BARINGS

Half Year Report

for the six months ended 31 March 2018

Baring Emerging Europe PLC

Contents

Corporate Summary

Investment Objective

The Company's objective is to achieve long-term capital growth, principally through investment in securities listed on or traded on an Emerging European securities market or in securities of companies listed or traded elsewhere, whose revenues and/or profits are, or are expected to be, derived from activities in Emerging Europe.

The Fund Manager

The Alternative Investment Fund Manager is Baring Fund Managers Limited (the "Fund Manager") which is authorised and regulated by the Financial Conduct Authority.

Financial Highlights

	31 March 2018	31 March 2017	30 September 2017
Shareholders' funds (£000)	**124,081**	116,417	123,173
Net asset value per ordinary share ("NAV")†	**900.27p**	815.62p	877.99p
Share price	**800.00p**	700.00p	775.00p
Discount† to net asset value per share price‡	**11.1%**	14.2%	11.7%
Gearing Ratio – Gross basis†	**106%**	107%	107%
Gearing Ratio – Commitment basis†	**107%**	109%	109%

‡ Based on the net asset value including income.

	Six months to 31 March 2018	Six months to 31 March 2017	Year ended 30 September 2017
Total return per share†	**39.57p**	115.61p	190.96p
Dividend per share*	**14.00p**	13.00p	32.00p

*See note 2 on page 11.

Performance Analysis (total return† basis)

	Six months to 31 March 2018	Six months to 31 March 2017	Year ended 30 September 2017
Net asset value per share#	**+4.8%**	+16.2%	+26.9%
Benchmark*	**+2.1%**	+15.4%	+21.4%
Share price#	**+5.7%**	+13.3%	+27.6%

* The benchmark is the MSCI EM Europe 10/40 Index.
# Source: Barings.

Terms marked "†" are defined in the Glossary of Terms on page 16.

Chairman's Statement

This statement covers the half-year ended 31 March 2018.

Dear Shareholder,

My predecessor, Steve Bates, remarked in his last interim statement that investing in Emerging Europe is rarely dull. In the last few weeks before the period end this proved to be somewhat of an understatement with regard to Russia, our most important geographical region. Relations with the West soured following the alleged poisoning in the UK of a Russian former double agent and his daughter, followed shortly after the period end by a chemical attack in Syria. Understandably, the market reacted negatively to these events together with the tightening of US sanctions against certain Russian individuals and companies. Subsequent to the period end the sanctions have adversely affected the market for the Company's holding in EN+, which represented 0.8% of net assets at 31 March. It has proved impossible to trade the shares on the open market since the sanctions were announced and as a result we have taken the decision to write down the holding to zero after the period end. This valuation will be reflected in the NAV subsequent to 31 March 2018. The situation will be monitored closely until these sanctions have been lifted or eased, and both EN+ and financial market participants are working on routes to a return to liquidity. There was some weakness in Turkey, too, as a result of slowing economic growth and inflationary pressures.

In the circumstances it is gratifying to be able to report that the first half of the Company's financial year produced a positive sterling total return in NAV per share of 4.8% compared with the benchmark, which rose by 2.1%, with Russia being the best performing market of the EMEA region. Further discussion of our Fund Managers' views on Russia and our other most important geographical regions, Poland and Turkey, is set out in the Report of the Fund Manager on page 5 but, to summarise, we continue to view the region positively because of its nascent economic growth, growing household consumption and improving corporate governance, notably in Russia which has been experiencing increased dividend payout ratios.

Performance

The Company's long-term performance against benchmark remains good and continues to do well within its peer group. Over the six month period covered by this statement, the Company ranks 1st out of 41 comparators. Over one year, it is 1st out of 40; over five years, 5th out of 40; and over ten years, 4th out of 34.

Discount Management

We continue to monitor and manage the discount which has benefited from our higher dividend yield, good performance and share buy backs. During the period we have bought back 246,259 shares for a consideration of £1.9 million. Compared to the previous March figure of 14.2% the discount was 11.1% at 31 March 2018, which represents progress but we aim to reduce it further.

Interim Dividend

In the first half of the financial year, the income account had a small surplus, of 2.18 pence per share. As usual, our projections for the second half of the year point to a significantly higher level of dividend flow than in the first half, and indeed, part of this has come in subsequent to the half-year end. In line with our stated policy, which changed in December 2017, we are proposing an interim dividend of 14 pence per share, which is uncovered by the income account. This is based on our forecasts for the year as a whole and includes an expectation that part of the dividend will be paid out of retained reserves. This reflects our policy that yield should be more of a focus for the Company in the future and that shareholders should not expect dividends to be fully covered by the income account.

Chairman's Statement (continued)

Gearing

During the past year, the Company has had a borrowing facility of up to $17 million. This was renewed on 10 April 2018 but at a reduced borrowing facility of up to $12 million (reduction of $5 million). The facility has been partly used throughout the period and at 31 March was drawn to the extent of $12 million. That means that the gearing ratio was 106%, with a possible maximum gearing, should the facility be fully utilised, of 107%. The Board reiterates its belief that this level of gearing is appropriate for the Company and that the investment landscape is attractive enough to warrant borrowing. The volatility of the markets means that it is prudent that this borrowing be short term in nature.

Outlook

We remain convinced about the merits of investing in Emerging Europe which we believe continues to offer growth prospects at a reasonable price. It would be a brave person who tried to predict what happens next in Russia and Turkish politics but to a large extent we believe this uncertainty is already priced into the market in the form of an elevated risk premium. Meanwhile the fall out from a depreciating Ruble or the imposition of sanctions can sometimes be positive for individual companies, such as those with dollar revenues who benefit from a lower Ruble cost base, or those which benefit from import substitution. This underlines the need for careful stock picking and opens up opportunities to acquire decent assets at low prices. We need to keep our nerve, try ignore the politics and concentrate on what is going on at the corporate level, remembering that we have been here before.

Frances Daley
Chairman

8 May 2018

Report of the Fund Manager

for the half year ended 31 March 2018

Performance

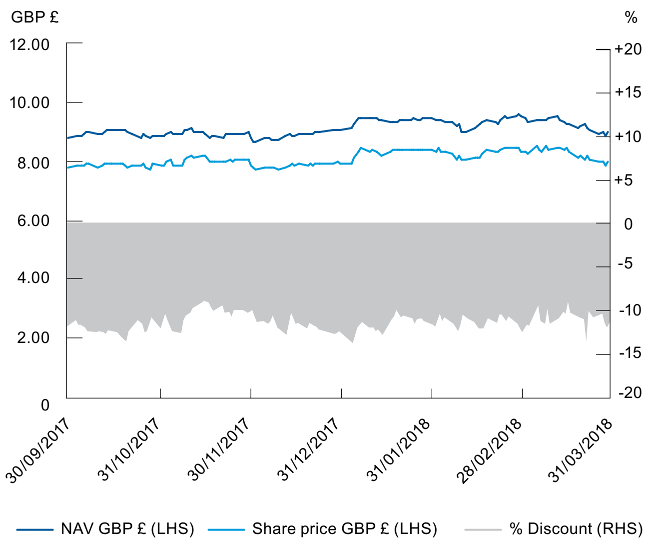
Against the backdrop of a diverse set of market conditions, the Company achieved a total return of 4.8% in Sterling terms. This was against a benchmark performance of 2.1%.

We continue to observe the diversification benefits of Emerging Europe, which combined with volatility at historic lows, have provided a diverse and fertile hunting ground for stock specific opportunities. Yet from a global perspective, emerging markets continue to digest the events of the world stage. While market participants have slowly adapted to the reality of a Trump presidency, and his administration's often erratic approach to foreign policy, the events unfolding globally in early stages of 2018 have reanimated markets. Implications of a potential trade war between the world's two largest economies have cast doubt onto global markets following the imposition of tariffs by the US, targeting imports from China. The potential for escalation into a tit-for-tat trade war could not only have profound repercussions for the two superpowers involved, but their global partners also.

In Emerging Europe, Russia, the region's largest market, took centre stage. The widely anticipated presidential election victory for Vladimir Putin came to pass with the president taking, according to results, more than 75% of vote, extending Putin's time in office to nearly a quarter of a century. While markets had widely priced in these expectations, continuity benefitted markets before being abruptly hindered by the eruption of diplomatic tensions with the West. The alleged Russian state involvement in a murder attempt on Sergey Skripal, a former Russian security services officer, and his daughter Yulia on UK soil weighed heavily on investor sentiment. The UK government, in retaliation, expelled 23 Russian diplomats, a feat which has not been seen since the height of the cold war. This in turn was followed by more than 20 countries including 18 European Union states, the United States and Canada in a coordinated effort that represents a significant diplomatic victory for the UK.

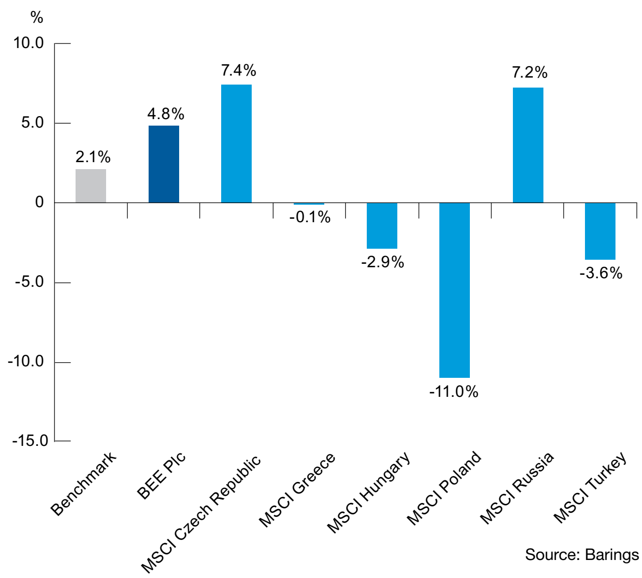
Despite this backdrop, Russia was the best performing market in the EMEA region. Energy companies in Russia benefited from the recovery of the oil price to near 3 year highs, while technology companies have rallied strongly in line with global peers in the latter stages of 2017. Our investments in Russia were no exception, with technology names Mail.ru and Yandex contributing positively to relative returns. Mail.Ru, the Russian internet service and social media service provider performed strongly as it continues to successfully monetize its subscriber base while internet technology company Yandex, benefitted from increasing expectations surrounding its joint

NAV per share; share price; % discount



Source: Northern Trust

Fund, Benchmark and Country Returns (£)
30 September 2017 to 31 March 2018



Source: Barings

Report of the Fund Manager (continued)

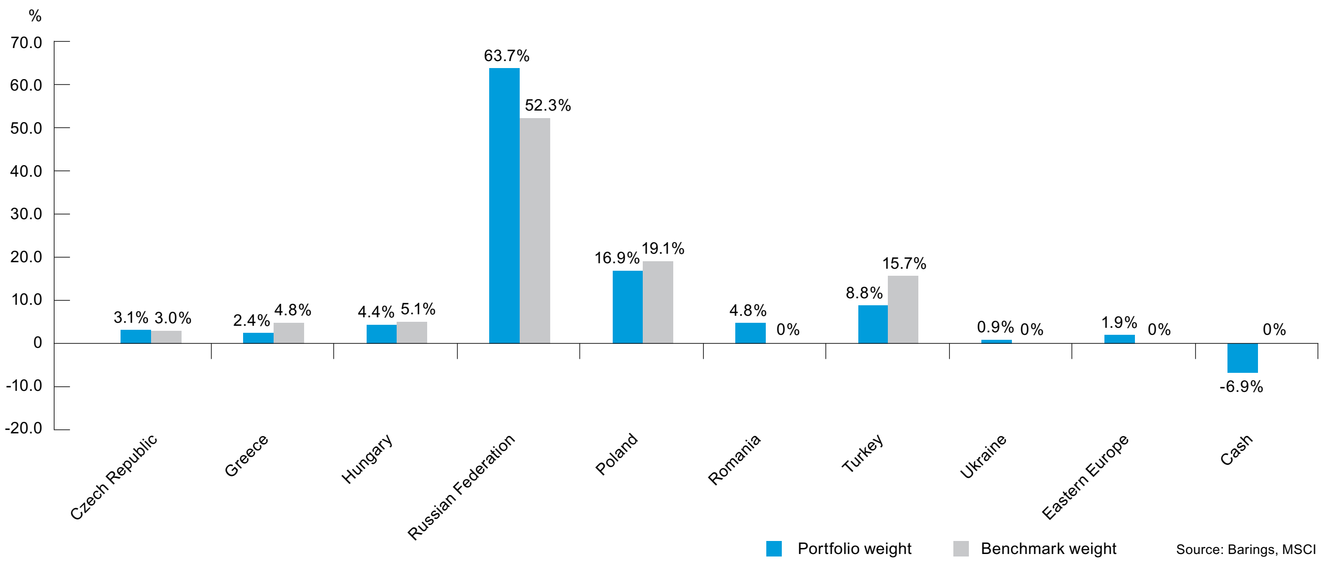
venture with Uber. Companies within the Energy sector were also robust with your portfolio profiting from its positions in Russian names Novatek and Lukoil. Notably, Lukoil announced its intention to cancel part of the outstanding treasury shares, a move which we consider to be an exemplary example of the improving corporate government standards within the company. Within Financials, the portfolio's preference for Russia's market leading bank Sberbank and financial services challenger TCS over competitor VTB was a contributor to returns. Sberbank registered strong performance over the period, with the company offering attractive growth outlook, raising expectations over their future dividend payout ratio. In contrast, names within the Russian retail sector continued to sustain pressure as retailer Magnit released results which came in below expectations, lowering guidance on future earnings. This signalled towards tougher price competition among Russian retailers with our preferred investment and competitor X5 declining in sympathy.

In Turkey, foreign policy took centre stage; October saw the US embassy in Ankara suddenly suspending its issuance of entry visas. A move interpreted as a retaliatory stance toward closer Turkish-Russian cooperation. The suspension was immediately reciprocated by the Turkish State before subsequently reversing in December by both countries. The Turkish economy has continued to expand rapidly into 2018, yet concerns over the inflationary effects of the government's fiscal liberality as well as the recovery in the oil price, where Turkey is a net importer remains. The Lira as a result has felt the pressure, compressing equity markets, here we have seen weakness in our select investments, notably Cola Bottler, Coca Cola Icecek and Bank, Yapi Kredi.

In Central Europe, investors have taken notice of appreciating currencies on the back of solid macroeconomic readings. Notably, Poland continues to exhibit strong consumer spending, loose fiscal policies and strong demand for local exports, which has in turn provided opportunities for Polish companies to expand their activities. Performance across the region was diverse with the Czech Republic outperforming while Hungary was relatively flat over the period. In contrast, Poland was negatively impacted by dovish signals by the Polish central bank which dampened expectations for its heavily weighted banking sector.

Greece ended the period relatively flat following what was a volatile period for the Hellenic Republic. In the latter stages of 2017 Greece was the region's strongest performer, a beneficiary of the pronounced appreciation within the Greek banking sector. However, these gains were subsequently reversed in 2018 as concerns surrounding the European wide stress tests on Greece's four systemic banks surfaced. The results of these tests could have profound effects on provision of the European Stability Mechanism support program for Greece which ends in August, at which point parliaments in several euro area countries will vote to approve the next tranche of €6.7 billion in support.

Geographical exposure of portfolio (% Fund and % Benchmark) at 31 March 2018



Source: Barings, MSCI

Report of the Fund Manager (continued)

Activity

Our investment strategy continues to remain focused on investing in solid, attractively valued companies with structural growth potential. We remain overweight in the Russian equity market where we continue to find the most attractive opportunities in the companies we research. One such example is Moscow Exchange which we deem to have an attractive valuation, a resilient business model and opportunity for growth in an environment of rising equity market turnover. We took the opportunity to exit Russian Telco Megafon following a deterioration in the company's earnings prospects which prompted us to re-evaluate the stock within the context of the portfolio. Further, succeeding the sustained pressure on the retail segment, we exited our position in Magnit while taking advantage of price weakness to increase our position in our preferred play X5.

We continue to seek selective exposure to Central European economies and Romania where we consider the financial sector as particularly attractive as healthy consumer credit demand has driven growth. Here we decided to further strengthen our positioning in the financial sector by increasing positions in Polish insurer PZU and Polish Bank Pekao SA. We also took advantage of price weakness in the Polish copper miner KGHM and added to the position over the period while exiting our position in Eastern Europe airliner Wizz Air. In Greece we exited our position in retailer Jumbo as the company reached its price target.

We remain cautious in our outlook for the Turkish equity market and we are currently underweight compared to the benchmark. Further reduction in our exposure was achieved by decreasing our position in Cola Bottler Coca Cola Icecek where we adjusted our long term growth exceptions lower, and Turkish conglomerate Koc as the company reached its price target. This is in reaction to what we recognise as slowing earnings growth and rising inflationary pressures in the country, while the unrestrained appetite in fiscal expansion and unclear monetary policy have further deteriorated the investment case. We do however find selective opportunities in Turkey, here we increased our holdings in Yapi Kredi Bank in Turkey, where we view capitalisation levels are able to support sustainable growth.

Outlook

We continue to view valuations on Emerging European stock markets to be attractive, supported further by a nascent stage cyclical economic recovery in Russia and solid household consumption growth in Central European economies. We believe these factors will aid to further support Emerging European equities by insulating these economies to the ongoing protectionist posturing in global politics. Encouragingly, we continue to observe a substantial and diverse pipeline of Initial Public Offerings reported on Emerging European stock markets following years of subdued activity. While this activity can often be viewed as a cautionary sign of peaking stock markets, it is our belief that the attractive valuations we observe regionally will help realistic expectations prevail. Further, improving corporate governance standards and the ongoing trend toward re-domiciling offshore listings, have supported liquidity on local markets and have served to generate international interest within the region.

Matthias Siller, Maria Szczesna and Adnan El-Araby
Baring Fund Managers Limited

8 May 2018

Investment Portfolio – Top Twenty Holdings

as at 31 March 2018

	Holding	Primary country of listing or investment	Market value £000	% of equity portfolio
1	Sberbank	Russia	13,401	10.80
2	Lukoil Holdings	Russia	12,558	10.12
3	Novatek	Russia	7,659	6.17
4	AO Tatneft	Russia	5,397	4.35
5	OTP Bank	Hungary	5,344	4.31
6	Garanti Bank	Turkey	4,411	3.55
7	Mail.ru	Russia	4,309	3.47
8	PZU	Poland	4,298	3.46
9	Globaltrans	Russia	3,529	2.84
10	Bank Pekao	Poland	3,485	2.81
11	Alrosa	Russia	3,451	2.78
12	Gazprom	Russia	3,449	2.78
13	LSR	Russia	3,128	2.52
14	TCS	Russia	3,096	2.50
15	Bank Zachodni WBK	Poland	3,016	2.43
16	National Bank of Greece	Greece	2,926	2.36
17	CCC	Poland	2,901	2.34
18	X5 Retail Group	Russia	2,843	2.29
19	Powszechna Kasa Oszczednosci Bank	Poland	2,787	2.25
20	Yandex	Russia	2,763	2.23
	Other investments		37,143	29.94
	Total investments		**131,894**	**106.30**
	Net current liabilities		**(7,813)**	**(6.30)**
	Net assets		**124,081**	**100.00**

Income Statement

(incorporating the Revenue Account*) for the six months to 31 March 2018

	Notes	**(Unaudited) Six months to 31 March 2018**			(Unaudited) Six months to 31 March 2017			(Audited) Year ended 30 September 2017		
		Revenue £000	**Capital £000**	**Total £000**	Revenue £000	Capital £000	Total £000	Revenue £000	Capital £000	Total £000
Gains on investments held at fair value through profit or loss		**–**	**5,672**	**5,672**	–	18,021	18,021	–	25,502	25,502
Income		**957**	**–**	**957**	717	–	717	5,146	–	5,146
Investment management fee		**(97)**	**(389)**	**(486)**	(230)	(230)	(460)	(476)	(476)	(952)
Other expenses		**(413)**	**–**	**(413)**	(374)	–	(374)	(765)	–	(765)
Return on ordinary activities		**447**	**5,283**	**5,730**	113	17,791	17,904	3,905	25,026	28,931
Finance costs		**(26)**	**(104)**	**(130)**	(63)	(63)	(126)	(129)	(129)	(258)
Return on ordinary activities before taxation		**421**	**5,179**	**5,600**	50	17,728	17,778	3,776	24,897	28,673
Taxation		**(119)**	**–**	**(119)**	(17)	–	(17)	(482)	–	(482)
Return on ordinary activities after taxation attributable to Shareholders		**302**	**5,179**	**5,481**	33	17,728	17,761	3,294	24,897	28,191
Return per ordinary share	6	**2.18p**	**37.39p**	**39.57p**	0.21p	115.40p	115.61p	22.31p	168.65p	190.96p

*The total column of this statement is the profit and loss account of the Company.

All revenue and capital items in the above statement derive from continuing operations. No operations were acquired or discontinued during the period.

The supplementary revenue and capital columns are both prepared under guidance published by the Association of Investment Companies.

A Statement of Total Recognised Gains and Losses is not required as all gains and losses of the Company have been reflected in the above statement.

There is no other comprehensive income.

Statement of Financial Position

as at 31 March 2018

	(Unaudited) At 31 March 2018 £000	(Unaudited) At 31 March 2017 £000	(Audited) At 30 September 2017 £000
Fixed assets			
Investments at fair value through profit or loss	**131,894**	124,446	131,220
Current assets			
Debtors	**76**	76	1,679
Cash and cash equivalents	**993**	2,515	762
	1,069	2,591	2,441
Current liabilities			
Creditors: amounts falling due within one year	**(8,882)**	(10,620)	(10,488)
Net current liabilities	**(7,813)**	(8,029)	(8,047)
Net assets	**124,081**	116,417	123,173
Capital and reserves			
Called-up share capital	**1,710**	1,760	1,735
Share premium account	**1,411**	1,411	1,411
Capital reserve	**114,611**	106,041	111,384
Redemption reserve	**3,078**	3,028	3,053
Revenue reserve	**3,271**	4,177	5,590
Total Shareholders' funds	**124,081**	116,417	123,173
Net asset value per share	**900.27p**	815.62p	877.99p

Statement of Changes in Equity

	Called-up share capital £000	Share premium account £000	Capital reserve £000	Redemption reserve £000	Revenue reserve £000	Total £000
(Unaudited)						
For the six months ended 31 March 2018						
At 30 September 2017	**1,735**	**1,411**	**111,384**	**3,053**	**5,590**	**123,173**
Return for the six months to 31 March 2018	**–**	**–**	**5,179**	**–**	**302**	**5,481**
Buyback of own shares for cancellation	**–**	**–**	**(1,952)**	**–**	**–**	**(1,952)**
Transfer to capital redemption reserve	**(25)**	**–**	**–**	**25**	**–**	**–**
Dividends paid	**–**	**–**	**–**	**–**	**(2,621)**	**(2,621)**
Balance at 31 March 2018	**1,710**	**1,411**	**114,611**	**3,078**	**3,271**	**124,081**

	Called-up share capital £000	Share premium account £000	Capital reserve £000	Redemption reserve £000	Revenue reserve £000	Total £000
(Unaudited)						
For the six months ended 31 March 2017						
At 30 September 2016	1,971	1,411	104,459	2,817	7,792	118,450
Return for the six months to 31 March 2017	–	–	17,728	–	33	17,761
Buyback of own shares for cancellation	–	–	(15,857)	–	–	(15,857)
Transfer to capital redemption reserve	(211)	–	–	211	–	–
Tender offer costs	–	–	(289)	–	–	(289)
Dividends paid	–	–	–	–	(3,648)	(3,648)
Balance at 31 March 2017	1,760	1,411	106,041	3,028	4,177	116,417

	Called-up share capital £000	Share premium account £000	Capital reserve £000	Redemption reserve £000	Revenue reserve £000	Total £000
(Audited)						
For the year ended 30 September 2017						
At 30 September 2016	1,971	1,411	104,459	2,817	7,792	118,450
Return for the year to 30 September 2017	–	–	24,897	–	3,294	28,191
Buyback of own shares for cancellation	–	–	(17,682)	–	–	(17,682)
Transfer to capital redemption reserve	(236)	–	–	236	–	–
Tender offer costs	–	–	(290)	–	–	(290)
Dividends paid	–	–	–	–	(5,496)	(5,496)
Balance at 30 September 2017	1,735	1,411	111,384	3,053	5,590	123,173

Distributable reserves comprise: the revenue reserve and capital reserves attributable to realised profits.

All investments are held at fair value through profit or loss. When the Company revalues the investments still held during the period, any gains or losses arising are credited/charged to the capital reserve.

Notes to the Half Year Report

1. Accounting policies

A summary of the principal accounting policies is set out below:

(a) Basis of accounting

The financial statements have been prepared in accordance with the applicable UK Accounting Standards, being FRS102 – The Financial Reporting Standard – and with the Statement of Recommended Practice "Financial Statements of Investment Trust Companies and Venture Capital Trusts" (issued in November 2014). The half-year accounts are prepared in accordance with Financial Reporting Standard 104 – Interim Financial Reporting. The accounting policies applied to this half year report are consistent with those applied in the accounts for the year ended 30 September 2017.

The Directors have decided that in order to better reflect the Company's long term aim of enhancing capital growth it would be more appropriate to allocate the investment management fee and finance costs 80% to capital and 20% to income rather than 50% to each which has been applied in prior periods.

They have also been prepared on the assumption that approval as an investment trust will continue to be granted. The financial statements have been prepared on a going concern basis.

2. Dividend

An interim dividend of 14 pence per share was declared on 8 May 2018 and will be paid on 27 June 2018 to members on the register at the close of business on 18 May 2018. The shares will be marked ex-dividend on 17 May 2018.

The final dividend in respect of the year ended 30 September 2018 will be considered at a Board meeting to be held in November 2018. An announcement will be made shortly after that meeting.

3. Comparative information

The figures and financial information for the year ended 30 September 2017 are an extract from the latest published accounts and do not constitute statutory accounts. Full accounts for that period have been delivered to the Registrar of Companies and included the report of the auditors which was unqualified and did not contain a statement under Section 498 of the Companies Act 2006.

The half year report for the six months ended 31 March 2018 and for the six months ended 31 March 2017 have been neither audited nor reviewed by the auditors.

4. Shares in issue

As at 31 March 2018 there were 13,782,720 ordinary shares of 10p each in issue (30 September 2017: 14,028,979 and 31 March 2017: 14,273,506) which excludes 3,318,207 ordinary shares held in treasury (30 September 2017: 3,318,207 and 31 March 2017: 3,318,207) and treated as not being in issue when calculating the net asset value per share. Shares held in treasury are non-voting and not eligible for receipt of dividends. During the period 246,259 ordinary shares were bought back to be cancelled at a cost of £1,952,000. A further 41,414 ordinary shares were bought back to be cancelled during the period 1 April 2018 to 7 May 2018 at a cost of £310,000.

Notes to the Half Year Report (continued)

5. Taxation

The taxation charge of £119,000 (30 September 2017: £482,000 taxation charge; and 31 March 2017: £17,000 taxation charge) relates to overseas taxation.

6. Return per ordinary share

The total return per ordinary share is based on the return on ordinary activities after taxation of £5,481,000 (six months ended 31 March 2017: £17,761,000; and year ended 30 September 2017: £28,191,000) and on a weighted average of 13,852,564 ordinary shares in issue during the six months ended 31 March 2018 (six months ended 31 March 2017: weighted average of 15,362,675 ordinary shares in issue; and year ended 30 September 2017: weighted average of 14,762,470 ordinary shares in issue).

Interim Management Report

Going concern

The Directors believe that, having considered the Company's investment objectives, risk management policies, capital management policies and procedures, nature of the portfolio and expenditure projections, the Company has adequate resources and an appropriate financial structure in place to continue in operational existence for the foreseeable future. The assets of the Company consist mainly of securities which are readily realisable. For these reasons, they consider that there is reasonable evidence to continue to adopt the going concern basis in preparing the accounts.

Principal risks and uncertainties

The principal risks facing the Company are substantially unchanged since the date of the Annual Report and Financial Statements for the year ended 30 September 2017 and continue to be as set out in that report.

The principal risks and uncertainties faced by the Company continue to fall under the following broad categories:

- Investment and strategy;
- Accounting, legal and regulatory;
- Loss of investment team or Fund Manager;
- Discount;
- Corporate governance and shareholder relations;
- Operational;
- Financial; and
- Future developments.

Information of each of these is given in the Strategic Report in the Annual Report for the year ended 30 September 2017.

Related party transactions

The Fund Manager is regarded as a related party and details of the management fee payable during the six months ended 31 March 2018 is shown in the Income Statement on page 8. There have been no other related party transactions during the six months ended 31 March 2018. The Directors' current level of remuneration is £25,000 per annum for each Director with the Chairman of the Audit Committee receiving an additional fee of £2,500 per annum. The Chairman's fee is £33,000 per annum.

Responsibility Statement of the Directors in respect of the Half Year Report for the six months ended 31 March 2018

The Directors confirm that, to the best of their knowledge:

The condensed set of financial statements within the interim report has been prepared in accordance with FRS 104 issued by the Accounting Standards board on “Half-Yearly Financial Reports” and gives a true and fair view of the state in full of the affairs of the Company and of the assets, liabilities, financial position and net return of the Company, and the interim management report (which includes the Chairman’s Statement), as at 31 March 2018, as required by the UK Listing Authority Disclosure Guidance and Transparency Rule 4.2.4R.

This Half-Yearly Financial Report includes a fair review of the information required by:

a) DTR 4.2.7R of the Disclosure Guidance and Transparency Rules, being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements; and a description of the principal risks and uncertainties for the remaining six months of the year; and

b) DTR 4.2.8R of the Disclosure Guidance and Transparency Rules, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the Company during that period; and any changes in the related party transactions that could do so.

This Half-Yearly Financial Report was approved by the Board of Directors on 8 May 2018 and the above responsibility statement was signed on its behalf by Frances Daley, Chairman.

Directors and Advisers

Directors
Frances Daley, Chairman *(from 17 January 2018)*
Jonathan Woollett
Ivo Coulson
Nadya Wells
Calum Thomson
Steven Bates, Chairman *(retired 16 January 2018)*

Company Secretary
Link Company Matters Limited*
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**Appointed on 23 April 2018*

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4560726

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Administrator
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Overseas: +44 371 664 0300
Email: enquiries@linkgroup.co.uk

Website
www.bee-plc.com

Glossary of Terms

Net asset value or NAV

The value of total assets less current liabilities. The net asset value divided by the number of shares in issue produces the net asset value per share. *NAV divided by number of ordinary shares in issue at the period end.*

Discount

Discount is the amount by which the Ordinary share price is lower than the net asset value per Ordinary share. The discount is normally expressed as a percentage of the net asset value per share. *NAV minus share price divided by NAV.*

Total return

Total return is the increase/(decrease) in NAV per share plus the dividends paid, which are assumed to be reinvested at the time the share price is quoted ex-dividend.

Gearing

Two methods of calculating such exposure are set out in the AIFMD, gross and commitment.

Under the *gross method*, exposure represents the aggregate of all the Company's exposures other than cash balances held in base currency and without any offsetting. *Investments divided by Total Shareholders' funds.*

The *commitment method* takes into account hedging and other netting arrangements designed to limit risk, offsetting them against the underlying exposure. *Investments plus current assets divided by Total Shareholders' funds.*

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