net surplus management expenses of £11.5 million (2013: £9.5 million) and a non-trade loan relationship deficit of £0.4 million (2013: £0.2 million) giving total unutilised losses of £11.9 million (2013: £9.7 million). A deferred tax asset has not been recognised in respect of these losses because the Company is not expected to generate taxable income in a future period and, accordingly, it is unlikely that the Company will be able to reduce future tax liabilities through the use of existing surplus management expenses or loan relationship deficits. There was an unrecognised deferred tax asset of £2.4 million at the financial reporting date (2013: £2.1 million).

Due to the Company's intention to meet the conditions required to obtain approval under section 1158 of the Corporation Tax Act 2010, it has not provided deferred tax on any capital gains or losses. Investment trusts are exempt from corporation tax on capital gains provided the Company obtains agreement from HM Revenue & Customs that tests under section 1158 of the Corporation Tax Act 2010 have been met.

9. DIVIDENDS

Dividends paid on equity shares:	Record date	Payment date	2014 £'000	2013 £'000
2012 final dividend of 4.20p	26 October 2012	7 December 2012	–	5,031
2013 final dividend of 4.50p	4 December 2013	13 December 2013	4,893	–
2013 Special dividend of 1.00p	4 December 2013	13 December 2013	1,087	–
2014 Interim dividend paid of 1.50p	2 May 2014	30 May 2014	1,612	–
			7,592	5,031

The Directors have proposed a final dividend of 3.20p per share in respect of the year ended 31 August 2014. The dividend will be paid on 12 December 2014, subject to shareholders' approval on 3 December 2014, to shareholders on the Company's register on 31 October 2014. The proposed final dividend has not been included as a liability in these financial statements, as final dividends are only recognised in the financial statements when they have been approved by shareholders, or in the case of interim/special dividends, not recognised until they are paid.

The dividends disclosed in the note below have been considered in view of the requirements of section 1158 of the Corporation Tax Act 2010 and section 833 of the Companies Act 2006, and the amount paid and proposed for the year ended 31 August 2014 meets the relevant requirements as set out in this legislation.

	2014 £'000	2013 £'000
Dividends paid or proposed on equity shares:		
Interim paid of 1.50p per ordinary share (2013: nil)	1,612	–
2013 special dividend of 1.00p per ordinary share	–	1,087
Final proposed of 3.20p* per ordinary share (2013: 4.50p)	3,482	4,893
	5,094	5,980

* Based on 108,828,058 ordinary shares in issue on 21 October 2014.

10. RETURN AND NET ASSET VALUE PER ORDINARY SHARE

Revenue and capital returns per share are shown below and have been calculated using the following:

Undiluted	2014	2013
Net revenue return attributable to ordinary shareholders (£'000)	4,964	7,295
Net capital return/(loss) attributable to ordinary shareholders (£'000)	6,732	54,824
Total return (£'000)	11,696	62,119
Equity shareholders' funds (£'000)	258,987	254,941
The weighted average number of ordinary shares in issue during the year, on which the return per ordinary share was calculated was:	108,236,562	115,410,120
The actual number of ordinary shares in issue at the year end, on which the net asset value was calculated was:	108,828,058	108,719,211
The number of ordinary shares in issue, including treasury shares, at the year end was:	114,257,734	114,437,564

10. RETURN AND NET ASSET VALUE PER ORDINARY SHARE continued

	2014			2013		
	Revenue p	Capital p	Total p	Revenue p	Capital p	Total p
Return per share						
Calculated on weighted average number of shares	4.59	6.22	10.81	6.32	47.50	53.82
Calculated on actual number of shares in issue at year end	4.56	6.19	10.75	6.71	50.43	57.14
Net asset value per share			237.98			234.49
Ordinary share price			228.50			228.75
Subscription share price			10.00			23.38

Diluted	2014	2013
Net revenue return attributable to ordinary shareholders (£'000)	4,964	7,295
Net capital return attributable to ordinary shareholders (£'000)	6,732	54,824
Total return (£'000)	11,696	62,119
Equity shareholders' funds* (£'000)	258,987	308,960
The weighted average number of ordinary shares in issue during the year, on which the diluted return per ordinary share was calculated was:	108,236,562	115,410,120
The actual number of ordinary shares and 2013 subscription shares, at the year end on which the fully diluted net asset value was calculated was:	129,475,906	131,903,529

	2014			2013		
	Revenue p	Capital p	Total p	Revenue p	Capital p	Total p
Return per share						
Calculated on weighted average number of shares**	4.59	6.22	10.81	6.32	47.50	53.82
Net asset value per share*			237.98			234.23

* In accordance with the AIC SORP, to the extent that the Company's NAV is not in excess of the exercise price, the subscription shares are not considered to be dilutive for the calculation of the NAV per share. Hence no dilutive share price has been calculated.

** In accordance with FRS 22 "Earnings per share", there is no dilutive impact on the return per share for the year ended 31 August 2014 as the average mid-market price of the ordinary shares for the year of 228.50p is below the exercise price of the subscription shares of 248.00p per share.

11. INVESTMENTS HELD AT FAIR VALUE THROUGH PROFIT OR LOSS

	2014 £'000	2013 £'000
Overseas quoted investments	256,083	268,376
Opening cost of equity investments	231,317	232,271
Additions at cost	350,105	286,998
Disposals at cost	(345,439)	(287,952)
Cost carried forward	235,983	231,317
Closing investment holding gains	20,100	37,059
Closing valuation of equity investments	256,083	268,376

Transaction costs of £498,000 were incurred on the acquisition of investments (2013: £545,000). Costs relating to the disposal of investments during the year amounted to £313,000 (2013: £320,000). All transaction costs have been included within capital reserves.

Gains on investments held at fair value through profit or loss

	2014 £'000	2013 £'000
Realised gains on sales	24,790	34,489
(Decrease)/increase in investment holding gains	(16,959)	23,755
Gains/(losses) on foreign currency translations	422	(808)
	8,253	57,436

12. DEBTORS

	2014 £'000	2013 £'000
Sales for future settlement	4,033	145
Prepayments and accrued income	110	112
Share issue proceeds receivable	–	50
Taxation recoverable	1,442	919
	5,585	1,226

13. MOVEMENTS IN NET FUNDS/(DEBT)

	2014 £'000	2013 £'000
(a) Reconciliation of net cash flow to movements in net funds/(debt)		
Increase in cash	10,924	11,069
Net debt at beginning of the year	(10,840)	(21,909)
Net funds/(debt) at 31 August	84	(10,840)
(b) Analysis of changes in net funds/(debt)		
Cash	88	–
Bank overdraft	(4)	(10,840)
Net funds/(debt) at 31 August	84	(10,840)

14. CREDITORS – AMOUNTS FALLING DUE WITHIN ONE YEAR

	2014 £'000	2013 £'000
Purchases for future settlement	286	–
Taxation payable	894	172
Other payables	311	747
Interest payable	139	–
Accrued expenditure	1,135	2,902
	2,765	3,821

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15. SHARE CAPITAL

	Ordinary shares number	Treasury shares number	Subscription shares number	Total shares	£
Allotted, called up and fully paid share capital comprised:					
Ordinary shares of 0.1p each					
At 31 August 2013	108,719,211	5,718,353	–	114,437,564	114,438
Shares repurchased and cancelled pursuant to tender offer on 9 December 2013	(2,627,623)	–	–	(2,627,623)	(2,628)
Cancellation of treasury shares	–	(88,677)	–	(88,677)	(89)
Issue of shares out of treasury	200,000	(200,000)	–	–	–
	106,291,588	5,429,676	–	111,721,264	111,721
Subscription shares of 0.1p each					
At 31 August 2013	–	–	23,184,318	23,184,318	23,184
Conversion of 2013 subscription shares into ordinary shares	2,536,470	–	(2,536,470)	–	–
At 31 August 2014	108,828,058	5,429,676	20,647,848	134,905,582	134,905

During the year, 2,627,623 ordinary shares were repurchased and cancelled (2013: 12,298,362) for a total consideration, including expenses, of £6,445,000 (2013: £27,464,000). The number of ordinary shares in issue at the year end was 114,257,734 (2013: 114,437,564) of which 5,429,676 were held in treasury (2013: 5,718,353) and the number of subscription shares in issue was 20,647,848 (2013: 23,184,318). The number of treasury shares cancelled during the year was 88,677 (2013: 11,340,646). The number of shares issued from treasury was 200,000 (2013: nil) for total proceeds (before broker's commission) of £499,000. As a result of the conversion of subscription shares, 2,536,470 (2013: 70,495) new ordinary shares were issued for a total consideration of £5,912,000 (2013: £2,276,000).

16. RESERVES

	Share premium account £'000	Capital redemption reserve £'000	Capital reserves arising on investments sold £'000	Capital reserves arising on revaluation of investments held £'000
At 1 September 2013	55,672	102	121,820	37,059
Movement during the year:				
Issue of ordinary shares held in treasury	60	–	–	–
Exercise of 2013 subscription shares	5,912	–	–	–
Cancellation of treasury shares	–	3	–	–
Gains on realisation of investments	–	–	24,790	–
Change in investment holding gains	–	–	–	(16,959)
Losses on foreign currency transactions	–	–	1,100	(678)
Finance costs and investment management and performance fees	–	–	(1,521)	–
At 31 August 2014	61,644	105	146,189	19,422

17. DISTRIBUTABLE RESERVES

	£'000
Special reserve	
At 1 September 2013	27,660
Issue of ordinary shares held in treasury	439
Purchase of ordinary shares for cancellation	(6,313)
Share purchase costs	(156)
At 31 August 2014	21,630

	£'000
Revenue reserve	
At 1 September 2013	12,490
Return for the year	4,964
Dividends paid	(7,592)
At 31 August 2014	9,862

18. FINANCIAL INSTRUMENTS AND RISKS

The Company's investment activities expose it to various types of risks which are associated with the financial instruments and markets in which it invests. The following information is not intended to be a comprehensive summary of all risks and shareholders should refer to the Alternative Investment Fund Managers' Directive Fund 3.2.2R Disclosures which can be found at blackrock.co.uk/brge for a more detailed discussion of the risks inherent in investing in the Company.

Risk management framework

The directors of the Alternative Investment Fund Manager (AIFM) review quarterly investment performance reports and receive semi-annual presentations in person from the Investment Manager covering the Company's performance and risk profile during the year. The AIFM has delegated the day-to-day administration of the investment programme to the Investment Manager. The Investment Manager is also responsible for ensuring that the Company is managed within the terms of its investment guidelines and limits set out in the Alternative Investment Fund Managers' Directive Fund 3.2.2R Disclosures which can be found at blackrock.co.uk/brge. The AIFM reserves to itself the investment performance, product risk monitoring and oversight and the responsibility for the monitoring and oversight of regulatory and operational risk for the Company. The Directors of the AIFM have appointed a Risk Manager who has responsibility for the daily risk management process with assistance from key risk management personnel of the Investment Manager, including members of the Risk and Quantitative Analysis Group (RQA Group) which is a centralised group which performs an independent risk management function. The RQA Group independently identifies, measures and monitors investment risk. The RQA Group tracks the actual risk management practices being deployed across the Company. By breaking down the components of the process, the RQA Group has the ability to determine if the appropriate risk management processes are in place across the Company. This captures the risk management tools employed, how the levels of risk are controlled, ensuring risk/return is considered in portfolio construction and reviewing outcomes.

The risk exposures of the Company are set out as follows:

(a) Market risk

Market risk arises mainly from uncertainty about future values of financial instruments influenced by other price, currency and interest rate movements. It represents the potential loss the Company may suffer through holding market positions in European equities in the face of market movements.

Value at Risk (VaR) is a statistical risk measure that estimates the potential portfolio loss from adverse market moves in an ordinary market environment. VaR analysis reflects the interdependencies between risk variables, unlike a traditional sensitivity analysis.

The VaR calculations are based on a confidence level of 99% with a holding period of not greater than 1 month (20 days) and a historical observation period of not less than 1 year (250 days). A VaR number is defined at a specified probability and a specified time horizon. A 99% 1 month VaR means that the expectation is that 99% of the time over a 1 month period the Company will lose less than this number in percentage terms. Therefore, higher VaR numbers indicate higher risk. It is noted that the use of VaR methodology has limitations, namely assumptions that risk factor returns are normally distributed and that the use of historical market data as a basis for estimating future events does not encompass all possible scenarios, particularly those that are of an extreme nature and that the use of a specified confidence level (e.g. 99%) does not take into account losses that occur beyond this level. There is some probability that the loss could be greater than the VaR amounts. These limitations and the nature of the VaR measure mean that the Company can neither guarantee that losses will not exceed the VaR amounts indicated, nor that losses in excess of the VaR amounts will not occur more frequently.

The one month VaR as at 31 August 2014 and 31 August 2013 (based on a 99% confidence level) was 10.68% and 13.23%, respectively.

18. FINANCIAL INSTRUMENTS AND RISKS continued

(i) Market risk arising from other price risk

Exposure to other price risk

Other price risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting similar financial instruments traded in the market.

The Company is exposed to market price risk arising from its equity investments. The movements in the prices of these investments result in movements in the performance of the Company.

Management of other price risk

By diversifying the portfolio, where this is appropriate and consistent with the Company's objectives, the risk that a price change of a particular investment will have a material impact on the NAV of the Company is minimised which is in line with the investment objectives of the Company.

(ii) Market risk arising from foreign currency risk

Exposure to foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Foreign currency sensitivity risk has been covered by the VaR analysis under the market risk section.

The fair values of the Company's monetary items which have foreign currency exposure at 31 August 2014 and 31 August 2013 are shown below. Where the Company's equity investments which are not monetary items are denominated in a foreign currency, they have been included separately in the analysis so as to show the overall level of exposure.

	2014 Euro £'000	2014 Swiss Franc £'000	2013 Euro £'000	2013 Swiss Franc £'000
Debtors (due from brokers, dividends and other income receivable)	2,486	403	569	410
Overdraft	–	–	(10,840)	–
Total foreign currency exposure on net monetary items	2,486	403	(10,271)	410
Equity investments at fair value through profit or loss	163,764	35,655	174,145	49,085
Total net foreign currency exposure	166,250	36,058	163,874	49,495

Management of foreign currency risk

The Investment Manager monitors the Company's exposure to foreign currencies on a daily basis and reports to the Board of the Company on a regular basis.

The Investment Manager measures the risk to the Company of the foreign currency exposure by considering the effect on the Company's net asset value and income of a movement in the exchange rate to which the Company's assets, liabilities, income and expenses are exposed.

Foreign currency borrowing facilities are available in the form of a multi-currency overdraft facility to limit the Company's exposure to anticipated future changes in exchange rates which might otherwise adversely affect the value of the portfolio of investments.

The Company does not use financial instruments to mitigate the currency exposure in the period between the time that income is included in the financial statements and its receipt. Derivative contracts are not used to hedge against exposure to foreign currency risk.

Consequently, the Company is exposed to risks that the exchange rate of its reporting currencies relative to other currencies may change in a manner which has an adverse effect on the value of the portion of the Company's assets which are denominated in currencies other than their own currencies.

(iii) Market risk arising from interest rate risk

Exposure to interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company is exposed to interest rate risk specifically through its cash holdings and its borrowing facilities for investment purposes.

Interest rate sensitivity risk has been covered by the VaR analysis under the market risk section.

Interest rate exposure

The exposure at 31 August 2014 and 31 August 2013 of financial assets and liabilities to interest rate risk is shown by reference to:

- floating interest rates – when the interest rate is due to be re-set; and
- fixed interest rates – when the financial instrument is due for repayment.

	2014			2013		
	Within one year £'000	More than one year £'000	Total £'000	Within one year £'000	More than one year £'000	Total £'000
Exposure to floating interest rates:						
Cash	88	–	88	–	–	–
Creditors – within one year:						
Bank overdraft	(4)	–	(4)	(10,840)	–	(10,840)
Total exposure to interest rates	84	–	84	(10,840)	–	(10,840)

The Company does not have any fixed rate exposure at 31 August 2014 or 31 August 2013. Interest received on cash balances, or paid on the bank overdraft respectively, is approximately 0.15% and 1.25% per annum (2013: 0.15% and 1.25% per annum).

Management of interest rate risk

The possible effects on fair value and cash flows that could arise as a result of changes in interest rates are taken into account when making investment decisions and borrowings under the multi-currency overdraft facility.

The Company finances part of its activities through borrowings at levels approved and monitored by the Board of the Company. The Company, generally, does not hold significant balances, with short term borrowings being used when required. Derivative contracts are not used to hedge against the exposure to interest rate risk.

(b) Counterparty credit risk

Credit risk is the risk that the issuer of a financial instrument will fail to fulfil an obligation or commitment that it has entered into with the Company.

The Company is exposed to counterparty credit risk from the parties with which it trades and will bear the risk of settlement default. Counterparty credit risk to the Company arises from transactions to purchase or sell investments.

Credit Risk is monitored and managed by BlackRock's RQA Counterparty & Concentration Risk team. The team is headed by BlackRock's Chief Credit Officer who reports to the Global Head of RQA. Credit authority resides with the Chief Credit Officer and selected team members to whom specific credit authority has been delegated. As such, counterparty approvals may be granted by the Chief Credit Officer, or by identified RQA Credit Risk Officers who have been formally delegated authority by the Chief Credit Officer.

The BlackRock RQA Counterparty and Concentration Risk team completes a formal review of each new counterparty, monitors and reviews all approved counterparties on an ongoing basis and maintains an active oversight of counterparty exposures and the collateral management process.

Depositary

With effect from 2 July 2014, the Company's Depositary is BNY Mellon Trust & Depositary (UK) Limited (the Depositary) (Moody's long term credit rating as at 31 December 2013: Aa2). All of the assets and cash of the Company are held within the custodial network of the Depositary. Bankruptcy or insolvency of the Depositary may cause the Company's rights with respect to its investments held by the Depositary to be delayed or limited. The maximum exposure to this risk at 31 August 2014 is the total value of investments held with the Depositary and cash and cash equivalents in the balance sheet.

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18. FINANCIAL INSTRUMENTS AND RISKS continued

In accordance with the requirements of the depositary agreement, the Depositary will ensure that any agents it appoints to assist in safekeeping the assets of the Company will segregate the assets of the Company. Thus in the event of insolvency or bankruptcy of the Depositary, the Company's non-cash assets are segregated and this reduces counterparty credit risk. The Company will, however, be exposed to the counterparty credit risk of the Depositary in relation to the Company's cash held by the Depositary. In the event of the insolvency or bankruptcy of the Depositary, the Company will be treated as a general creditor of the Depositary in relation to cash holdings of the Company.

Counterparties/Brokers

All transactions in listed securities are settled/paid for upon delivery using an approved broker. The risk of default is considered minimal, as delivery of securities sold is only made once the broker has made payment. Payment is made on a purchase once the securities have been delivered by the broker. The trade will fail if either party fails to meet its obligation.

Counterparty credit risk also arises on transactions with a broker in relation to transactions awaiting settlement. Risk relating to unsettled transactions is considered small due to the short settlement period involved and the high credit quality of the brokers used. The Company monitors the credit rating and financial position of the brokers used to further mitigate this risk.

Amounts due from debtors are disclosed on the balance sheet as receivables. The counterparties included in debtors are the same counterparties discussed previously under counterparty credit risk and subject to the same scrutiny by the BlackRock RQA Counterparty and Concentration Risk team. The Company monitors the ageing of receivables to mitigate the risk of debtor balances becoming overdue.

In summary, the exposure to credit risk at 31 August 2014 and 31 August 2013 was as follows:

	2014 Balance sheet £'000	2013 Balance sheet £'000
Sales for future settlement	4,033	145
Prepayments and accrued income	110	112
Taxation recoverable	1,442	919
Other debtors	–	50
	5,585	1,226

Management of counterparty/credit risk

The RQA Group are responsible for the risk management of the Company, with duties comprising of identifying, monitoring and managing risk, including counterparty credit risk. The RQA Group are supported in this role by the Investment Manager.

The Company has a low level of counterparty/credit risk, which is managed as follows:

- investment transactions are carried out with a large number of brokers, whose credit standard is reviewed periodically by the Investment Manager, and limits are set on the amount that may be due from any one broker;
- the Company's listed investments are held on its behalf by The Bank of New York Mellon (International) Limited as the Company's custodian. The Board monitors the Company's risk by reviewing the custodian's internal control reports;
- the creditworthiness of financial institutions with whom cash is held is reviewed regularly by the Investment Manager;
- all transactions in quoted securities are settled on a payment against delivery basis using approved brokers. The risk of default is considered minimal, as delivery of securities sold is only made once the broker has made payment. Payment is made on purchase once the securities have been delivered by the broker. The trade will fail if either party fails to meets its obligation.

(c) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulties in meeting obligations associated with financial liabilities. At the year end, the Company had a multi-currency overdraft facility of £36.5 million (2013: £36.5 million).

Liquidity risk exposure

The remaining undiscounted gross cash outflows of the financial liabilities as at 31 August 2014 and 31 August 2013, based on the earliest date on which payment can be required, were as follows:

	2014 3 months or less £'000	2013 3 months or less £'000
Current liabilities:		
Bank overdraft	(4)	(10,840)
Amounts due to brokers and accruals	(2,765)	(3,821)
	(2,769)	(14,661)

Management of liquidity risk

The Company is also exposed to liquidity risks from the leverage employed. Liquidity risk is not significant as the Company's assets are investments in quoted securities that are readily realisable.

The Company's liquidity risk is managed on a daily basis by the Investment Manager in accordance with established policies and procedures in place. The Portfolio Managers review daily forward-looking cash reports which project cash obligations. These reports allow them to manage their obligations.

For the avoidance of doubt, none of the assets of the Company are subject to special liquidity arrangements.

(d) Valuation of financial instruments

FRS 29 requires the Company to classify fair value measurements using a fair value hierarchy that reflects the significance of inputs used in making the measurements. The Company's accounting policies on fair value measurements are discussed in the accounting policies on valuation of investments in note 2(h) on page 40.

The fair value hierarchy has the following levels:

Level 1 – quoted market price in an active market for an identical instrument.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

Level 2 – Valuation techniques used to price securities based on observable inputs. This category includes instruments valued using quoted market prices in active markets for identical instruments; quoted prices for similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

Level 3 – Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs could have a significant impact on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments and instruments for which there is no active market. The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety.

For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the asset or liability.

Notes to the financial statements continued

18. FINANCIAL INSTRUMENTS AND RISKS continued

(d) Valuation of financial instruments continued

The determination of what constitutes "observable" requires significant judgement by the Investment Manager. The Investment Manager considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

The table below sets out fair value measurements using the FRS 29 fair value hierarchy.

Financial assets at fair value through profit or loss at 31 August 2014	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Equity investments	256,083	–	–	256,083

Financial assets at fair value through profit or loss at 31 August 2013	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Equity investments	268,376	–	–	268,376

There were no transfers between levels for financial assets and financial liabilities during the year recorded at fair value as at 31 August 2014 and 31 August 2013. The Company did not hold any level 3 securities throughout the financial year or as at 31 August 2014 (2013: nil).

(e) Leverage

The Company may employ leverage and borrow cash in accordance with its stated investment policy or investment strategy. The Company may also employ leverage in its investment programme through foreign exchange forward contracts. The use of borrowings and leverage has attendant risks and can, in certain circumstances, substantially increase the adverse impact to which the Company's investment portfolio may be subject. No derivatives were used for leverage purposes during the year.

For the purposes of this disclosure, leverage is any method by which the Company's exposure is increased, whether through borrowing of cash or securities, or leverage embedded in foreign exchange forward contracts or by any other means. The AIFMD requires that each leverage ratio be expressed as the ratio between a Company's exposure and its NAV, and prescribes two required methodologies, the gross methodology and the commitment methodology (as set out in AIFMD Level 2 Implementation Guidance), for calculating such exposure. Using the methodologies prescribed under the AIFMD, the leverage of the Company is disclosed in the table below:

Derivatives	Commitment leverage As at 31 August 2014	Gross leverage As at 31 August 2014
Leverage ratio	1.00	0.98

(f) Capital management policies and procedures

The Company's capital management objectives are:

- to ensure it will be able to continue as a going concern; and to
- secure long term capital growth primarily through investing in securities of large, mid and smaller capitalisation European companies, together with some investments in the developing markets of Europe.

This is to be achieved through an appropriate balance of equity capital and gearing. The policy is that gearing should not exceed 15% of gross assets.

The Company's total capital as at 31 August 2014 was £258,991,000 (2013: £265,781,000) comprising a bank overdraft of £4,000 (2013: £10,840,000) and equity shares, capital and reserves of £258,987,000 (2013: £254,941,000).

19. RELATED PARTY DISCLOSURE: DIRECTORS' EMOLUMENTS

The related party transactions with Directors are set out in the Directors' Remuneration Report on pages 23 and 24. At 31 August 2014, £9,000 (2013: £10,000) was outstanding in respect of Directors' fees.

20. CONTINGENT LIABILITIES

There were no contingent liabilities at 31 August 2014 (2013: nil).

Additional information

Shareholder information

FINANCIAL CALENDAR

The timing of the announcement and publication of the Company's results may normally be expected in the months shown below:

April

Half yearly figures announced and half yearly financial report published.

October

Annual results and final dividend for year announced. Annual report and financial statements published.

End November/early December

Annual General Meeting.

December

Dividend (if any) paid.

DIVIDEND – 2014

The proposed final dividend in respect of the year ended 31 August 2014 is 3.20p per share. The Board also declared an interim dividend of 1.50p per share which was paid on 30 May 2014 to shareholders on the register on 2 May 2014.

Ex-dividend date (shares transferred without the dividend)	30 October 2014
Record date (last date for registering transfers to receive the dividend)	31 October 2014
Last date for registering DRIP instructions	21 November 2014
Dividend payment date	12 December 2014

PAYMENT OF DIVIDENDS

Cash dividends will be sent by cheque to the first-named shareholder at their registered address. Dividends may also be paid direct into a shareholder's bank account via BACSTEL-IP (Bankers' Automated Clearing Service – Telecom Internet Protocol). This may be arranged by contacting the Company's registrar, Computershare Investor Services PLC, through their secure website investorcentre.co.uk, or by telephone on 0870 707 1163, or by completing the Mandate Instructions section on the reverse of your dividend counterfoil and sending this to the Company's registrar, Computershare. Tax vouchers will be sent to shareholders at their registered address, unless other instructions have been given, to arrive on the payment date.

DIVIDEND REINVESTMENT SCHEME (DRIP)

Shareholders may request that their dividends be used to purchase further shares in the Company. Dividend reinvestment forms may be obtained from Computershare Investor Services PLC, through their secure website investorcentre.co.uk, or by telephone on 0870 707 1163. Shareholders who have already opted to have their dividends reinvested do not need to reapply. The last date for registering for this service for the forthcoming dividend is 21 November 2014.

SHARE PRICES

The Company's mid-market share prices are quoted daily in The Financial Times and The Times under "Investment Companies" and in The Daily Telegraph under "Investment Trusts". The share price is also available on the BlackRock website at blackrock.co.uk/brge.

ISIN/SEDOL NUMBERS

The ISIN/SEDOL numbers and mnemonic codes for the Company's ordinary shares and subscription shares are:

	Ordinary shares	Subscription shares
ISIN	GB00B01RDH75	GB00B99HJ527
SEDOL	B01RDH7	B99HJ52
Reuters code	BRGE.L	BRGS.L
Bloomberg code	BRGE LN	BRGS LN

DETAILS OF 2013 SUBSCRIPTION SHARES

On 19 April 2013 the Company issued subscription shares as a bonus issue to ordinary shareholders on the basis of one subscription share for every five ordinary shares held. For the purposes of UK taxation, the receipt by ordinary shareholders of the subscription shares arising from the bonus issue is treated as a reorganisation of the Company's share capital. Accordingly, the subscription shares are treated as the same asset as a shareholder's holding of ordinary shares and as having been acquired at the same time as the shareholder's holding of ordinary shares was acquired. As a result of the bonus issue, the shareholder's base cost of his or her ordinary shares will be apportioned between these ordinary shares and the subscription shares by reference to their respective market values on the day on which the subscription shares were admitted to trading on the London Stock Exchange i.e. 19 April 2013.

The middle market prices of the ordinary shares and subscription shares on 19 April 2013 were as follows:

Ordinary shares	210.50p
Subscription shares	18.00p

Accordingly, an individual investor who, on 19 April 2013, held five ordinary shares (or a multiple thereof) would apportion the base cost of such holding 98.32% to the five ordinary shares and 1.68% to the subscription shares. For holders who purchased the subscription shares on any other date, the base cost for the purpose of calculating capital gains tax will generally be the amount paid for the subscription shares together with the base cost of the subscription shares, along with any other allowable costs of acquisition.

Additional information

Shareholder information continued

SUBSCRIPTION SHARES – EXERCISE DATES

Notice to exercise the subscription share rights may be given quarterly on the last business day of January, April, July and October between and including the last business day in July 2013 and the last business day in April 2016, after which the subscription share rights will lapse. Between July 2013 and April 2014 the subscription share price was 233p per ordinary share and thereafter until April 2016, 248p per ordinary share.

SUBSCRIPTION SHARES – CONVERSION OF SHARES HELD IN CERTIFICATED FORM

Shareholders wishing to convert their subscription shares, who hold their shares in certificated form, should refer to the instructions on the reverse of their subscription share certificate(s). Shareholders must lodge the relevant subscription share certificate(s) at the office of Computershare Priority Applications, Corporate Actions, Bristol BS99 6AJ by not later than 5.00 p.m. on the relevant subscription date, having completed the notice of exercise and provided a remittance for the aggregate subscription price for the ordinary shares in respect of which the subscription rights are being exercised. Shares will be allotted within ten business days of the first business day of the calendar month following the month in which the relevant notice of exercise of subscription share rights was given.

SUBSCRIPTION SHARES – CONVERSION THROUGH CREST

Shareholders wishing to convert their subscription shares, who hold their shares through CREST, should use the following participation and member account IDs when processing their applications:

CREST Participation ID = ORA36
CREST Member Account ID = GREATER

The USE (Unmatched Stock Event) instruction should be inputted to settle in accordance with the CREST timetable in order to receive the new ordinary shares within ten business days of the first business day of the calendar month following the month in which the relevant notice of exercise of subscription share rights was given.

SUBSCRIPTION SHARES – CONVERSION THROUGH THE BIM (UK) STOCKS AND SHARES ISA OR SHARE PLAN

Investors wishing to convert their subscription shares should download the Savings Plan subscription shares conversion form or Stocks and Shares ISA subscription shares conversion form which is available from blackrock.co.uk/brge and complete and return it to the address given at the top of the form. Forms must be received at least seven business days before the relevant subscription date. Shares arising from the conversion will be issued within ten business days of the first business day of the calendar month following the month in which the relevant exercise of subscription share rights was given.

SHARE DEALING

Investors wishing to purchase more shares in the Company or sell all or part of their existing holding may do so through a stockbroker. Most banks also offer this service.

For existing shareholders the Company's registrar, Computershare Investor Services PLC, has both internet and telephone share dealing services. To access the internet share dealing service, log on to computershare.com/sharedealingcentre. The telephone share dealing service is available on 0870 703 0084. To use these services, you will need your shareholder reference number, which is detailed on your share certificate.

Internet dealing – The fee for this service is 1% of the value of each sale or purchase of shares (subject to a minimum of £30). Stamp duty of 0.5% is payable on purchases.

Telephone dealing – The fee for this service will be 1% of the value of the transaction plus £35. Stamp duty of 0.5% is payable on purchases.

CREST

The Company's shares may be held in CREST, an electronic system for uncertificated securities trading.

Private investors can continue to retain their share certificates and remain outside the CREST system. Private investors are able to buy and sell their holdings in the same way as they did prior to the introduction of CREST, although there may be differences in dealing charges.

ELECTRONIC COMMUNICATIONS

We encourage you to play your part in reducing our impact on the environment and elect to be notified by email when your shareholder communications become available online. This means you will receive timely, cost-effective and greener online annual reports, half yearly financial reports and other relevant documentation.

Shareholders who opt for this service will receive an email from Computershare with a link to the relevant section of the BlackRock website where the documents can be viewed and downloaded. Please submit your email address by visiting investorcentre.co.uk/ecomms. You will require your shareholder reference number which you will find on your share certificate or tax voucher.

You will continue to receive a printed copy of these reports if you have elected to do so. Alternatively, if you have not submitted your email address nor have elected to receive printed reports, we will write and let you know where you can view these reports online.

ELECTRONIC PROXY VOTING

Shareholders are able to submit their proxy votes electronically via Computershare's internet site at eproxyappointment.com using their shareholder reference number, control number and a unique identification PIN which will be provided with voting instructions and the Notice of Annual General Meeting.

CREST members who wish to appoint one or more proxies or give an instruction through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST manual. More details are set out in the notes on the Form of Proxy and the Notice of Annual General Meeting.

NOMINEE CODE

Where shares are held in a nominee company name, the Company undertakes:

- to provide the nominee company with multiple copies of shareholder communications, so long as an indication of quantities has been provided in advance;
- to allow investors holding shares through a nominee company to attend general meetings, provided the correct authority from the nominee company is available; and
- that investors in the BIM (UK) Investment Trusts Savings Plan and ISA are automatically sent shareholder communications, including details of general meetings, together with a Form of Direction to facilitate voting and to seek authority to attend.

Nominee companies are encouraged to provide the necessary authority to underlying shareholders to attend the Company's general meetings.

PUBLICATION OF NET ASSET VALUE/PORTFOLIO ANALYSIS

The net asset value (NAV) per share of the Company is calculated daily, with details of the Company's investments and performance being published monthly.

The daily NAV per share and monthly information are released through the London Stock Exchange's Regulatory News Service and are available on the BlackRock website at blackrock.co.uk/brge and through the Reuters News Service under the code 'BLRKINDEX', on page 8800 on Topic 3 (ICV terminals) and under 'BLRK' on Bloomberg (monthly information only).

ONLINE ACCESS

Other details about the Company are available on the BlackRock website at blackrock.co.uk/brge. The financial statements and other literature are published on the website. Visitors to the website need to be aware that legislation in the United Kingdom governing the preparation and dissemination of the financial statements may differ from legislation in their jurisdiction.

Shareholders can also manage their shareholding online by using Investor Centre, Computershare's secure website, at investorcentre.co.uk. To access Computershare's website you will need your shareholder reference number (SRN) which can be found on paper or electronic communications you have previously received from Computershare. Listed below are the most frequently used features of the website.

- Holding enquiry – view balances, values, history, payments and reinvestments.
- Payments enquiry – view your dividends and other payment types.
- Address change – change your registered address.
- Bank details update – choose to receive your dividend payment directly into your bank account instead of by cheque.
- e-Comms sign-up – choose to receive email notification when your shareholder communications become available instead of paper communications.
- Outstanding payments – reissue payments using the online replacement service.
- Downloadable forms – including dividend mandates, stock transfer, dividend reinvestment and change of address forms.

SAVINGS PLAN

The Company participates in the BIM (UK) Investment Trust Savings Plan, which facilitates both regular monthly investments and occasional lump sum investments in the Company's ordinary shares. Shareholders who would like information on the Savings Plan should call BIM (UK) free on 0800 44 55 22.

STOCKS AND SHARES INDIVIDUAL SAVINGS ACCOUNTS (ISA)

ISAs are a tax-efficient method of investment and the Company's shares are eligible investments within the BIM (UK) Investment Trust Stocks and Shares ISA. With effect from 1 July 2014, investors can invest up to £15,000 in the 2014/2015 tax year. If you have already opened and paid into a Stocks and Shares ISA in the current tax year beginning on 6 April 2014, the maximum amount you can invest has increased to £15,000; however, you will not be able to open another Stocks and Shares ISA/NISA during this tax year. Details are available from BlackRock by calling free on 0800 44 55 22.

SHAREHOLDER ENQUIRIES

The Company's registrar is Computershare Investor Services PLC. Certain details relating to your holding can be checked through the Computershare Investor Centre website. As a security check, specific information needs to be input accurately to gain access to an individual's account. This includes your shareholder reference number, available from

Additional information

Shareholder information continued

your share certificate, tax voucher or other electronic communications you have previously received from Computershare. The address of the Computershare website is investorcentre.co.uk. Alternatively, please contact the registrar on 0870 707 1163.

Changes of name or address must be notified in writing either through Computershare's website, or to the registrar at:

Computershare Investor Services PLC
The Pavilions
Bridgwater Road
Bristol BS99 6ZZ

GENERAL ENQUIRIES

Enquiries about the Company should be directed to:

The Secretary
BlackRock Greater Europe Investment Trust plc
12 Throgmorton Avenue
London EC2N 2DL
Telephone: 020 7743 3000

Enquiries about the Savings Plan or ISA should be directed to:

Freepost RLTZ-KHUH-KZSB
BlackRock Investment Management (UK) Limited
PO Box 9036
Chelmsford CM99 2XD
Telephone: 0800 44 55 22

Additional information

Analysis of ordinary shareholders at 31 August

BY TYPE OF HOLDER

	Number of shares	% of total 2014	% of total 2013	Number of holders	% of total 2014	% of total 2013
Direct private investors	33,956,592	31.2	32.9	9,168	91.0	92.2
Banks and nominee companies	73,547,762	67.6	65.4	803	8.0	6.8
Others	1,323,704	1.2	1.7	97	1.0	1.0
	108,828,058	100.0	100.0	10,068	100.0	100.0

BY SIZE OF HOLDING

	Number of shares	% of total 2014	% of total 2013	Number of holders	% of total 2014	% of total 2013
1-5,000	15,313,219	14.0	14.7	7,692	76.4	76.8
5,001-100,000	27,088,292	25.0	24.9	2,302	22.9	22.5
100,001-1,000,000	17,326,960	15.9	14.8	62	0.6	0.6
1,000,001-5,000,000	18,804,808	17.3	16.7	10	0.1	0.1
Over 5,000,000	30,294,779	27.8	28.9	2	0.0	0.0
	108,828,058	100.0	100.0	10,068	100.0	100.0

Historical Record

Year ended 31 August	Ordinary shares in issue ex. Treasury	Treasury shares	Net assets attributable to ordinary shareholders	Net asset value per ordinary share – undiluted	Ordinary share price	Revenue attributable to ordinary shareholders	Revenue earnings per share	Dividend per share
			£'000	p	p	£'000	p	p
2005	140,414,347	–	182,339	129.86	123.00	2,882	1.82	1.60
2006	130,238,932	3,466,164	206,273	158.38	151.00	3,396	2.53	2.00
2007	119,843,969	4,885,076	221,331	184.68	179.00	3,823	3.06	2.40
2008	112,388,958	2,728,833	191,040	169.98	156.75	4,308	3.73	3.00
2009	105,124,598	1,696,092	172,713	164.29	153.75	3,519	3.26	3.15
2010	99,042,423	2,642,046	174,375	176.06	159.25	3,194	3.13	3.30
2011	95,859,314	1,739,788	178,535	186.25	181.00	6,581	6.77	3.50*
2012	119,793,123	4,760,637	223,041	186.19	175.00	5,984	5.52	4.20
2013	108,719,211	5,718,353	254,941	234.49	228.75	7,295	6.32	4.50**
2014	108,828,058	5,429,676	258,987	237.98	228.50	4,964	4.59	4.70

* Excluding a special dividend of 2.50p per share.
** Excluding a special dividend of 1.00p per share.

Additional information

Management & other service providers

Registered Office
(Registered in England, No. 5142459)
12 Throgmorton Avenue
London EC2N 2DL

Investment Manager and Secretary
BlackRock Investment Management (UK) Limited*
12 Throgmorton Avenue
London EC2N 2DL

Alternative Investment Fund Manager**
BlackRock Fund Managers Limited*
12 Throgmorton Avenue
London EC2N 2DL
Telephone: 020 7743 3000

Depositary
BNY Mellon Trust & Depositary (UK) Limited*
BNY Mellon Centre
160 Queen Victoria Street
London EC4V 4LA

Registrar
Computershare Investor Services PLC*
The Pavilions
Bridgwater Road
Bristol BS99 6ZZ
Telephone: 0870 707 1163

Auditor
Ernst & Young LLP
Chartered Accountants and Statutory Auditors
1 More London Place
London SE1 2AF

Stockbrokers
Cenkos Securities plc*
6.7.8 Tokenhouse Yard
London EC2R 7AS

Solicitors
Herbert Smith Freehills LLP
Exchange House
Primrose Street
London EC2A 2EG

Dickson Minto W.S.***
16 Charlotte Square
Edinburgh EH2 4DF

Savings Plan and ISA Administrator
Freepost RLTZ-KHUH-KZSB
BlackRock Investment Management (UK) Limited*
PO Box 9036
Chelmsford CM99 2XD
Telephone: 0800 44 55 22

* Authorised and regulated by the Financial Conduct Authority.
** BlackRock Fund Managers Limited (BFM) was appointed as the Alternative Investment Fund Manager on 2 July 2014. BlackRock Investment Management (UK) Limited continues to act as the Investment Manager of the Company under a delegation agreement with BFM.
***Provision of advice in respect of the Alternative Investment Fund Managers' Directive.

Regulatory disclosures

AIFMD disclosures

REPORT ON REMUNERATION

The below disclosures are made in respect of the remuneration policies of the BlackRock group (BlackRock), as they apply to BlackRock Fund Managers Limited (the Manager). The disclosures are made in accordance with the Alternative Investment Fund Managers' Directive (the AIFMD), the European Commission Delegated Regulation supplementing the AIFMD (the Delegated Regulation), the 'Guidelines on sound remuneration policies under the AIFMD' issued by the European Securities and Markets Authority and the Financial Conduct Authority (FCA) Handbook SYSC 19B: The AIFM Remuneration Code, and FUND 3.3(5).

The BlackRock AIFM Remuneration Policy will apply to the EEA entities within the BlackRock group authorised as a manager of alternative investment funds in accordance with the AIFMD, and will ensure compliance with the requirements of Annex II of the AIFMD.

The Manager has adopted the BlackRock AIFM Remuneration Policy, with the policy to apply from 1 January 2015, being the start of the first financial year of BlackRock that will commence following the Manager becoming authorised as a manager of alternative investment funds in accordance with the AIFMD. Until that date, BlackRock's remuneration policies as set out below continue to apply to the Manager.

Role of the Compensation Committees

Remuneration governance is a tiered structure including the Management Development and Compensation Committee (MDCC) of the Board of Directors (BlackRock Inc.'s independent remuneration committee), complemented by the EMEA Compensation Committee and the firm's board of directors. These bodies are responsible for the determination of the firm's remuneration policies.

(a) MDCC

The MDCC directly retains its own independent compensation consultant, Semler Brossy Consulting Group LLC, who has no relationship with BlackRock Inc. or the firm's board of directors that would interfere with its ability to provide independent advice to the MDCC on compensation matters.

The MDCC is currently composed of Messrs. Komansky (Chairman), Gerber, Grosfeld and Maughan. The Board of Directors has determined that all of the members of the MDCC are 'independent' within the meaning of the listing standards of the New York Stock Exchange (NYSE), which requires each meet a 'non-employee director' standard.

The MDCC held 9 meetings during 2013. The MDCC charter is available on BlackRock Inc.'s website (blackrock.com).

(b) EMEA Compensation Committee

The EMEA Compensation Committee (the Committee) is established for the purpose of reviewing compensation policies, practices, and principles as required by local/regional rules set by regulatory bodies. Specifically, the Committee's primary purposes are to review and make recommendations concerning:

- executive compensation programmes;
- employee benefit plans;
- such other compensation plans as may be established from time to time;
- other local/regional compensation policies, practices, and principles as required to comply with local/regional rules as set by regulators.

The Committee consists of a minimum of three members and is constituted in a way that enables it to exercise its judgement and demonstrate its ability to make decisions which are consistent with the current and future financial status of the business. The current members are: David Blumer, Head of the EMEA Region; Richard Kushel, Global Chief Product Officer; James Charrington, Chairman of the EMEA Region; Paige Dickow, Global Head of Rewards & HR Infrastructure; and Karen Dennehy, EMEA Head of Human Resources. Only members of the Committee have the right to attend Committee meetings and the Committee may request the attendance of any executive or other person as deemed appropriate to facilitate the review of remuneration recommendations and policy design to ensure that the remuneration practices are consistent with effective risk management and do not encourage excessive risk taking.

Examples of additional attendees may include individuals from the Operational Risk and Regulatory Compliance functions.

Decision-making process

Compensation decisions for employees are made once annually in January following the end of the performance year. This timing allows full-year financial results to be considered along with other non-financial goals and objectives. Although the framework for compensation decision-making is tied to financial performance, significant discretion is used to determine individual compensation based on achievement of strategic and operating results and other considerations such as management and leadership capabilities.

No set formulas are established and no fixed benchmarks are used in determining annual incentive awards. In determining specific individual compensation amounts, a number of factors are considered including non-financial goals and objectives and overall financial and investment performance. These results are viewed in the aggregate without any specific weighting, and there is no direct correlation between any particular performance measure and the resulting annual incentive award.

Annual incentive awards are generated from a bonus pool. The size of the projected bonus pool, including cash and equity awards, is reviewed throughout the year by the MDCC and the final total bonus pool is approved after the year end. As part of this review, the MDCC receives actual and projected financial information over the course of the year, as well as final year end information. The financial information that the MDCC receives and considers includes the current year projected income statement and other financial measures compared with prior year results and the current year budget. The MDCC additionally reviews other metrics of the Company's financial performance (e.g., net inflows of AUM and investment performance) as well as information regarding market conditions and competitive compensation levels.

The MDCC regularly considers management's recommendation as to the percentage of preincentive operating income that will be accrued and reflected as a compensation expense throughout the year for the cash portion of the total annual bonus pool (the accrual rate). The accrual rate of the cash portion of the total annual bonus pool may be modified by the MDCC during the year based on its review of the financial information described above. The MDCC does not apply any particular weighting or formula to the information it considers when determining the size of the total bonus pool or the accruals made for the cash portion of the total bonus pool. Following the end of the performance year, the MDCC approves the final bonus pool amount.

As part of the year end review process the Operational Risk and Regulatory Compliance departments report to the EMEA Compensation Committee on any activities, incidents or events that warrant consideration in making compensation decisions.

Individuals are not involved in setting their own remuneration.

Control functions
Each of the control functions (Finance, Operational Risk, Legal & Compliance, and Human Resources) has its own organisational structure which is independent of the business units. The head of each control function is a member of the Global Executive Committee (GEC), the global management committee.

Functional bonus pools are determined with reference to the performance of each individual function. The remuneration of the senior members of control functions is directly overseen by the EMEA Compensation Committee.

Link between pay and performance
There is a clear and well defined pay-for-performance philosophy and compensation programmes which are designed to meet five key objectives as detailed below:

- Attract, retain and motivate employees capable of making significant contributions to the long term success of the business;
- Align the interests of senior employees with those of shareholders by awarding BlackRock Inc.'s stock as a significant part of both annual and long term incentive awards;
- Control fixed costs by ensuring that compensation expense varies with profitability;
- Link a significant portion of an employee's total compensation to the financial and operational performance of the business as well as its common stock performance; and
- Discourage excessive risk-taking.

Driving a high-performance culture is dependent on the ability to measure performance against objectives, values and behaviours in a clear and consistent way. Managers use a 5-point rating scale to provide an overall assessment of an employee's performance, and employees also provide a self-evaluation. The overall, final rating is reconciled during each employee's performance appraisal. Employees are assessed on the manner in which performance is attained as well as the absolute performance itself.

In keeping with the pay-for-performance philosophy, ratings are used to differentiate and reward individual performance – but do not pre-determine compensation outcomes. Compensation decisions remain discretionary and are made as part of the year end compensation process.

When setting remuneration levels other factors are considered, as well as individual performance, which may include:

- the performance of the Manager, the funds managed by the Manager and/or the relevant functional department;
- factors relevant to an employee individually (e.g. relevant working arrangements (including part-time status if applicable); relationships with clients and colleagues; teamwork; skills; any conduct issues; and, subject to any applicable policy, the impact that any relevant leave of absence may have on contribution to the business);
- the management of risk within the risk profiles appropriate for BlackRock's clients;
- strategic business needs, including intentions regarding retention;
- market intelligence; and
- criticality to business.

A primary product tool is risk management and, while employees are compensated for strong performance in their management of client assets, they are required to manage risk within the risk profiles appropriate for their clients. Therefore, employees are not rewarded for engaging in high-risk transactions outside of established parameters. Compensation practices do not provide undue incentives for short term planning or short term financial rewards, do not reward unreasonable risk and provide a reasonable balance between the many and substantial risks inherent within the business of investment management, risk management and advisory services.

The compensation model includes a basic salary, which is contractual, and a discretionary bonus scheme. Although all employees are eligible to be considered for a bonus, there is no contractual obligation to make any award to an employee under its discretionary bonus scheme. In exercising discretion to award a discretionary bonus, the factors listed above ('Link between pay and performance') may be taken into account in addition to any other matters which become relevant to the exercise of discretion in the course of the performance year.

Discretionary bonus awards for all employees, including executive officers, are subject to a guideline that determines the portion paid in cash and the portion paid in stock and subject to additional vesting/clawback conditions. As annual compensation increases, a greater portion is paid in stock. The MDCC adopted this approach in 2006 to substantially increase the retention value and shareholder alignment of the compensation package for eligible employees, including the executive officers.

Supplementary to the annual discretionary bonus as described above, equity awards from the 'Partner Plan' and 'Challenge Award' are made to select senior leaders to provide greater linkage with future business results. The long term incentive awards for recipients have been established individually to provide meaningful incentive for continued performance over a multi-year period recognizing the scope of the individual's role, business expertise and leadership skills.

A limited number of investment professionals have a portion of their annual discretionary bonus (as described above) awarded as deferred cash that notionally tracks investment in selected products managed by the employee. The intention of these awards is to align investment professionals with the investment returns of the products they manage through the deferral of compensation into those products. Clients and external evaluators have increasingly viewed more favourably those products where key investors have 'skin in the game' through significant personal investments.

Identified Staff

The BlackRock AIFM Remuneration Policy sets out the process that will be applied to identify staff as Identified Staff, being categories of staff of the Manager, including senior management, risk takers, control functions and any employee receiving total remuneration that takes them into the same remuneration bracket as senior management and risk takers, whose professional activities have a material impact on the risk profiles of the Manager or of the funds it manages.

The list of Identified Staff will be subject to regular review, being formally reviewed in the event of, but not limited to:

- Organisational changes
- New business initiatives
- Changes in Significant Influence Function (SIF) lists
- Changes in role responsibilities
- Revised regulatory direction

Quantitative Remuneration Disclosure

Appropriate disclosures will be made in due course in accordance with FUND 3.3.5, Article 22(2)(e) and 22(2)(f) of the AIFMD and Article 107 of the Delegated Regulation.

RISK DISCLOSURES

The financial risk disclosures relating to risk framework, leverage and liquidity risk are set out in note 18 to the notes to the financial statements on pages 47 to 52.

Pre investment disclosures

The AIFMD requires certain information to be made available to investors in AIFs before they invest and requires that material changes to this information be disclosed in the annual report of each AIF. An Investor Disclosure Document, which sets out information on the Company's investment strategy and policies, leverage, risk, liquidity, administration, management, fees, conflicts of interest and other shareholder information is available on the Company's website at blackrock.co.uk/brge.

There have been no material changes (other than those reflected in these financial statements) to this information requiring disclosure. Any information requiring immediate disclosure pursuant to the AIFMD will be disclosed to the London Stock Exchange through a primary information provider.

Regulatory disclosures

Information to be disclosed in accordance with Listing Rule 9.8.4

The disclosures below are made in compliance with the requirements of Listing Rule 9.8.4.

9.8.4 (1) The Company has not capitalised any interest in the period under review.

9.8.4 (2) The Company has not published any unaudited financial information in a class 1 circular or prospectus or any profit forecast or profit estimate.

9.8.4 (3) This provision has been deleted.

9.8.4 (4) The Company does not have any long term incentive schemes in operation.

9.8.4 (5) and (6) No director of the Company has waived or agreed to waive any current or future emoluments from the Company or any subsidiary undertaking.

9.8.4 (7), (8) and (9) The Company has not allotted any equity securities for cash other than in connection with the allotment of ordinary shares arising on the conversion of subscription shares which was specifically authorised by the Company's shareholders on 25 March 2013.

The Company is a stand-alone entity therefore Listing Rules 9.8.4 (8) and 9.8.4 (9) are not applicable.

9.8.4 (10) There were no contracts of significance subsisting during the period under review to which the Company is a party and in which a Director of the Company is or was materially interested; or between the Company and a controlling shareholder.

9.8.4 (11) This provision is not applicable to the Company.

9.8.4 (12) and (13) There were no arrangements under which a shareholder has waived or agreed to waive any dividends or future dividends.

9.8.4 (14) This provision is not applicable to the Company.

BLACKROCK INVESTMENT MANAGEMENT (UK) LIMITED
Company Secretary
21 October 2014

Annual general meeting

Notice of annual general meeting

Notice is hereby given that the tenth Annual General Meeting of BlackRock Greater Europe Investment Trust plc will be held at the offices of BlackRock at 12 Throgmorton Avenue, London EC2N 2DL on Wednesday, 3 December 2014 at 12.00 noon to consider and, if thought fit, pass Resolutions 1 to 9 inclusive as Ordinary resolutions and Resolutions 10 to 14 as Special resolutions:

ORDINARY BUSINESS

1. To receive the report of the Directors and the financial statements for the year ended 31 August 2014, together with the report of the auditor thereon.
2. To approve the Directors' Remuneration Report for the year ended 31 August 2014, excluding the remuneration policy of the Company (as set out in the future policy table on page 23).
3. To approve the remuneration policy of the Company, as set out in the future policy table in the Directors' Remuneration Report on page 23.
4. To declare a final dividend for the year ended 31 August 2014 of 3.20p for each ordinary share in the capital of the Company.
5. To re-elect Ms C C Ferguson as a Director.
6. To re-elect Mr G H Holtham as a Director.
7. To reappoint Ernst & Young LLP as auditor of the Company to hold office until the conclusion of the next Annual General Meeting of the Company.
8. To authorise the Directors to determine the auditor's remuneration.

SPECIAL BUSINESS

ORDINARY RESOLUTION

9. That, in substitution for all existing authorities, the Directors of the Company be and are hereby generally and unconditionally authorised pursuant to section 551 of the Companies Act 2006 (the Act), to exercise all the powers of the Company to allot relevant securities in the Company (as described in that section) up to an aggregate nominal amount of £5,441 (being 5% of the aggregate nominal amount of the issued ordinary share capital, excluding treasury shares, of the Company at the date of this notice) provided that this authority shall (unless previously revoked) expire at the conclusion of the Company's Annual General Meeting to be held in 2015, but the Company shall be entitled to make offers or agreements before the expiry of this authority which would or might require relevant securities to be allotted after such expiry and the Directors may allot such securities pursuant to any such offer or agreement as if the power conferred hereby had not expired.

SPECIAL RESOLUTIONS

10. That, in substitution for all existing authorities and subject to the passing of the resolution numbered 9 above, the Directors of the Company be and are hereby empowered pursuant to sections 570 and 573 of the Companies Act 2006 (the Act) to:

    (a) allot up to 5,441,402 ordinary shares of 0.1p each in the Company (Ordinary Shares) with a maximum nominal amount of £5,441 (representing 5% of the aggregate nominal amount of the issued ordinary share capital, excluding treasury shares, of the Company at the date of this notice); and

    (b) resell any Ordinary Shares held by the Company in treasury (and, for the purposes of LR 15.4.11 R of the Listing Rules of the UK Listing Authority, such Ordinary Shares being permitted to be sold or transferred out of treasury for cash at a price which represents a discount to the net asset value per Ordinary Share of the existing Ordinary Shares in issue (excluding treasury shares));

    in each case wholly for cash as if section 561(1) of the Act did not apply to any such allotment or sale provided that this power shall (unless previously revoked) expire at the conclusion of the Company's Annual General Meeting to be held in 2015, but the Company shall be entitled to make offers or agreements before the expiry of this authority which would or might require Ordinary Shares to be allotted after such expiry and the Directors may allot such Ordinary Shares pursuant to any such offer or agreement as if the power conferred hereby had not expired.

11. That, in substitution for the Company's existing authority to make market purchases of ordinary shares of 0.1p each in the Company (Ordinary Shares), the Company be and is hereby generally and, subject as hereinafter appears, unconditionally authorised in accordance with section 701 of the Companies Act 2006 (the Act) to make market purchases of Ordinary Shares (within the meaning of section 693 of the Act) provided that:

    (a) the maximum number of Ordinary Shares hereby authorised to be purchased shall be 16,313,325 or, if less, that number of Ordinary Shares which is equal to 14.99% of the Company's issued ordinary share capital (excluding treasury shares) as at 3 December 2014;

    (b) the minimum price which may be paid for any such Ordinary Share shall be 0.1p;

    (c) the maximum price which may be paid for any such Ordinary Share shall be the higher of (i) 105% of the average of the middle market quotations (as derived from the Official List) of the Ordinary Shares for the five dealing days prior to the date on which the market purchase is made and (ii) the higher of the price quoted for the last independent trade and the highest current independent bid as stipulated by Article 5(1) of Commission Regulation (EC) 22 December 2003 implementing the Market Abuse Directive as regards exemptions for buyback programmes and stabilisation of financial instruments (No. 2273/2003); and

    (d) unless renewed, the authority hereby conferred shall expire at the conclusion of the next Annual General Meeting of the Company in 2015 save that the Company may, prior to such expiry, enter into a contract

Notice of annual general meeting continued

to purchase Ordinary Shares under the authority hereby conferred and may make a purchase of Ordinary Shares pursuant to any such contract notwithstanding such expiry.

All Ordinary Shares purchased pursuant to the above authority shall be either:

(i) held, sold, transferred or otherwise dealt with as treasury shares in accordance with the provisions of the Act; or

(ii) cancelled immediately upon completion of the purchase.

12. That, in substitution for the Company's existing authority to make market purchases of subscription shares of 0.1p each in the Company (Subscription Shares), the Company be generally and, subject as hereinafter appears, unconditionally authorised in accordance with section 701 of the Companies Act 2006 (the Act) to make market purchases of Subscription Shares (within the meaning of section 693 of the Act) provided that:

(a) the maximum number of Subscription Shares hereby authorised to be purchased is 3,095,112 or, if less, that number of Subscription Shares which is equal to 14.99% of the Company's issued Subscription Share capital as at 3 December 2014;

(b) the minimum price which may be paid for a Subscription Share shall be 0.1p;

(c) the maximum price payable by the Company for each Subscription Share will not exceed the higher of (i) 105% of the average of the middle market quotations (as derived from the Official List) of the Subscription Shares for the five dealing days prior to the date on which the market purchase is made and (ii) the higher of the price quoted for the last independent trade and the highest current independent bid as stipulated by Article 5(1) of Commission Regulation (EC) 22 December 2003 implementing the Market Abuse Directive as regards exemptions for buyback programmes and stabilisation of financial instruments (No. 2273/2003); and

(d) unless renewed, the authority hereby conferred shall expire at the conclusion of the next Annual General Meeting of the Company in 2015 save that the Company may, prior to such expiry, enter into a contract to purchase Subscription Shares under the authority hereby conferred and may make a purchase of Subscription Shares pursuant to any such contract notwithstanding such expiry.

All Subscription Shares purchased pursuant to the above authority shall be cancelled immediately upon completion of the purchase.

13. That, in addition to the authority given to the Company to purchase its own shares pursuant to the resolutions numbered 11 and 12 above and in accordance with the terms and conditions of the Company's regular tender offers, the Company be and is hereby authorised in accordance with section 701 of the Companies Act 2006 (the Act) to make market purchases (within the meaning of section 693 of the Act) of its ordinary shares of 0.1p each (Ordinary Shares), provided that:

(a) the maximum number of Ordinary Shares hereby authorised to be purchased shall be 21,765,611 or, if less, that number of Ordinary Shares which is equal to 20% of the Ordinary Shares in issue as at 31 May 2015 (excluding any Ordinary Shares held in treasury);

(b) the price which may be paid for an Ordinary Share shall be an amount equal to 98% of the net asset value per Ordinary Share (calculated on a fully diluted basis) as at 31 May 2015 (or the succeeding business day); and

(c) the authority hereby conferred shall expire on 31 July 2015 (unless such authority is renewed prior to such time) save that the Company may, prior to such expiry, enter into a contract to purchase Ordinary Shares which will or may be completed or executed wholly or partly after such expiry.

14. That, in addition to the authority given to the Company to purchase its own shares pursuant to the resolutions numbered 11, 12 and 13 above and in accordance with the terms and conditions of the Company's regular tender offers, the Company be and is hereby authorised in accordance with section 701 of the Companies Act 2006 (the Act) to make market purchases (within the meaning of section 693 of the Act) of its ordinary shares of 0.1p each (Ordinary Shares), provided that:

(a) the maximum number of Ordinary Shares hereby authorised to be purchased shall be 21,765,611 or, if less, that number of Ordinary Shares which is equal to 20% of the Ordinary Shares in issue as at 30 November 2015 (excluding any Ordinary Shares held in treasury);

(b) the price which may be paid for an Ordinary Share shall be an amount equal to 98% of the net asset value per Ordinary Share (calculated on a fully diluted basis) as at 30 November 2015; and

(c) the authority hereby conferred shall expire on 31 January 2016 (unless such authority is renewed prior to such time) save that the Company may, prior to such expiry, enter into a contract to purchase Ordinary Shares which will or may be completed or executed wholly or partly after such expiry.

BY ORDER OF THE BOARD

BLACKROCK INVESTMENT MANAGEMENT (UK) LIMITED
Company Secretary
21 October 2014

Registered Office:
12 Throgmorton Avenue
London EC2N 2DL

Notes:

1. A member entitled to attend and vote at the meeting convened by the above Notice is entitled to appoint one or more proxies to exercise all or any of the rights of the member to attend, speak and vote in his place. A proxy need not be a member of the Company. If a member appoints more than one proxy to attend the meeting, each proxy must be appointed to exercise the rights attached to a different share or shares held by the member. Members are not entitled to attend and vote at the meeting, in person or by proxy, in respect of their holding of subscription shares.
2. To appoint a proxy you may use the form of proxy enclosed with this Notice of Annual General Meeting. To be valid, the form of proxy, together with the power of attorney or other authority (if any) under which it is signed or a notarially certified or office copy of the same, must be completed and returned to the office of the Company's registrar in accordance with the instructions thereon as soon as possible and in any event by not later than 12.00 noon on 1 December 2014. Amended instructions must also be received by the Company's registrar by the deadline for receipt of forms of proxy. Alternatively you can vote or appoint a proxy electronically by visiting eproxyappointment.com. You will be asked to enter the Control Number, the Shareholder Reference Number and PIN which are printed on the form of proxy. The latest time for the submission of proxy votes electronically is 12.00 noon on 1 December 2014.
3. Completion and return of the form of proxy will not prevent you from attending the meeting and voting in person.
4. Any person receiving a copy of this Notice as a person nominated by a member to enjoy information rights under section 146 of the Companies Act 2006 (a Nominated Person) should note that the provisions in Notes 1 and 2 above concerning the appointment of a proxy or proxies to attend the meeting in place of a member, do not apply to a Nominated Person as only ordinary shareholders have the right to appoint a proxy. However, a Nominated Person may have a right under an agreement between the Nominated Person and the member by whom he or she was nominated to be appointed, or to have someone else appointed, as proxy for the meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may have a right under such agreement to give instructions to the member as to the exercise of voting rights at the meeting.
5. Nominated persons should also remember that their main point of contact in terms of their investment in the Company remains the member who nominated the Nominated Person to enjoy the information rights (or perhaps the custodian or broker who administers the investment on their behalf). Nominated Persons should continue to contact that member, custodian or broker (and not the Company) regarding any changes or queries relating to the Nominated Person's personal details and interest in the Company (including any administrative matter). The only exception to this is where the Company expressly requests a response from the Nominated Person.
6. Pursuant to regulation 41 of the Uncertificated Securities Regulations 2001, only ordinary shareholders registered in the register of members of the Company by not later than 6.00 p.m. two days prior to the time fixed for the meeting shall be entitled to attend and vote at the meeting in respect of the number of shares registered in their name at such time. If the meeting is adjourned, the time by which a person must be entered on the register of members of the Company in order to have the right to attend and vote at the adjourned meeting is 6.00 p.m. two days prior to the time of the adjournment. Changes to the register of members after the relevant times shall be disregarded in determining the rights of any person to attend and vote at the meeting.
7. In the case of joint holders, the vote of the senior holder who tenders a vote whether in person or by proxy shall be accepted to the exclusion of the votes of the other joint holders and, for this purpose, seniority will be determined by the order in which the names stand in the register of members of the Company in respect of the relevant joint holding.
8. Holders of ordinary shares through the Savings Schemes are entitled to attend and vote at the meeting if the voting instruction form, which is enclosed with this document, is correctly completed and returned in accordance with the instructions printed thereon.
9. Shareholders who hold their shares electronically may submit their votes through CREST, by submitting the appropriate and authenticated CREST message so as to be received by the Company's Registrar not later than 48 hours before the start of the meeting. Instructions on how to vote through CREST can be found by accessing the following website: euroclear.com/CREST. Shareholders are advised that CREST and the internet are the only methods by which completed proxies can be submitted electronically.
10. If you are a CREST system user (including a CREST personal member) you can appoint one or more proxies or give an instruction to a proxy by having an appropriate CREST message transmitted. To appoint one or more proxies or to give an instruction to a proxy (whether previously appointed or otherwise) via the CREST system, CREST messages must be received by Computershare (ID number 3RA50) not later than 48 hours before the time appointed for holding the meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp generated by the CREST system) from which Computershare is able to retrieve the message. CREST personal members or other CREST sponsored members should contact their CREST sponsor for assistance with appointing proxies via CREST. For further information on CREST procedures, limitations and system timings please refer to the CREST manual. The Company may treat as invalid a proxy appointment sent by CREST in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.
11. If the Chairman, as a result of any proxy appointments, is given discretion as to how the votes subject of those proxies are cast and the voting rights in respect of those discretionary proxies, when added to the interest in the Company's securities already held by the Chairman, result in the Chairman holding such number of voting rights that he has a notifiable obligation under the Disclosure and Transparency Rules, the Chairman will make the necessary notifications to the Company and the Financial Conduct Authority. As a result, any member holding 3% or more of the voting rights in the Company, who grants the Chairman a discretionary proxy in respect of some or all of those voting rights and so would otherwise have a notification obligation under the Disclosure and Transparency Rules, need not make a separate notification to the Company and the Financial Conduct Authority.
12. Any question relevant to the business of the meeting may be asked at the meeting by anyone permitted to speak at the meeting. A shareholder may alternatively submit a question in advance by a letter addressed to the Company Secretary at the Company's registered office. Under section 319A of the Companies Act 2006, the Company must answer any question a shareholder asks relating to the business being dealt with at the meeting, unless (i) answering the question would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information; (ii) the answer had already been given on a website in the form of an answer to a question; or (iii) it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.
13. Any corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a member provided that, if it is appointing more than one corporate representative, it does not do so in relation to the same shares. It is therefore no longer necessary to nominate a designated corporate representative.

Annual general meeting

Notice of annual general meeting continued

14. Under section 527 of the Companies Act 2006, members meeting the threshold requirements set out in that section have the right to require the Company to publish on a website a statement setting out any matter relating to:
    (i) the audit of the Company's accounts (including the auditor's report and the conduct of the audit) that are laid before the meeting; or
    (ii) any circumstance connected with an auditor of the Company ceasing to hold office since the previous meeting at which annual accounts and reports were laid in accordance with section 437 of the Companies Act 2006.

    The Company may not require the members requesting such website publication to pay its expenses in complying with sections 527 or 528 of the Companies Act 2006. Where the Company is required to place a statement on a website under section 527 of the Companies Act 2006, it must forward the statement to the Company's auditor not later than the time when it makes the statement available on the website. The business which may be dealt with at the meeting includes any statement that the Company has been required under section 527 of the Companies Act 2006 to publish on a website.
15. Further information regarding the meeting which the Company is required by section 311A of the Companies Act 2006 to publish on a website in advance of the meeting (including this Notice), can be accessed at blackrock.co.uk/brge.
16. As at 21 October 2014 (being the last practicable date prior to the publication of this Notice of Annual General Meeting), the Company's issued share capital comprised 108,828,058 ordinary shares of 0.1p each, excluding shares held in treasury, and 20,647,848 subscription shares of 0.1p each. Each ordinary share carries the right to one vote and therefore the total number of voting rights in the Company as at 21 October 2014 is 108,828,058.
17. No service contracts exist between the Company and any of the Directors, who hold office in accordance with letters of appointment and the Articles of Association.

Glossary

NET ASSET VALUE PER SHARE (CUM INCOME NAV)

This is the value of the Company's assets attributable to one ordinary share. It is calculated by dividing "equity shareholders' funds" by the total number of ordinary shares in issue. For example, as at 31 August 2014 equity shareholders' funds were worth £258,987,000 and there were 108,828,058 ordinary shares in issue (excluding treasury shares); the undiluted NAV was therefore 237.98p per ordinary share.

Equity shareholders' funds are calculated by deducting from the Company's total assets, its current and long term liabilities and any provision for liabilities and charges.

NET ASSET VALUE PER SHARE (CAPITAL ONLY NAV)

The capital only NAV is a popular point of reference when comparing a range of investment trusts. This NAV focuses on the value of the Company's assets disregarding the current period revenue income, on the basis that most trusts will distribute substantially all of their income in any financial period. It is also the measure adopted by the Association of Investment Companies for preparation of statistical data. It is calculated by dividing "equity shareholders' funds" (excluding current period revenue) by the total number of ordinary shares in issue.

As at 31 August 2014, equity shareholders' funds less the current year net revenue return (after interim dividends) amounted to £255,635,000 and there were 108,828,058 ordinary shares in issue (excluding treasury shares); therefore the capital only NAV was 234.89p.

Equity shareholders' funds are calculated by deducting from the Company's total assets its current and long term liabilities and any provision for charges.

NET ASSET VALUE PER SHARE WITH INCOME REINVESTED (TOTAL RETURN NAV)

This is the theoretical return on shareholders' funds per share, reflecting the change in value of the NAV per share assuming that dividends paid to shareholders were reinvested at the first opportunity.

As at 31 August 2014, the "Cum income NAV" stood at 237.98p; a reinvestment factor of 1.197 (rounded) was applied to reach a calculation of NAV with income reinvested of 284.86p.

DISCOUNT

Investment trust shares frequently trade at a discount to NAV. This occurs when the share price is less than the NAV. In this circumstance, the price that an investor pays or receives for a share would be less than the value attributable to it by reference to the underlying assets. The discount is the difference between the share price and the NAV, expressed as a percentage of the NAV. For example, if the share price was 220p and the NAV 230p, the discount would be 4.3%.

PREMIUM

A premium occurs when the share price is more than the NAV and investors would therefore be paying more than the value attributable to the shares by reference to the underlying assets. For example, if the share price was 230p and the NAV 225p, the premium would be 2.2%.

Discounts and premiums are mainly the consequence of supply and demand for the shares on the stock market.

LEVERAGE

Leverage is defined in the AIFM Directive as *"any method by which the AIFM increases the exposure of an AIF it manages whether through borrowing of cash or securities, or leverage embedded in derivative positions or by any other means"*.

Leverage is measured in terms of 'exposure' and is expressed as a ratio of net asset value:

Leverage ratio = exposure: net asset value

The Directive sets out two methodologies for calculating exposure. These are the Gross Method and the Commitment Method. The process for calculating exposure under each methodology is largely the same, except that, where certain conditions are met, the Commitment Method enables instruments to be netted off to reflect 'netting' or 'hedging' arrangements and the entity's exposure is effectively reduced.

Warning to Shareholders

SHARE FRAUD WARNING

Share fraud includes scams where investors are called out of the blue and offered shares that often turn out to be worthless or non-existent, or an inflated price for shares they own. These calls come from fraudsters operating in 'boiler rooms' that are mostly based abroad.

While high profits are promised, those who buy or sell shares in this way usually lose their money.

The Financial Conduct Authority (FCA) (formerly the Financial Services Authority (FSA)) has found most share fraud victims are experienced investors who lose an average of £20,000, with around £200m lost in the UK each year.

PROTECT YOURSELF

If you are offered unsolicited investment advice, discounted shares, a premium price for shares you own, or free company or research reports, you should take these steps before handing over any money:

1. Get the name of the person and organisation contacting you.
2. Check the Financial Services Register via **fca.org.uk** to ensure they are authorised.
3. Use the details on the Financial Services Register to contact the firm.
4. Call the FCA Consumer Helpline on **0800 111 6768** if there are no contact details on the Register or you are told they are out of date.
5. Search the FCA's website list of unauthorised firms and individuals to avoid doing business with.
6. **REMEMBER: if it sounds too good to be true, it probably is!**

If you use an unauthorised firm to buy or sell shares or other investments, you will not have access to the Financial Ombudsman Service or Financial Services Compensation Scheme (FSCS) if things go wrong.

REPORT A SCAM

If you are approached about a share scam you should tell the FCA using the share fraud reporting form at **fca.org.uk/consumers/scams**, where you can find out about the latest investment scams. You can also call the Consumer Helpline on **0800 111 6768**.

If you have already paid money to share fraudsters you should contact Action Fraud on

0300 123 2040

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