European Assets Trust NV
Annual Report 2004

Contents

Illustrative Financial Calendar 2005/06

28 April 2005	General Meeting of Shareholders (Amsterdam)
13 May 2005	Shareholders' and Investors' Briefing (London)
July 2005	Announcement of Interim Results
August 2005	Posting of Interim Report
February 2006	Announcement of Final Results for 2005

This Annual Report is the current prospectus of European Assets Trust NV in terms of the requirements of the Dutch Authority for the Financial Markets. A Dutch financial leaflet ('Financiële Bijsluiter') has been prepared for this product with information in Dutch on the product, the costs and the risks. Ask for it at the offices of the Managing Director, and read it, before purchasing the product. The value of your investment can fluctuate. Past returns are no guarantee for future returns.

Company Summary

The Company
The Company is an investment company with a variable capital incorporated in the Netherlands and its shares are listed on the London Stock Exchange and Euronext Amsterdam Stock Market. It is a member of the Association of Investment Trust Companies.

Total assets (less current liabilities) at 31 December 2004 were €161.2 million (£114.1 million).

Objective
The investment objective of the Company is to achieve growth of capital through investment in quoted medium-sized companies in Europe, excluding the United Kingdom.

A high distribution policy has been adopted and dividends have been paid mainly out of capital reserves.

Investment Management
The Board has appointed F&C Asset Management plc (F&C) as investment managers. F&C is the new business created in October 2004 following the merger of ISIS Asset Management plc and F&C Group Limited. The notice period is twelve months and further details of the investment management contract can be found in the 'Report of the Management Board Director' within this report.

Capital Structure
The Company has a simple capital structure, being financed exclusively by ordinary shares. It may also employ gearing up to 20 per cent of assets.

How to Invest
F&C Asset Management plc operates a number of ZeroCharge™ investment plans which facilitate investment in the shares of the Company. Details are contained in the 'Investment Services to Shareholders' section of this report. Stock Exchange dealing can be conducted through your usual stockbroker. See Note 1 below.

Share Price
The ordinary shares are quoted on the London Stock Exchange and Euronext Amsterdam Stock Market and their price is published daily in *Het Financieele Dagblad* as well as the *Financial Times* and other newspapers.

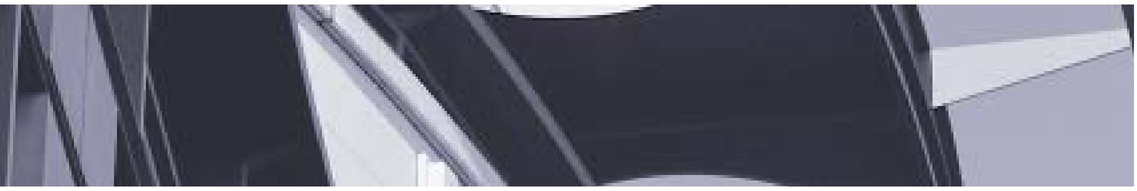
Trading primarily takes place on the London Stock Exchange.

Net asset value
The net asset value of the Company's shares can be obtained by contacting F&C Asset Management Investment Services on 0800 389 3676.

Website
The Company's internet address is:
www.europeanassets.co.uk

Notes

1. Stockmarkets and currency movements may cause the value of shares and the income from them to fall as well as rise and investors may not get back the amount originally invested.
2. Total return wherever used in this document means capital performance with dividends added back.



Financial Highlights

- Over the year, the Company's assets rose by 19.9 per cent in sterling total return* terms compared to a 25.6 per cent rise for the benchmark index.
- Net asset value total return* of +108.2 per cent since December 1997 (portfolio refocused), compared with a 72.8 per cent rise for the benchmark index.
- 6 per cent annual dividend yield level on net asset value to 2006.
- 13 per cent increase in annual dividend for 2005 compared with 2004. First dividend for 2005 of €0.175 paid in January and two further dividends of €0.175 each to be paid in 2005.

Total Return* Performance
Net Asset Value in Sterling v HSBC Smaller Europe (ex UK) Index

*Capital performance with dividends added back.

Performance Summary

	Euro 2004	Euro 2003	Sterling 2004	Sterling 2003	% change
Total Return					
Net asset value total return per share	**19.3%**	37.1%	**19.9%**	48.5%	
Market price total return per share	**21.9%**	58.5%	**22.4%**	71.7%	
HSBC Smaller Europe (ex UK) Index	**25.0%**	40.0%	**25.6%**	51.2%	
Capital					
Total assets (less current liabilities)	**€161.2m**	€143.0m	**£114.1m**	£100.8m	13.2
Net asset value per share	**€8.75**	€7.78	**619.6p**	548.2p	13.0
Market price per share	**€7.80***	€6.85*	**552.5p**	482.5p	14.5
HSBC Smaller Europe (ex UK) Index	**253.62**	208.03	**179.55**	146.58	22.5
Distributions (per share)					
Total net distributions paid in cash	**€0.465**	€0.37	**31.4p**	24.8p	

First dividend for 2005 of €0.175 paid January 2005 from other reserves

	2004	2003
Discount (difference between share price and net asset value)	**10.8%**	12.0%
Gearing (100=nil geared position)†		
Actual ratio	**102.0**	99.0
Maximum potential ratio	**106.0**	100.0
Total expense ratio		
as percentage of average shareholders' funds	**1.38%**	1.44%
Dutch regulatory calculation‡	**1.75%**	1.81%
Portfolio Turnover§	**47%**	47%

2004 Year's Highs/Lows	High	Low	High	Low
Net asset value per share	**€8.75***	**€7.58***	**619.6p**	**504.2p**
Market price per share	**€7.80***	**€6.47***	**552.5p**	**439.0p**

The widest discount on the ordinary shares during 2004 was 16.6 per cent and the narrowest discount was 7.0 per cent in sterling terms.

*London Stock Exchange prices/net asset value converted into Euros at relevant exchange rate during the year.

†The gearing ratio indicates the extra amount by which shareholders' funds would rise or fall if total assets were to rise or fall. A figure of 100 means that the Company has a nil geared position.

Actual ratio=the ratio of total assets (less fixed interest and cash assets) to shareholders' funds.

Maximum potential ratio=the ratio of total assets (including fixed interest and cash assets) to shareholders' funds.

‡Dutch regulatory calculation in addition includes interest and tax.

§Portfolio turnover=((purchases+sales)÷2)÷average assets.

Sources: Fundamental Data/Datastream/HSBC

Chairman's Statement

Sir John Ward CBE
Chairman

2004 results

I am pleased to report that in 2004 European Assets Trust was able to build on the strong gains recorded in the preceding year. The net asset value rose by 19.9 per cent in Sterling total return* terms following an increase of 48.5 per cent in 2003. The HSBC Smaller Europe (ex UK) Index returned 25.6 per cent in 2004. The difference between the performance of the Trust and the Index reflects the Managers' preference for companies with a steady earnings growth profile rather than those recovering from earlier losses or enjoying a short-lived cyclical peak in profits. This insistence on earnings consistency has delivered rewards over the longer term period. Since 1997, the date the portfolio was re-focused on the small to mid-sized company asset class, European Assets Trust's net asset value has appreciated by 108.2 per cent in Sterling total return* terms compared with an increase of 72.8 per cent for the benchmark index.

The performance of both European Assets Trust and the HSBC Smaller Europe (ex UK) Index in 2004 was again markedly better than that of large companies in Europe as measured by the FT/S&P World Europe (ex UK) Index which rose, in total return terms, by only 13.8 per cent. The year began and ended on a particularly firm note for European smaller company stocks. Both periods shared a common positive characteristic – buoyant earnings growth which ensured that valuations remained attractive. The companies' ability to display strong earnings power can be put down to a combination of two factors. Management was able to exert good control over operating costs, and firms prospered from favourable export growth even with a strengthening Euro currency. During the late spring and early summer months stock markets registered some concern that strong economic growth in the US would persuade the Federal Reserve Bank to ratchet interest rates sharply higher. Adding to these fears was the surging oil price which only served to remind investors of the unabated threat to supplies from acts of terrorism. Terrorism also proved that it could exert an impact on Europe's political scene with the Madrid bombing directly affecting the outcome of the Spanish general election. However, the capacity of companies to deliver sound earnings even in these more difficult circumstances set the stage for a strong finish for European stock markets in the last three months of the year. This late surge accelerated as the oil price retreated from its recent high level and the US monetary authorities made it clear that the pace of interest rate rises would be 'measured'.

Distribution

The level of dividend paid by the Company each year is determined by the Board in accordance with the Company's distribution policy. The Board has stated that, barring unforeseen circumstances, it will pay out an annual dividend to 2006 equivalent to 6 per cent of the net asset value of the Company at the end of the preceding year.

In accordance with this policy, the Board has already announced that for 2005 the total dividend

* capital performance with dividends added back

will be Euro 0.525 per share. This dividend, which represents an increase of 13 per cent on the 2004 level, is to be paid in three equal instalments of Euro 0.175 per share in January, May and August. The January dividend was paid to shareholders on 26 January 2005. The Board believes that this distribution policy is an attractive feature for shareholders.

Gearing

The Company has banking facilities to allow the Managers to gear the portfolio within the 20 per cent of assets level permitted under the Articles. The facilities are Euro denominated and flexible, allowing the Managers to draw down amounts for such periods as they wish on a fixed or variable rate basis. The Managers made limited use of the borrowing facilities during most of 2004, largely due to concerns over the sustainability of the profits recovery for many companies in the asset class. Late on in the year, as it became clear that earnings growth was moving onto a more solid footing the gearing level rose in order to fund the introduction of several new stocks to the portfolio. These companies are likely to benefit from the current motors of European growth – rising capital spending and consumer demand.

Dutch Tax

I am very pleased to report that the Dutch parliament has approved a bill to abolish Dutch surtax from 1 January 2005. This is one year earlier than had previously been indicated. Dutch surtax applied to ‘excessive distributions’ as defined in the relevant legislation and the Company had borne some Dutch surtax in previous years. The Board works with its advisers to ensure that Dutch tax is minimised.

Shareholder Value

The performance of the Company’s share price was again better than the net asset value. Over the year, the share price total return* came to 22.4 per cent on a Sterling basis. The share price discount to net asset value narrowed over the year from 12.0 per cent to 10.8 per cent at 31 December 2004 and has since narrowed further to 9 per cent.

The Board continues to seek opportunities to enhance shareholder value in the interests of all shareholders.

Management Company

The Board noted the merger of the Company’s investment manager, ISIS Asset Management plc with F&C Group Limited in October 2004 to form F&C Asset Management plc. The Board will look for opportunities to extend the research capabilities from the enlarged organisation.

Outlook

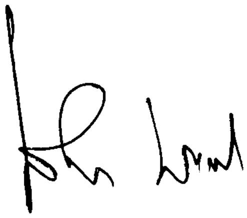
The Board continues to believe that the outlook for European companies in general and smaller companies in particular remains rosy. Prospects for economic growth on the Continent are improving as capital spending and consumer demand lend strength to the export-led recovery. Eurozone governments, temporarily freed from the constraints of the Stability & Growth Pact, have been able to soften the blow of necessary labour and pensions reform with tax cuts. At ground level, companies have been striking eye-catching deals with workforces to boost productivity. As for the universe of smaller companies from which European Assets Trust makes its portfolio selection, earnings growth has established a firm hold. Moreover, management has made considerable progress to improve return on capital invested, rewarding long-term shareholders with better cashflow generation and rising dividend payouts. In recognition of this trend, smaller companies are now attracting attention as targets for a public or private takeover.

It is the stated policy of the Board that, not later than 30 June 2006, shareholders are given the opportunity to vote on the continuation of the Company.

Chairman’s Statement

continued

The Board is firmly of the opinion that European Assets Trust has attractions for investors given its ability to pay a good level of dividend (6 per cent on asset value) and its potential to deliver capital growth from a focused portfolio of high quality small and medium sized Continental European companies.



Sir John Ward CBE
Chairman
25 February 2005

Investment Managers and Investment Process

Crispin Longden

Fund Manager

Crispin Longden has been Fund Manager of European Assets Trust for 5 years. Before joining F&C Asset Management he spent 8 years managing European equities at Scottish Life. He is a Member of the UK Society of Investment Professionals and is fluent in German.

Michael Campbell

Company Secretary

a chartered accountant, has provided accounting and company secretarial services to investment companies at F&C Asset Management for over fourteen years.

F&C Asset Management plc

F&C Asset Management plc (F&C) is the new business created on 11 October 2004 following the merger of ISIS Asset Management plc and F&C Group Limited. The combined business has around £120 billion of funds under management and is a leading asset manager in both the UK and Europe. The merger created a diversified asset management business. F&C is a company listed on the London Stock Exchange.

F&C provides management and other services to a range of investment companies.

Investment Process

European Assets Trust is managed by a team dedicated exclusively to investment in small and medium-sized companies in Continental Europe.

The primary aim of European Assets Trust is to provide a superior long term capital return for Shareholders. This is sought by investing in a relatively concentrated portfolio of medium-sized companies.

Considerable emphasis is placed upon a fundamental approach towards selecting companies with both financial strength and quality management which are considered to have good medium to long term growth prospects.

Distribution Policy

The Board has announced that, barring unforeseen circumstances, the annual dividend to 2006 will be equivalent to 6 per cent of the net asset value of the Company at the end of the preceding year. Dividends have been paid mainly out of capital reserves. There is a scrip dividend option for shareholders who wish to continue to receive their returns in the form of capital.

Investment Managers' Review

Economic and Market Review

The economies of Continental Europe began 2004 much as they had ended 2003. For most countries, and particularly the core members of the Eurozone, growth remained at low ebb. The principal stimulus came from the export of goods and services, driven by strong demand from the US and China. As the year progressed, the economic recovery across Europe gained a firmer hold as first, domestic investment spending and then, consumer demand began to recover. Contributory factors to this encouraging development included the softening of the Stability & Growth Pact, the persistence of low interest rates and the regained strength of company balance sheets. The relaxation in the requirements of the Stability & Growth Pact, which set an annual maximum public deficit level equivalent to 3 per cent of Gross Domestic Product (GDP), temporarily freed Eurozone governments from the straitjacket of budgetary constraints. The European Central Bank (ECB) left its key interest rate, the refinancing rate, unchanged at 2.0 per cent throughout 2004. This was despite Eurozone consumer prices recording a rise of 2.1 per cent over the year, in excess of the ECB target of 'close to but not above 2 per cent'. Companies, encouraged by this benign and above all stable monetary environment, began to consider new capital investment projects. The decision-making process was made easier by strengthened balance sheets, many companies having reduced debts and cut costs in the wake of the 'dotcom' bubble. Consumer spending was not spurred on by low interest rates as was the case in the UK. This is because borrowing levels are generally lower on the Continent and mortgages tend to be taken out at fixed rates over a long repayment period. However, the European consumer was spurred on by the trend of rising house prices particularly in France, Spain and Ireland. Additionally, towards the end of the year European governments began to hold out the prospect of cuts in personal tax rates to offset far-reaching and necessary reforms of the pensions and labour markets. The Eurozone finally recorded a 1.8 per cent annual growth rate in GDP during 2004. Total domestic demand contributed 1.7 percentage points to this rate of growth and net exports, after the early strong start to the year, just 0.1 per cent. Economic growth of 1.8 per cent may seem rather anaemic when set against the blistering pace set by the US and China but it compares favourably with the 0.5 per cent growth rate recorded by the Eurozone in 2003.

The improving economic backdrop allowed continental European markets to build on their impressive gains of the previous year. In 2004 the index of larger European company shares, the FT/S&P World Europe (ex UK) Index, rose by 13.8 per cent in Sterling total return* terms, beating the gains notched up by the representative indices for the UK, Japan and the US by 2, 9 and 10 percentage points respectively. The strengthening Euro currency helped in this respect but of equal importance was the role played by company earnings. For several consecutive quarterly reporting periods, European companies delivered profit figures above most analysts' estimates. This left European stock price valuations looking attractive compared to those in other geographical regions. European smaller companies, less affected by the strength of the Euro currency due to the lower share of exports in their sales mix, delivered even better earnings growth. According to estimates prepared by the stockbroker UBS, earnings at European smaller companies will have risen an average 60 per cent between 2003 and 2004 versus around 25 per cent for the larger European companies. No small wonder that the continental European small to mid capitalisation asset class once again trounced its larger sized counterpart in 2004. Over the year the HSBC Smaller Europe (ex UK) Index rose by 25.6 per cent in Sterling total return terms. This performance placed the smaller company asset class near the top of the worldwide league in 2004.

Portfolio Performance

The net asset value of European Assets Trust rose by 19.9 per cent in Sterling total return terms in 2004. The difference in the increase to that of the

* Capital performance with dividends added back

benchmark HSBC Smaller Europe (ex UK) Index can be attributed to the Managers' bias towards companies with a consistent earnings profile rather than 'one shot' recovery situations. For example, the 2004 earnings growth figure of 60 per cent mentioned earlier for the asset class is high because it includes a number of companies which are emerging from a period of very poor profitability or which are recovering from a sharp dip in their business cycle. It is because these companies' earnings will likely soon reach a plateau that brokers' earnings estimates for 2005 show a fall to around 10 per cent in the rate of average earnings growth for smaller companies. The Managers prefer to seek out and hold companies able to deliver 15–20 per cent growth in earnings in both years and subsequently thereafter. This level of earnings consistency also encourages companies to reward long-term investors by re-investing retained profits in a coherent manner or by paying out steadily rising dividends.

Thematic Analysis

Industry sector trends were difficult to identify in 2004, stock-specific issues and themes outweighed sector considerations. Companies concerned with oil exploration, refining, trading, transport and services performed well thanks to the surge in crude oil prices. Utilities also scored highly, additionally helped by well-covered attractive dividend yields in a low interest rate environment. Construction and materials goods companies featured high up on the list, particularly later on in the year as capital investment picked up. Down at the bottom of the league, telecommunications companies performed poorly. Interestingly, the opposite was the case for telecommunications stocks in the larger capitalisation index. 2004 was a year which saw the larger incumbents reassert their ascendancy over the smaller alternative telecommunications providers both in terms of operating performance and share price performance. Technology stocks took the wooden spoon as worst performers with the semi-conductor cycle rapidly losing momentum during 2004.

Viewed by country, Norway took the honours at the top of the league table thanks to the high representation of oil and transportation stocks in the index. Austria also performed very well as its economy and companies were seen to be the natural beneficiaries of EU expansion eastwards. The Greek market was the only HSBC Smaller Europe (ex UK) constituent to end the year in negative territory, a hangover from the Olympic Games which pushed the Greek government deficit to unsustainably high levels.

Geographic Analysis

The composition of European Assets Trust's portfolio is strictly governed by 'bottom up' stock selection. The domicile of a particular company plays no part in this selection process. The geographic weighting of the portfolio and the corresponding readings for the HSBC Smaller Europe (ex UK) Index are reproduced here for information only.

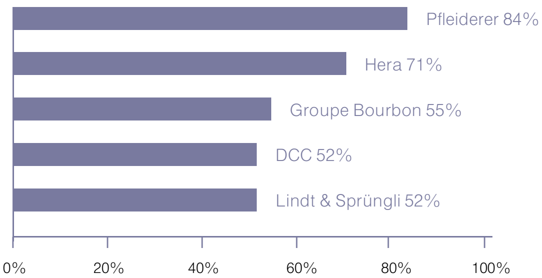
Country Weightings

2004	EAT %	Benchmark Index %
Austria	5.2	2.9
Belgium	–	3.1
Denmark	–	4.2
Finland	1.0	5.9
France	13.5	13.5
Germany	7.6	12.1
Greece	–	5.5
Ireland	23.3	2.6
Italy	16.3	13.1
Luxembourg	2.5	–
Netherlands	1.1	7.1
Norway	–	4.2
Portugal	–	1.6
Spain	14.6	6.4
Sweden	3.4	9.1
Switzerland	11.5	8.7
	100.0	100.0

Stock Highlights

The five companies which chalked up the best performance in 2004 all managed to record share price gains in excess of 50 per cent. Top prize goes to **Pfleiderer**, a German manufacturer of veneers and laminates for the furniture industry, which chiselled out a gain of 84 per cent in share price terms following its inclusion in the Trust's portfolio in March 2004. Management stepped up communication with investors during the year, outlining a coherent strategy to build up a dominant market share in this niche industrial sector. Next up to the podium is **Hera**, a recently-listed Italian energy generation and distribution company which recorded an electrifying gain of almost 71 per cent over the year. A recent combination of several small municipal utility companies, Hera has derived considerable cost benefits from its increased scale and now commands a strong presence in one of the richest parts of Italy. **Groupe Bourbon** benefited from the investor fondness for oil-related stocks throughout 2004 and its share price spurted almost 55 per cent higher. The company is systematically selling its historical retailing operations in the former French colonies to focus on building up a fleet of fast and efficient oilfield supply tugs and ships. An Irish stock takes position four in the league table. **DCC** is a diversified wholesale distribution company with an enviable earnings record and an astute acquisitions policy. Its share price delivered a gain of over 52 per cent in 2004. Finally, **Lindt & Sprüngli** again made it into the top five with a mouth watering increase also of 52 per cent.

Top Five Performers (share price in local currency over one year or from date of acquisition)



Outlook

The small to mid capitalisation asset class has delivered a strong measure of outperformance versus its larger capitalisation counterpart for the last four years. Since the end of 2000 the HSBC Smaller Europe (ex UK) Index has increased in value by 31.1 per cent in Sterling total return terms while the FT/S&P World Europe (ex UK) Index has registered a *decrease* of 13.9 per cent in the same period. Looking ahead to 2005, several commentators point to headwinds for the small to mid capitalisation asset class. The economic cycle is maturing while shares in smaller companies have attained a relative high valuation. It is the case that the economic cycle is maturing and that the composition of the HSBC Smaller Europe (ex UK) Index favours stocks exposed to early cycle trends. However, as already stated, smaller company shares are far less exposed to a strengthening Euro currency. The trend towards a strong Euro appears to be continuing. It is also true to say that many smaller company shares no longer command a valuation below that of their larger capitalisation counterparts. The 2005 prospective price earnings ratio for the HSBC Smaller Europe (ex UK) Index is around 15x while the FT/S&P World Europe (ex UK) Index trades on around 14x. However, there have been periods in the past, notably through much of the 1980s, when small capitalisation issues have traded at a premium to large capitalisation stocks. Besides historical precedent, there is a fundamental reason for this premium to persist. Smaller companies have made huge progress recently in improving shareholder value creation as measured by return on capital employed and return on equity. According to a recent study by UBS, small capitalisation companies are estimated to have improved their return on invested capital from 9.7 per cent to 14.0 per cent between 2003 and 2005. The same study indicates an even stronger increase in return on equity from 4.7 per cent to 10.2 per cent. The Managers of European Assets Trust have always paid close attention to these measures of operating efficiency. A company can generate a lot of surplus cashflow but if this is

not reinvested efficiently or paid out to shareholders, it risks increasing the asset base for minimal return.

The stock selection for European Assets Trust continues to be driven by fundamental ‘bottom up’ analysis with the focus on earnings consistency and sustainable or improving returns on invested capital. However the Managers also endeavour to capitalise on the various economic and thematic developments mentioned in this review. In order to benefit from higher demand for fixed asset investments across Europe, a number of Europe-centric capital goods companies have recently been added to the portfolio. These include **Andritz** in Austria, **Carbone Lorraine** in France and **Kaba** in Switzerland. Andritz is a niche provider of capital equipment for the steel and paper and pulp industries both of which are enjoying strong demand in export markets. Carbone Lorraine is a world leader in the production and sale of carbon and graphite-based electrical components, demand for which closely mirrors growth in GDP. Kaba designs sophisticated locks and door access systems for the higher end of the market. Another new portfolio entrant, the real estate developer **Fadesa**, is a direct play on the strong Spanish housing market. **Arnoldo Mondadori**, a leading publisher of popular periodicals in Italy, and **SBS Broadcasting**, owner and operator of TV and radio stations in the Nordic and Benelux countries, should both benefit from increased media advertising expenditure on the back of stronger consumer demand. Exposure to the fast-growing new eastern bloc European Union (EU) members is another recurring theme in current investment policy. **Pfleiderer** not only dominates its home market in Germany but also commands a 42 per cent share of the Polish market for wooden particleboard and veneers. **Voestalpine** and **Vossloh** are handily placed to win railway equipment contracts for eastern European railway infrastructure. In addition, following their accession to the EU in the spring of last year, your Board has added the exchanges of Poland, Hungary, Slovakia and the Czech Republic to the list of approved markets from which the Managers may select newly-listed companies for inclusion in the portfolio.

The Managers’ optimism in the prospects for the small to mid capitalisation asset class and for European Assets Trust is demonstrated by the higher level of gearing taken on since the end of the financial year. At the time of writing this stood at 10 per cent of gross assets.

Crispin Longden
Investment Manager
F&C Asset Management plc
25 February 2005

Investment Portfolio

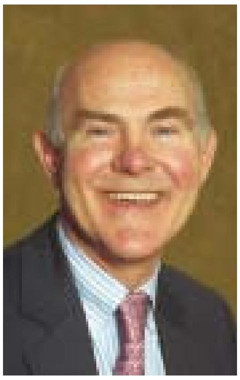
Company	Valuation Euro 000's	% of Total Assets	Country of Incorporation
Logitech is a leading computer peripherals manufacturer. The company's ever-widening portfolio of desirable consumer products now includes internet cameras, gaming consoles and headsets for computers and mobile phones.	8,094	5.0	Switzerland
Indra Sistemas Indra Sistemas is Spain's premier information technology services company, specialising in systems integration and consulting projects. The group is also an important niche player in the supply of electronic simulation and surveillance equipment for the civilian and military avionics industry.	7,542	4.7	Spain
Neopost together with the US giant Pitney Bowes, Neopost holds a commanding share of the market for postal franking machines and folding/inserting systems for bulk mailing. Changes to postal rates and the advent of digital technology dictate a healthy renewal rate for such equipment.	6,435	4.0	France
IAWS focuses on food preparation and nutrition and operates in Ireland, the United Kingdom, continental Europe and the USA. The main growth engine is the food division, which sells high quality bakers products as well as hot convenience food snacks for retail and food service markets.	6,100	3.8	Ireland
Anglo Irish Bank Anglo Irish Bank provides banking and treasury services through a network of offices in Ireland, the United Kingdom, Austria and Switzerland.	5,817	3.6	Ireland
Andritz Andritz is an engineering conglomerate with a leading position in a number of niche industries. The company builds, installs and services large-scale plants for the production of pulp and paper, steel, animal feed and sewage treatment.	5,610	3.5	Austria
Fadesa Inmobiliaria Fadesa ranks as one of Spain's leading property development companies. The group is responsible for the entire construction process from buying virgin land through to the final sale.	5,344	3.3	Spain
Hera Hera is a recent grouping of several small companies providing utility services to municipalities in one of the richest areas of Italy.	5,300	3.3	Italy
Grafton Group Grafton is a leading Irish building materials group specialising in merchant sales of building and plumbing products, DIY retailing and the manufacture of selected items such as plastic parts and dry mortar.	5,280	3.3	Ireland
Ryanair is Europe's leading low cost 'no frills' airline. The company continues to expand its route network to take advantage of the significant growth opportunities in the discount sector.	5,250	3.2	Ireland
Ten largest investments	**60,772**	**37.7**	

Company	Nature of Business	Valuation Euro 000's	% of Total Assets	Country of Incorporation
Indesit	Household Appliances	5,187	3.2	Italy
Paddy Power	Licensed Betting	4,882	3.0	Ireland
Arnoldo Mondadori Editore	Publisher	4,876	3.0	Italy
Jurys Doyle Hotel Group	Hotels	4,805	3.0	Ireland
Lindt & Sprüngli	Confectionery Manufacturer	4,740	2.9	Switzerland
Barón de Ley	Winery	4,560	2.8	Spain
Swedish Match	Tobacco	4,475	2.8	Sweden
Pfleiderer	Chipboard manufacturer	4,441	2.8	Germany
Groupe Bourbon	Maritime Services	4,426	2.8	France
Astaldi Group	Civil Engineering	4,369	2.7	Italy
Twenty largest investments		**107,533**	**66.7**	
FASTWEB	Broadband Telecommunications	4,246	2.6	Italy
SBS Broadcasting Group	TV & Radio Broadcaster	4,146	2.6	Luxembourg
Takkt	Office Equipment Mail Order	4,095	2.5	Germany
Actelion	Biotechnology	3,967	2.5	Switzerland
Latécoère	Aeronautics Manufacturer	3,734	2.3	France
Miquel y Costas	Specialised Paper	3,641	2.3	Spain
Ipsos	Advertising Services	3,465	2.1	France
DCC	Distribution	3,300	2.0	Ireland
Vossloh	Transport & Equipment Producer	3,159	2.0	Germany
Zardoya Otis	Elevators & Escalators	3,010	1.9	Spain
Thirty largest investments		**144,296**	**89.5**	
Kingspan Group	Building Materials	2,996	1.8	Ireland
Fiera Milano	Exhibition Services	2,867	1.8	Italy
Voestalpine	Steel Manufacturer	2,858	1.8	Austria
Carbone Lorraine	Carbon & Graphite Producer	2,730	1.7	France
Kaba	Security Locking Systems	2,053	1.3	Switzerland
KAS BANK	Financial Services	1,880	1.2	Netherlands
Jaakko Pöyry Group	Engineering Consultancy	1,665	1.0	Finland
Fleury Michon	Food Producer	1,405	0.9	France
Bergman & Beving	Hand Tool Wholesaler	1,052	0.6	Sweden
REpower Systems	Wind Energy	789	0.5	Germany
Total investments		**164,591**	**102.1**	
Net current liabilities		**(3,399)**	**(2.1)**	
Equity shareholders' funds/total assets (less current liabilities)		**161,192**	**100.0**	

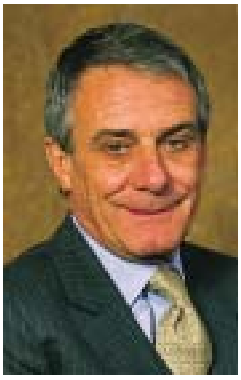
Supervisory Board

Sir John Ward CBE
Chairman
(age 64) is chairman of Scottish Enterprise and Dunfermline Building Society. He is a past chairman of CBI Scotland.

Professor S Bergsma
Deputy Chairman
(age 68) is a former executive vice president of Akzo Nobel, a Dutch based international chemical company. He is a director of a private Dutch company and has been a director of a number of public Dutch companies.



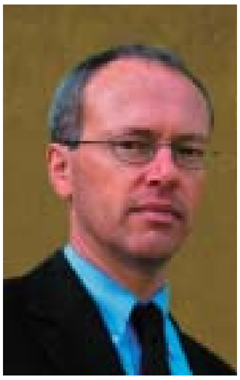
G W B Warman
(age 57) is presently employed by Numis Corporation and is a director of Finsbury Growth Trust. He has a wide experience of marketing investment products in the UK and Europe.



N L A Cook
(age 60) is chairman of ANGLO IRISH BANK SUISSE S.A., a bank in Geneva. He is also a director of various public and private companies.

W D Maris
(age 65) has extensive experience in the field of technology in Europe and the US, especially semi-conductors, latterly as CEO of ASM Lithography NV.

Management Board



Mr W van Twuijver
representing the Managing Director

Mr T Koster
representing the Managing Director

The Management Board consists of a single Director, FCA Management BV, a limited liability company incorporated in the Netherlands. It has its registered office in Rotterdam. FCA Management BV carries out the day to day management of the Company in accordance with the general directives of the Supervisory Board.

The Articles of Association and the latest annual report of FCA Management BV are available at its offices at Weena 327-329, Rotterdam.

Mr W van Twuijver and Mr T Koster represent FCA Management BV on the Management Board of European Assets Trust NV.

KAS BANK NV acts as custodian and provides administrative services for European Assets Trust NV.

Report of the Management Board Director

Accounts

We have pleasure in submitting to the Shareholders the Company's Accounts for the year to 31 December 2004 as prepared by us and approved by the Supervisory Board. They have been examined by Ernst & Young Accountants, and their report is included later.

The Revenue Account for the year shows a net surplus of €26,455,438. Net dividends in cash totalling €0.465 per share were paid during 2004. A dividend of €0.175 per share was announced and paid in January 2005. Shareholders are offered the option of a scrip dividend. Dividends paid have mainly been funded from capital reserves in accordance with the Company's distribution policy.

We recommend that the Financial Statements for the year ended 31 December 2004, together with the notes, be adopted.

Revised Reporting Guideline

The annual accounts for the year to 31 December 2004 have been drawn up in accordance with the revised Dutch Guideline 615 for investment companies. The main impact of implementing this revised guideline is a change in presentation of the revenue account whereby all income including realised and unrealised investment results as well as administrative expenses are taken to net income.

Report of the Management Board Director

Supervisory Board Directors

The Supervisory Directors who held office at 31 December 2004 are shown on the page of this report entitled 'Supervisory Board'.

None of the Supervisory Directors of the Company or the families of any Director owned any interest in the shares of the Company during the year under review or at any date up to 25 February 2005.

Sir John Ward and Mr Neville Cook will be proposed for re-appointment as Supervisory Directors at the General Meeting.

Management Board Director

FCA Management BV provides management and legal compliance services to the Company. These services can be terminated by either party by giving 3 months' notice of termination. Any termination will take effect as of the end of the calendar year in which the notice is given. FCA Management BV receives a fixed fee paid on a quarterly basis. During the year under review, the management and service fee paid by the Company to FCA Management BV was €62,477 (including VAT).

Investment Managers

F&C Asset Management plc (F&C) provides investment management services to the Company. F&C is the new business created in October 2004 following the merger of ISIS Asset Management plc and F&C Group Limited. These services can be terminated by either party at any time by giving twelve months' notice of termination. F&C Asset Management receives a quarterly fee, payable in advance, equal to 0.2 per cent of the value of funds under management, excluding the value of any funds managed by F&C Asset Management and 50 per cent of the value of funds managed by other managers, based on the value of total assets less current liabilities at the end of the preceding quarter.

The Investment Managers, in the absence of explicit instructions from the Board, are empowered to exercise discretion in the use of the Company's voting rights. Only where there are matters of particular concern the investment manager will contact management to explore the issues. The stated policy of F&C Asset Management is to seek to maximise shareholder value by constructive use of votes at Company meetings and by endeavouring to use its influence as an investor with a principled approach to corporate governance.

During the year the Investment Managers received soft commission services in respect of commissions paid by the Company.

Share Capital

The Company is aware, having been notified, that the following shareholders owned 5 per cent or more of the issued share capital of the Company at 25 February 2005:

	Number of Shares Held	Percentage Held
Friends Provident Life Office	**1,838,400**	**10.0**
Kvaerner Pensions Common Investment Fund	**1,500,000**	**8.1**

The Company issued 34,886 shares during the year by way of its scrip dividend option.

The Management Board Director
FCA Management BV
Rotterdam
25 February 2005

Corporate Governance (summary)

Corporate Governance

European Assets Trust is incorporated as a Dutch Company. Its shares are listed on the stock exchanges in The Netherlands and in London. Accordingly, the Company adheres to Dutch corporate governance requirements and follows the general principles of UK corporate governance good practice.

Corporate Structure

The Company has a two tier board structure; comprising a Management Board and a Supervisory Board. With FCA Management BV appointed as Management Board Director, the corporate management functions are separated from the administration and custody functions performed by KAS BANK NV and investment management functions performed by F&C Asset Management plc. The Management and Supervisory Boards believe that this arrangement enhances the Company's management and corporate governance.

The Management Board, FCA Management, is entrusted with the management of the Company and is obliged to act in accordance with the general directives of the Supervisory Board concerning the financial and investment policy of the Company. A contract with the Management Board Director sets out its responsibilities.

The Supervisory Board ('the Board') is responsible for supervising the policy of the Management Board and the general course of the Company's affairs and business. The Board consists of 5 Directors, all of whom are non-executive. Sir John Ward is Chairman and Professor Syb Bergsma is the Deputy Chairman.

Further Details

Further details regarding the Company's corporate governance arrangements are set out in the section entitled 'Corporate Governance (detail)'.

Accounting Policies

General
European Assets Trust N.V. (the ''Company''), seated in Amsterdam, the Netherlands, and having its offices in Rotterdam, the Netherlands, is a closed-end investment company with variable capital. The Company was granted a licence pursuant to the Act on the Supervision of Investment Institutions by De Nederlandsche Bank N.V., the supervisory body, on 19 December 1991.

These financial statements have been prepared in accordance with accounting principles generally accepted in the Netherlands.

The financial year of the Company equals the calendar year. The comparative figures included in these financial statements refer to the financial year 2003.

The functional and reporting currency for the Company is the euro.

Change in Accounting Principles: Change in Presentation of Net Income
Starting financial year 2004, the Company has adopted the revised Guideline 615 of the Dutch Guidelines for Annual Reporting which requires that all realised and unrealised movements on investments as well as costs charged to the capital reserves are included in net income. In previous years, these items were directly charged or credited to the Company's reserves. As a consequence of this change in accounting principles, the model of the revenue account has been changed and the comparative figures have been adjusted accordingly.

The implementation of the revised Guideline does not have an effect on the Company's shareholders' equity as at 31 December 2003 and as at 31 December 2004. The net financial impact on net income for the financial year 2004 is an increase of €24,845,178; the impact on net income for the financial year 2003 is an increase of €37,213,235 (including the exceptional tax benefit that was credited directly to equity in 2003).

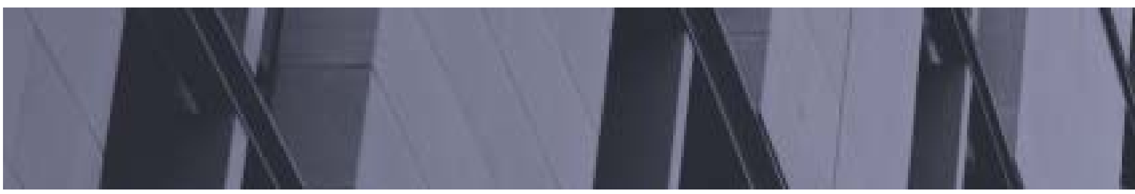
Since it is no longer required to maintain a Capital reserve after this change in accounting policy, the balance of this reserve as of the financial year 2004 has been included under Other reserves.

Investments
Listed investments are valued at the final trading price on the valuation date on the relevant stock markets. Unquoted investments are valued by the Management Board Director. All movements in value as well as profits and losses on realisation are recognised as income and are accounted for in the revenue account.

Own shares held by the Company
The Company is allowed to purchase its own shares and any such shares purchased are not cancelled and are available for sale by the Company. Own shares held by the Company are deducted in arriving at the share capital in the balance sheet and the difference between their cost and nominal value is deducted from Other reserves. On a sale of such shares, the difference between the proceeds of sale and nominal value is credited to Other reserves.

Share Premium Account
This reserve originates from the issue of shares in 1972 and 1983.

Other Assets and Liabilities
Other assets and liabilities are shown at face value. Where considered necessary, provisions have been deducted from outstanding receipts.



Income

(a) Dividends are recognised on a payable basis and interest is accrued on a daily basis.

(b) If the company elects to receive a stock dividend in lieu of a cash dividend, an amount equal to dividends not received is included in income.

(c) When the company receives a stock dividend when there is no cash alternative, an amount equal to the nominal value of the shares issued is included in income to the extent that such stock dividend is regarded as revenue for Dutch tax purposes.

(d) Other interest includes interest on credit bank balances and interest received from tax authorities.

(e) Movements on investments include all movements in the value of the investments during the financial year as well as profits and losses on realisation.

Expenses

General administrative expenses are dealt with on an accruals basis. All expenses are charged to the revenue account. Transaction costs in respect of purchase and sales of investments are included in Movements on investments – unrealised (purchase costs) and Movements on investments – realised (sales costs).

Taxation

As the company has qualified as an investment institution ('Beleggingsinstelling') under Dutch tax law, it has been subject to corporation tax at a zero rate; so long as it so qualifies and distributes its annual distributable income as defined for tax purposes, no liability to Dutch tax arises on income or capital gains. Accordingly, the only charges for taxation relate to irrecoverable withholding taxes, and with respect to certain dividends that exceed a certain level of dividend for the year, a corporation tax surcharge. For the calculation of the distributable income, all movements on investments and transaction costs arising on purchases and sales of investments are credited or charged to the Company's reserves. Other expenses are charged to the revenue account and the reserves based on the proportion between the fiscally defined capital reserve and overall equity at the beginning of the year.

Financial Instruments and Credit Risk

In the normal course of its business, the Company trades financial instruments and enters into investment activities with on-balance-sheet risk.

To reduce its exposure to credit risk relating to financial instruments, the Company assesses the credit worthiness of the counter parties and the transactions size and maturity. The Company monitors and controls its risks to exposures frequently and, accordingly, management believes that it has in place effective procedures for evaluating and limiting the credit and market risks to which it is subject.

The financial instruments are valued at fair value.

Foreign Currency Translation

Assets and liabilities denominated in foreign currencies are translated at the rates of exchange ruling at the balance sheet date. Exchange differences on investments are accounted for in the revenue account. Profits and losses in foreign currencies are converted into euros at the exchange rate on the transaction date.

Rates of exchange as at 31 December (with regard to euro).

	2004	2003
Norwegian Krone	**0.12141**	0.11917
Swedish Krone	**0.11085**	0.11018
Swiss Franc	**0.64813**	0.64104

Balance Sheet

For the year ended 31 December

	Notes	2004 Euro	2003 Euro
Investments			
Securities	1	**164,590,755**	141,575,277
Receivables			
Prepayments and accrued income	2	**155,264**	3,629,384
Receivables arising from securities transactions with brokers		**53,607**	1,052,712
		208,871	4,682,096
Other assets			
Cash at bank	3	**8,869,592**	–
Total current assets		**9,078,463**	4,682,096
Current liabilities (due within one year)			
Arising from securities transactions with brokers		**–**	(234,623)
Amounts owed to bank	3	**–**	(990,677)
Other liabilities	4	**(12,249,273)**	(1,915,718)
Accrued liabilities	5	**(228,170)**	(110,939)
		(12,477,443)	(3,251,957)
Total of receivables and other assets less current liabilities		**(3,398,980)**	1,430,139
Total assets less current liabilities		**161,191,775**	143,005,416
Capital and reserves			
Issued share capital	6	**8,473,638**	8,457,590
Share premium account	7	**15,701,242**	15,717,290
Other reserves	8	**137,016,895**	118,830,536
		161,191,775	143,005,416
Net asset value per ordinary share	9	**8.75**	7.78

The accompanying notes are an integral part of these annual accounts.

Revenue Account

For the year ended 31 December

	Notes	2004 Euro	2003 Euro
Income from investments			
Dividends from securities		**2,545,054**	2,259,712
Irrecoverable withholding taxes		**(270,888)**	(295,758)
	10	**2,274,166**	1,963,954
Movements on investments – realised		**6,552,726**	(1,133,124)
Movements on investments – unrealised		**19,938,804**	33,777,752
		26,491,530	32,644,628
Interest received		**112,498**	270,173
Income from securities lending		**159,802**	134,476
		272,300	404,649
Total income		**29,037,996**	35,013,231
Administrative expenses	11	**(2,037,564)**	(1,821,564)
Interest charges	12	**(233,994)**	(236,703)
Total operating expenses		**(2,271,558)**	(2,058,267)
Net income before tax surcharge and benefits		**26,766,438**	32,954,964
Corporation tax (surcharge)/benefit	13	**(311,000)**	22,560
Exceptional tax benefit	14	**–**	5,978,498
Net income		**26,455,438**	38,956,022
Earnings per share		**1.44**	2.12

Proposed income allocation

	2004 Euro	2003 Euro
Net income	**26,455,438**	38,956,022
Dividends	**(8,549,521)**	(6,791,798)
Dividends distributed in shares	**280,442**	225,424
Undistributed income allocated to other reserves	**18,186,359**	32,389,648
Earnings per ordinary share	**1.44**	2.12
Dividends per ordinary share	**0.465**	0.37

Earnings per share is based on the net income for the year divided by 18,420,953 (2003: 18,386,067) shares.

The accompanying notes are an integral part of these annual accounts.

Statement of Cash Flows

For the year ended 31 December

	2004 Euro	2003 Euro
Cash flow from investment activities		
Dividends, interest and other income	**2,591,521**	2,374,264
Purchases of securities	**(70,582,122)**	(56,660,266)
Sales of securities	**74,822,655**	61,406,919
Administrative expenses	**(1,980,672)**	(1,920,793)
Net interest charges	**(78,847)**	(222,790)
	4,772,535	4,977,334
Cash flow from financing activities		
Dividends	**(8,269,079)**	(6,566,374)
Refund of dividend withholding tax	**3,356,813**	–
Loan facility	**10,000,000**	(10,000,000)
	5,087,734	(16,566,374)
Cash at bank		
Net increase/(decrease) for the year	**9,860,269**	(11,589,040)
Balance as at 1 January	**(990,677)**	10,598,363
Balance as at 31 December	**8,869,592**	(990,677)

The accompanying notes are an integral part of these annual accounts.

1. Investments

	2004 Euro	2003 Euro
Listed investments as at 31 December incorporated in:		
Austria	8,467,500	–
Finland	1,665,000	3,049,820
France	22,194,143	29,301,127
Germany	12,484,904	4,782,101
Ireland	38,431,050	37,772,500
Italy	26,844,716	24,525,253
Luxembourg	4,145,669	–
Netherlands	1,879,950	3,852,450
Norway	–	3,583,980
Spain	24,096,915	13,692,525
Sweden	5,527,104	7,415,332
Switzerland	18,853,804	13,600,189
	164,590,755	141,575,277

There were no unquoted investments at 31 December 2004 and 2003.

Securities lending

As at 31 December 2004, shares were lent out with a market value of €51,512,966. For that, collateral is received in the form of Dutch government bonds with a market value as at 31 December 2004 of €54,159,272. The collateral has been obtained by entering the collateral into the pledge account of European Assets Trust NV at the KAS BANK NV and is actually held at Necigef (‘Nederlands Centraal Instituut voor Giraal Effectenverkeer BV’).

The Company has the ability to lend out 100 per cent of its portfolio to KAS BANK NV. Collateral is received to the value of 105 per cent for this stock. KAS BANK NV guarantees delivery within three days, equal to the settlement period of a transaction.

	2004 Euro	2003 Euro
The changes in securities are shown below:		
Market value as at 1 January	141,575,277	114,127,309
Purchases during the year	70,347,499	56,885,716
Sales during the year	(73,823,551)	(62,082,376)
	138,099,225	108,930,649
Change in value and results on realisation	26,491,530	32,644,628
Market value as at 31 December	164,590,755	141,575,277

2. Prepayments and accrued income

Prepayments and accrued income at 31 December 2003 includes a refund of €3,357,000 received from the Dutch Tax Authorities in January 2004.

3. Cash at bank

Cash at bank comprises amounts in Euros.

Notes to the Accounts

continued

4. Other liabilities

This item consists of:

	2004 Euro	2003 Euro
Corporation tax surcharge	**2,249,273**	1,915,718
Bank facility	**10,000,000**	–
	12,249,273	1,915,718

The Company has provided for corporation tax surcharge in full. The balance outstanding as at 31 December 2004 comprises the surcharge for 2004, 2003 and 2002. Although the Company had paid the 2002 surcharge before the end of 2004, the Dutch tax collector was not able to accept the payment and returned the amount paid. Payment of the 2002 surcharge is expected to be made in 2005.

The Company has a banking facility with The Royal Bank of Scotland plc. The total banking facility available to the Company amounts to €30,000,000 of which the Company has €10,000,000 drawn down at 31 December 2004 (2003: €nil).

5. Accrued liabilities

This item includes accrued expenses and creditors.

6. Issued share capital

The Company is an investment company with a variable capital.

	2004 Shares	2004 Euro	2003 Shares	2003 Euro
Balance as at 1 January	**18,386,067**	**8,457,590**	18,350,056	8,441,025
Stock dividend	**34,886**	**16,048**	36,011	16,565
Balance as at 31 December	**18,420,953**	**8,473,638**	18,386,067	8,457,590

	2004 Euro	2003 Euro
30,000,000 authorised shares of €0.46 each (2003: same)	**13,800,000**	13,800,000

7. Share premium account

	2004 Euro	2003 Euro
Balance as at 1 January	**15,717,290**	15,733,855
Decrease as a result of stock dividend	**(16,048)**	(16,565)
Balance as at 31 December	**15,701,242**	15,717,290

8. Other reserves

	2004 Euro	2003 Euro
Balance as at 1 January	**118,830,536**	86,440,888
Add: net income after tax surcharge and benefits	**26,455,438**	38,956,022
Less: interim dividends paid in cash	**(8,269,079)**	(6,566,374)
Balance as at 31 December	**137,016,895**	118,830,536

As a result of the change in accounting policy described in the section of this report entitled 'Accounting Policies', the capital reserve that was previously disclosed as a separate part of equity has been transferred to other reserves.

9. Net asset value/net income

Comparative figures for development in capital and income:

	2004 Euro	2003 Euro	2002 Euro	2001 Euro	2000 Euro
Net asset value	**161,191,775**	143,005,416	110,615,768	170,780,854	254,582,095
Number of shares	**18,420,953**	18,386,067	18,350,056	18,259,867	18,141,038
Net asset value per share	**8.75**	7.78	6.03	9.35	14.03
Income	**2,274,166**	1,963,954	1,811,958	2,187,167	1,874,519
Movements on investments	**26,491,530**	32,644,628	(42,299,708)	(52,694,584)	83,530,532
Interest/other income	**272,300**	404,649	565,948	293,874	1,267,171
Total income	**29,037,996**	35,013,231	(39,921,802)	(50,213,543)	86,672,222
Administrative expenses and interest charges	**(2,271,558)**	(2,058,267)	(2,810,517)	(3,546,238)	(2,770,917)
Corporation tax (surcharge)/benefit	**(311,000)**	22,560	(1,666,962)	(2,977,000)	–
Exceptional benefits/(charges)	**–**	5,978,498	–	–	(845,747)
Net income/(loss)	**26,455,438**	38,956,022	(44,399,281)	(56,736,781)	83,055,558
Income per share	**0.12**	0.11	0.10	0.12	0.10
Movements on investments per share	**1.44**	1.78	(2.31)	(2.89)	4.60
Expenses and interest charges per share	**(0.12)**	(0.11)	(0.15)	(0.19)	(0.15)
Net income/(loss) per share	**1.44**	2.12	(2.41)	(3.11)	4.58
Dividends paid per share	**0.465**	0.37	0.90	1.56	0.036
Special dividend paid per share	**–**	–	–	–	0.570
Expense ratio	**1.75%**	1.81%	1.86%	1.52%	n/a

10. Income

	2004 Euro	2003 Euro
Interest and dividends from securities, after deduction of irrecoverable taxes are related to investments in:		
Finland	**157,400**	168,000
France	**395,467**	225,634
Germany	**188,702**	157,166
Greece	**40,000**	–
Ireland	**470,845**	556,649
Italy	**366,401**	199,346
Netherlands	**155,805**	111,935
Norway	**20,710**	10,101
Spain	**198,666**	72,666
Sweden	**229,319**	367,804
Switzerland	**50,851**	94,653
	2,274,166	1,963,954

Notes to the Accounts

continued

11. Administrative expenses

	2004 Euro	2003 Euro
Remuneration of the Supervisory Directors	**88,545**	86,382
Remuneration of the Management Director	**62,477**	52,373
Remuneration of the Investment Manager	**1,170,264**	919,514
Auditor's remuneration	**52,360**	53,150
Fund administration fee	**82,605**	65,793
Advisory costs	**118,988**	191,975
Other expenses	**462,325**	452,377
	2,037,564	1,821,564

Other expenses include mainly Dutch and UK listing, registration and other regulatory fees, publications and marketing costs, custodian and printing charges. The remuneration of the Investment Manager consists of a quarterly fee paid in advance equal to 0.2 per cent of the value of funds under management.

12. Interest charges

	2004 Euro	2003 Euro
Interest on bank facility	**147,110**	236,703
Interest paid on corporation tax surcharge returns and other interest paid	**86,884**	–
	233,994	236,703

The interest paid on corporation tax surcharge returns and other interest paid comprises interest charged in respect of payments of tax returns in prior years.

13. Corporation tax surcharge

This item consists of a 20 per cent surcharge for a portion of the distribution paid to shareholders that is deemed excessive. This surcharge is a temporary tax measure applicable for distributions exceeding 4 per cent of the net asset value in years 2001–2004. Relief from the surcharge is available for certain shareholders. For the year 2004 the surcharge was estimated at €417,000. The surtax amount in 2004 also includes adjustments of surtax relating to prior years amounting to a benefit of €106,000. The surtax amount in 2003 included adjustments to the surtax in relation to 2001 and 2002, resulting in a net benefit of €22,560. Dutch surtax has been abolished from 1 January 2005.

14. Exceptional tax benefit

The exceptional tax benefit in 2003 related to a refund of 2001 Dutch withholding tax from the Dutch Tax Authorities.

Other information

Statutory Income Allocation

According to Article 21 of the Articles of Association the Company's profit shall be at the disposal of the general meeting of Shareholders. Distribution of profit can only be made in so far as the net asset value of the Company shall exceed the aggregate of the amounts paid upon the issued share capital and the reserves of the Company, which are to be maintained by statute. The Management Board may, on a proposal of the Supervisory Board, decide to grant an interim distribution of profit and/or grant a distribution out of reserves. The proposed income allocation is set out on the page entitled 'Revenue Account'.

Transactions with related parties

Transactions with KAS BANK NV, FCA Management BV and F&C Asset Management plc for services provided took place at arm's length. During the year 2004 there were no fund or investment transactions between these related parties and the Company.

Interests of the Supervisory and Management Board Directors

The Supervisory Board Directors and the Management Board Director collectively had no interests in securities held in the Company's portfolio at 31 December 2004 with the exception of 5,000 shares in Paddy Power held by one Supervisory Board member in his pension fund and 100,000 options on shares in Anglo Irish Bank held by one Supervisory Board member.

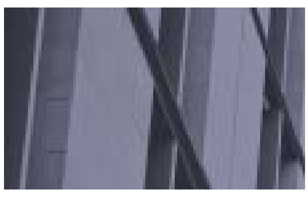
No Supervisory Director of the Company has any material interest in any contract to which the Company is a party. No Supervisory Director of the Company has a contract of service with the Company.

In accordance with Section (c) of De Nederlandsche Bank's circular of 15 October 1993 the Company has been granted an exemption from the compulsory publication of changes in Managing and Supervisory Directors' interests in securities during the financial year, as defined in Section 1 of the Act of the Supervision of Investment Institutions.

Remuneration of the Supervisory and Management Board

The remuneration of the Chairman of the Supervisory Board amounted to €22,500 (2003: €22,500), the deputy Chairman €17,500 (2003: €17,500), and the other Directors €15,000 (2003: €15,000). The remuneration of the Managing Director, FCA Management BV, amounted to €62,477(2003: €52,375 paid to FCA Management BV and KAS BANK NV jointly).

The policy on Supervisory Directors fees is that remuneration should reflect the experience of the Board as a whole, time committed and responsibilities of Directors and be fair and consistent to other comparable investment companies. The Company Secretary and Managing Director provide information on comparative levels of directors fees to enable a review to be undertaken. An increase in fee levels requires approval of shareholders in general meeting.



Notes to the Accounts

continued

Outsourcing

In January 2002, DNB published the DNB circular ‘Outsourcing of main duties’, which requires investment funds to provide an overview of main duties outsourced. The Company has drawn up service level agreements for the outsourced duties with the following external parties, which among others deal with requirements regarding mutual transfer of information, term of notice, compliance with regulation and fees.

Main duty	Outsourced to
Accounting + IT	KAS BANK NV
Managing Director	FCA Management BV
Asset management	F&C Asset Management plc

Major shareholders

As far as known no shareholder should be considered as a major shareholder in the sense of the Investment Institutions Supervision Resolution (in general, a major shareholder is a shareholder who owns at least 25 per cent of the shares of the Company).

Subsequent event

With regard to the Distribution Policy the Company announced a dividend of €0.175 per share on 7 January 2005. This dividend was paid from capital reserves. During the year 2005, the total distributions will be €0.525 per share payable in equal instalments in January, May and August.

The Management Board Director
FCA Management BV

The Supervisory Board
Sir John Ward CBE
Professor S Bergsma
N L A Cook
W D Maris
G W B Warman

Rotterdam
25 February 2005

Report of the Auditors

To the shareholders of European Assets Trust NV

We have audited the annual accounts of European Assets Trust NV ('the Company'), Amsterdam, for the year 2004 as set out on pages 18 to 28. These annual accounts are the responsibility of the Company's management. Our responsibility is to express an opinion on these annual accounts based on our audit.

Scope

We conducted our audit in accordance with auditing standards generally accepted in the Netherlands. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the annual accounts are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the annual accounts. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the annual accounts. We believe that our audit provides a reasonable basis for our opinion.

Opinion

In our opinion, the annual accounts give a true and fair view of the financial position of the Company as at 31 December 2004 and of the result for the year then ended in accordance with accounting principles generally accepted in the Netherlands and comply with the financial reporting requirements included in Part 9, Book 2 of the Netherlands Civil Code and in the Investment Institutions Supervision Act.

We also state that we have established that the annual report/prospectus contains the information which is required under the provisions of Annex B to the Decree on the Supervision of Investment Institutions.

Ernst & Young Accountants
Amsterdam
25 February 2005

Corporate Governance (detail)

Dutch corporate governance

European Assets Trust is a financial product organised in the form of a listed public limited company, an investment company with variable capital and an investment institution covered by the terms of the Dutch Act on the Supervision of Investment Institutions (‘Wtb’), without its own business organisation. European Assets Trust is subject to clearly described conditions and an associated unambiguous remuneration structure and corporate governance structure. It is covered by the regime of the Wtb and the supervision of the Dutch Financial Markets Authority. The conditions that apply to European Assets Trust offer investors clarity in advance about what they are entitled to expect from an investment in the Company. No amendments to the conditions can and may be made without the approval of the internal (Supervisory Board) and external (Financial Markets Authority) supervisors.

As stated in the Annual Report, European Assets Trust, being a Dutch Company, requires to have regard to the Tabaksblat Code on Corporate Governance issued on 9 December 2003 (the ‘Dutch Code’). The preamble of the Dutch Code clearly states that, in summary, the Dutch Code does not apply to externally managed investment institutions that do not have a private business organisation, which therefore can be designated as financial products. This applies to European Assets Trust, which means that the scope of the Dutch Code does not cover European Assets Trust or any other externally managed investment institution.

This was the situation until 23 December 2004 when the Dutch legislator gave a legal basis to the Dutch Code by referring to the Dutch Code in the relevant article of Dutch Civil Code (art. 391 of Book 2) and stipulating that the Dutch Code should be taken into account by Dutch listed companies when compiling the annual report, in which the adherence to the principles and best practices of the Dutch Code should be addressed. In contrast to the preamble of the Dutch Code, the Dutch legislator only excludes from the Dutch Code investment institutions which repurchase or redeem shares in their capital upon the request of their shareholders, the so called open end investment institutions. As a result of this limited exception all closed end investment institutions, including those which are managed externally, such as European Assets Trust, fall within the scope of the Dutch Code.

Statement pursuant to Article 3 Decree of 23 December 2004, Stb 747, to stipulate further provisions regarding the contents of the annual report.

European Assets Trust did not fully comply with the provisions as laid down in the Dutch Code and does not intend to comply with all provisions in the Dutch Code during the current and following financial year. For the reasons for this, we refer to the paragraph below describing the Corporate Governance policy of European Assets Trust.

Corporate Governance Policy

The Management Board and Supervisory Board indicated last year that they will investigate the extent to which the Dutch Code’s application is advisable and possible on a voluntary basis in terms of the principles and provisions that qualify, taking into account the nature of European Assets Trust as an externally managed investment fund. It was found that many of the Dutch Code’s principles and provisions, whether or not laid down by law, were already applied by and on behalf of European Assets Trust. Further, the Boards agreed as to the principle of exempting externally managed investment funds, which principle was set forth in the preamble of the Dutch Code. As a result of the Decree of 23 December 2004 the Dutch Code is fully applicable to European Assets Trust. However, full compliance to the Dutch Code is not possible for externally managed investment institutions such as European Assets Trust. A large part of the provisions in the Dutch Code are about nomination and remuneration of management. Application of these provisions by European Assets Trust is not possible since the Company has no employees and its statutory management and investment management are

outsourced to FCA Management BV and F&C Asset Management plc, respectively. The remuneration for these functions are governed by contractual arrangements as described in the Management Board Report. In addition, as for all Dutch investment institutions, European Assets Trust is covered by the terms of the Dutch Act on the Supervision of Investment Institutions ('Wtb') which contain detailed regulations regarding management, reporting and disclosure of information as well as accountability by management to the shareholders.

The Wtb is currently undergoing a complete revision whereby it is expected that the recommendations as laid down in the report of the Commissie Modernisering Beleggingsinstellingen (Commission for the Modernisation of Investment Institutions), drawn up under the authority of the Dutch Financial Markets Authority – AFM (the 'Report'), will result in including specific corporate governance provisions for investment institutions in the Wtb. These Wtb provisions will be more tailored for investment institutions taking into account their specific management structure and special character. The Report is further discussed under the paragraph Recent Developments below.

In common with last year, the issue of Corporate Governance is placed on the agenda for the next General Meeting of shareholders, in order to give shareholders the opportunity once again to exchange views upon the issue with the Management Board and Supervisory Board. In addition, the General Meeting of shareholders will be asked to support and approve the corporate governance policy of European Assets Trust as described in this paragraph.

The principles and provisions with regard to the responsibility of institutional investors as laid down in the Dutch Code do apply to all institutional investors, including European Assets Trust. The Investment Managers, in the absence of explicit instructions from the Board, are empowered to exercise discretion in the use of the Company's voting rights. Only where there are matters of particular concern will the Investment Manager contact management to explore issues. The policy of the Investment Manager is to seek to maximise shareholder value by constructive use of votes at company meetings and by endeavouring to use its influence as an investor with a principled approach to corporate governance.

Recent Developments

In 2004, another important development for investment institutions was the publication on 22 December 2004 of the Dutch report of the Commissie Modernisering Beleggingsinstellingen (Commission for the Modernisation of Investment Institutions), drawn up under the authority of the Dutch Financial Markets Authority – AFM (the 'Report'). Although not the immediate cause for its production, the issue of governance for investment institutions was included in the Report. It is expected that recommendations made in the Report will be incorporated in legislation, including amongst others the Decree on the Supervision of Investment Institutions.

Corporate Governance (detail)

Continued

UK corporate governance

Arrangements in respect of corporate governance have been made by the Supervisory Board, which follow the general principles set out in the UK Combined Code on Corporate Governance ('UK Code'), as a matter of good practice.

All Supervisory Directors are considered by the Board to be independent of the Company's Investment Managers.

Under the requirements of the Articles of Association, Directors retire by rotation at Shareholder meetings and Directors are appointed for a specified term of no more than 4 years, subject to reappointment by shareholders. The Board has agreed, however, that Directors will seek re-election at the completion of each three years' service and annually after serving on the Board for more than nine years. Full details of the duties of Directors are provided at the time of appointment.

The Supervisory Board has no executive Directors and the Company has no employees. A management contract between the Company and its Investment Managers, F&C Asset Management plc, sets out the matters over which the Investment Managers have authority and the limits above which Board approval must be sought. All other matters, including strategy, investment and dividend policies, gearing, and corporate governance procedures, are reserved for the approval of the Management and Supervisory Board of Directors. The Board currently meets at least four times a year and receives full information on the Company's investment performance, assets, liabilities and other relevant information in advance of Board meetings. The Investment Managers, in the absence of explicit instructions from the Board, are empowered to exercise discretion in the use of the Company's voting rights.

Given the size and structure of the Company, the limited number of Supervisory Board Directors and taking account of Dutch corporate governance principles, the Board performs the functions of Audit, Management Engagement and Nomination Committees. The Board performs the duties of an Audit Committee including reviewing the Annual and Interim Accounts, the system of internal controls, the terms of appointment of the auditors together with their remuneration, and ensuring that auditor objectivity and independence is safeguarded in the provision of non-audit services by the auditors. The Board meets at least once a year to specifically consider audit matters and this provides a forum through which the auditors may report to the Board of Directors. The Board reviews the terms of the Investment Managers appointment at least on an annual basis.

During the year the performance of the Board was evaluated through an assessment process, led by the Chairman. The performance of the Chairman was evaluated by the other Directors under the leadership of the Deputy Chairman.

The following table sets out the number of Board and Shareholder meetings held during the year ended 31 December 2004 and the number of meetings attended by each Director.

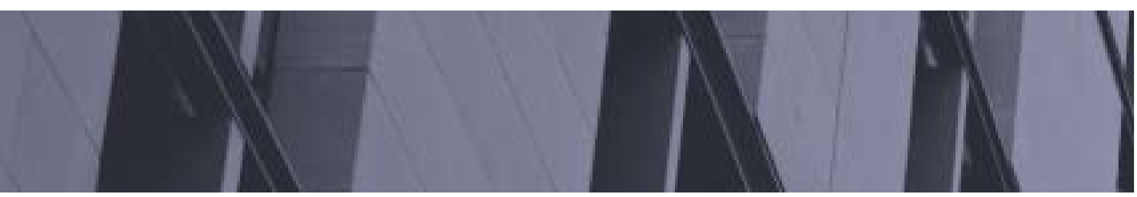
	Board meetings of Directors		Shareholder meetings in The Netherlands (formal) and UK (informal)	
	Held	Attended	Held	Attended
Sir John Ward	4	3	2	2
Professor S Bergsma	4	4	2	2
N L A Cook	4	3	2	1
W D Maris	4	4	2	1
G W B Warman	4	4	2	2

Individual Directors may, at the expense of the Company, seek independent professional advice on any matter that concerns them in the furtherance of their duties. The Company maintains appropriate Directors' and Officers' liability insurance.

After making enquiries, and bearing in mind the nature of the Company's business and assets, the Directors consider that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the accounts.

Procedures are in place to address the Company's system of internal control. By their nature these procedures can provide reasonable, but not absolute, assurance against material misstatement or loss. The Board monitors the investment performance of the Company in comparison to its objective at each Board meeting and the Board also reviews the Company's activities since the last Board meeting. The Board has reviewed the need for an internal audit function. The Board has decided that the systems and procedures employed by the Investment Managers, including an internal audit function, and work carried out by the Management Board Director, Administrators and Custodian and the Company's External Auditors mean that an internal audit function for the Company is unnecessary.

The Company welcomes the views of shareholders and places importance on communication with its shareholders. The Investment Managers hold meetings with the Company's largest shareholders and report back to the Board on these meetings. Each year, the Company holds a General Meeting of shareholders in Amsterdam and a Shareholders' and Investors' Briefing in London, which provides a forum, both formal and informal, for shareholders to meet and discuss issues with the Directors and Investment Managers of the Company.



Investment Services to Shareholders

There are a number of ways in which you can invest in European Assets Trust. As with any listed company, you can buy shares through a stockbroker. Alternatively, a range of products are available for you to invest in European Assets Trust, with or without financial advice. These products are offered by F&C Asset Management plc.

Plans suitable for direct investment

F&C offers a number of cost-effective plans suitable for direct investment including:

- A tax-efficient Individual Savings Account;
- An Investment Plan, for both lump sums and regular savings;
- A Pep Transfer Plan, where you can transfer your existing Pep investments without affecting their tax status; and
- A Children's Savings Plan offering a flexible and tax-efficient way for parents or other family members to provide for long term needs such as school fees or the cost of a university education.

The minimum investment amounts are £1,500 for a lump sum (£500 for the Children's Savings Plan), or £50 a month by Direct Debit.

For more information on any of these plans, please call our Investment Services team on **0800 389 3676** or visit **www.zerocharge.co.uk**

Plans available through advisers

F&C also has a range of products available through advisers, which offer free Investment Protection on an investor's death.

These plans include:

- The tax-efficient Investment Trust Isa;
- The Investment Trust Share Plan, for both lump sums and regular savings; and
- The Investment Trust Pep, through which you can transfer your existing Pep investments without affecting their tax status.

The minimum investment amounts are £1,500 for a lump sum, or £50 a month by Direct Debit.

Please contact your financial adviser for further information on any of these products.

The above has been approved by F&C Asset Management plc which is Authorised and regulated by the Financial Services Authority (FSA). Stock market and currency movements may cause the value of shares and the income from them to fall as well as rise and investors may not get back the amount originally invested.

Shareholder Information

Introduction and Recent History

The Company is an investment company with variable capital. The Company's shares are traded on the London Stock Exchange and Euronext Amsterdam Stock Market and shareholders can buy or sell shares through these exchanges. Shareholders are not, at their request, able to directly buy shares from or sell shares to the Company. The Company is incorporated with limited liability in the Netherlands having its registered office at Weena 327-329, PO Box 1370, 3000 BJ Rotterdam, the Netherlands. It was originally founded on 20 February 1931 as a Dutch investment company under the name 'Mijbeb'. It has been quoted on the Euronext Amsterdam Stock Market since 3 August 1959. The basis of the present business of the Company was established following the acquisition in 1972 of over 90 per cent of its issued share capital by a consortium of United Kingdom institutional investors and the appointment of F&C Asset Management plc as investment managers to the Company. The investment policy adopted at that time placed an emphasis on the European Community. Subsequently, the geographical spread of the portfolio has been expanded to include companies throughout Europe, other than the United Kingdom. From 1973 to 1978, investments were also held in companies in the United States.

Between 1972 and 1980, the Company developed a broadly based portfolio seeking a balance between capital growth and a reasonable level of income. Following a change of investment policy in 1980 the Company began concentrating on investment in companies which it considered had potential for higher than average capital growth.

In September 1983 the shares of the Company were listed on the London Stock Exchange and, at the same time, 8,364,500 shares of Dfl 1 each were issued at 97 pence per share. As a result of this issue the issued and fully paid share capital rose to Dfl 24,937,280. 8,409,242 shares were repurchased by tender offer in November 2000. In December 2000, 1,613,000 of these shares were re-issued leaving a balance outstanding of 18,141,038.

The Company issued 34,886 shares in 2004, 36,011 shares in 2003, 90,189 shares in 2002 and 118,829 shares in 2001 via its scrip dividend option. There are now 18,420,953 shares in issue.

Company Structure

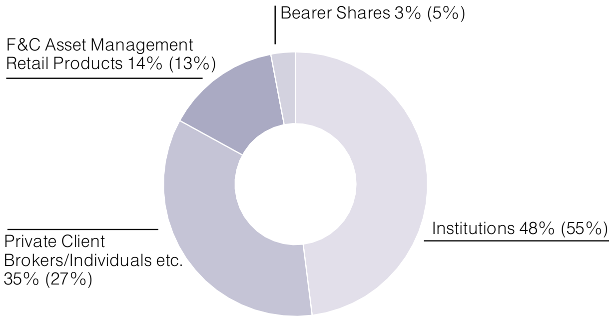
Under the Act on the Supervision of Investment Institutions in the Netherlands the Company was granted a licence to act as an investment institution on 19 December 1991.

The Company has fiscal investment institution status in the Netherlands ('*fiscale beleggingsinstelling*') and is subject to tax on both income and capital gains at a zero rate.

Any request to the supervisory authority in the Netherlands pursuant to section 15(a) of the Act on the Supervision of Investment Institutions to revoke the authorisation must be announced through an advertisement in a national newspaper in the Netherlands and by communication addressed to registered Shareholders.

Any change to the Articles of Association of the Company which causes a reduction in Shareholders' rights or security or imposes costs upon Shareholders will not become effective until three months after approval of the change by the Dutch Authority for the Financial Markets. As is normal for public limited companies incorporated in the Netherlands, the Company has a two-tier structure comprising the Supervisory Board and Management Board. The Supervisory Board Directors are shown on the page entitled 'Supervisory Board'.
FCA Management BV is Management Board Director and provides management and legal compliance services to the Company.

Percentage of Ordinary shares held at 31 December 2004
(figures in brackets relate to 2003)



Total Number of Shareholders
(figures include F&C Asset Management Retail Products)

	2004	2003
Ordinary shares	**2,880**	2,664

(excluding bearer shares)

Shareholder Information

continued

Current Investment Policy and Recent Performance

The investment policy adopted in 1980 has been refined by seeking investments in small and medium-sized companies in Continental Europe, defined as those with a market capitalisation below that of the largest company in the HSBC Smaller Europe (ex UK) Index or to a monetary value of €2.5 billion, whichever is the greater. The Company will not invest more than 20 per cent of its total assets in any one company and does not take legal or management control of any company in which it invests.

It is the Company's objective to identify companies which possess particular knowledge in specialist markets providing them with opportunities in the long term to achieve above average growth. The Company does not restrict its investments to any specific industrial sectors and a diversified geographical spread has been maintained.

The Company does not seek to create a portfolio to take advantage of anticipated currency fluctuations.

The Company has entered into a securities lending agreement with KAS BANK NV on 19 December 1997 with the purpose of lending securities out of the portfolio to third parties. KAS BANK NV acts as intermediary and provides full collateral for the borrowed securities. The Company receives 60 per cent of the commission on these transactions.

The performance of the Company since 1993 is shown in the table below.

31 December	Net asset value per share pence	Net asset value per share euro	Dividends/ distributions per share euro
1993	351.12	4.57	0.073
1994	329.69	4.06	0.073
1995	383.40	4.33	0.073
1996	423.27	5.96	0.086
1997	459.41	6.97	0.073
1998	568.82	8.06	0.068
1999	728.17	11.71	0.068
2000	875.83	14.03	0.606
2001*	569.12	9.35	1.56
2002	392.13	6.03	0.90
2003	548.19	7.78	0.37
2004	**619.58**	**8.75**	**0.465**

*High distribution policy adopted from 2001.

For the purpose of the table, the Net Asset Value of the Company at the relevant date is based on the balance sheet as at 31 December of each year. Rates in the London spot market on the relevant dates have been applied to convert the euro figures into sterling.

The share price of European Assets Trust is published daily in *Het Financieele Dagblad* as well as in the *Financial Times* and other newspapers.

Dividends are declared in euros and paid in euros (bearer shares) or in sterling (registered shares). Those registered shareholders who wish to receive their dividends in euros should contact the Company's UK Registrars, Lloyds TSB Registrars Scotland, PO Box 28448, Finance House, Orchard Brae, Edinburgh EH4 1WQ. KAS BANK NV, Spuistraat 172, 1012 VT Amsterdam will provide, upon request, documentation required to reclaim withholding tax suffered in the Netherlands on dividends.

Shares and Distribution Policy

The shares of the Company, which form one class and rank *pari passu* in all respects as regards dividend and capital, may be held in either registered or bearer form. They are listed on the London Stock Exchange and Euronext Amsterdam Stock Market. Holders of bearer shares may request the Company to convert their shares into registered shares and holders of registered shares may convert such shares into bearer shares. The share certificates are signed by the Management Board Director.

From January 2001 until 2006 a high distribution policy has been adopted. The Board intends, barring unforeseen circumstances, setting an annual dividend yield level of 6 per cent on net asset value to 2006. A scrip alternative is available.

Distributions on bearer shares are announced in the Official Price List of Euronext Amsterdam NV and in *Het Financieele Dagblad.* The holders of registered shares receive their payment from the Registrars.

The policy of the Boards is to ensure that, by 30 June 2006, shareholders are given the opportunity to vote on the continuation of the Company such that a distribution of assets could be made with the minimum possible tax liabilities arising within the Company.

Scrip Dividend

Shareholders may elect to receive dividends by way of further shares in the Company. Where shareholders elect for scrip dividends, they will receive shares at net asset value either from the Company's holding of shares in treasury or through an issue of new shares; the net asset value for this purpose will be that announced for the end of the month immediately preceding the record date for the relevant dividend. Roundings will be retained by the Company. Application will be made for any new shares issued to be listed on the London Stock Exchange and Euronext Amsterdam Stock Market.

Lloyds TSB Registrars act as administrator for the purposes of the Company's scrip dividend payments for holders of registered shares. The Administrator's address for correspondence is Lloyds TSB Registrars, The Causeway, Worthing, West Sussex BN99 6DA.

Elections for scrip dividends may be made by registered shareholders by notice to the Administrator (using the form available from the Administrator on request). Such elections for scrip dividends must be received by the record date for a particular dividend in order to apply to the payment in respect of that month. Unless otherwise agreed by the Administrator, instructions by registered shareholders to revoke an election to receive scrip dividends must be received by the record date for a particular dividend in order for that month's dividend to be paid in cash. If a registered shareholder who has elected for scrip dividends sells part of his holding, his election will remain valid in respect of the reduced holding.

Holders of bearer shares can elect for scrip dividends in the manner customary in the Dutch market through the bank at which those shareholders have their securities account.

Company Taxation

The Company qualifies as a tax exempt fiscal investment institution *('fiscale beleggingsinstelling').*

Companies with tax exempt investment institution status in the Netherlands are subject to tax on both income and capital gains in the Netherlands at a zero rate. The conditions which have to be satisfied in order for a company to have investment institution status under Dutch tax law are summarised below:

(a) The company must be resident in the Netherlands and be exclusively or almost exclusively engaged in investment in securities or in real estate or in loans secured by mortgage on real estate.

(b) Investment may be funded by borrowing only as follows:

   (i) loans of up to 20 per cent of the book value of the securities portfolio of the company and its subsidiaries; and

   (ii) loans of up to 60 per cent of the book value of the real property of the company and its subsidiaries, where the moneys borrowed are secured by mortgage on that property.

Shareholder Information

continued

(c) Distributable profit must be distributed within the eight months following the end of the related financial year. Distributable profit includes all fiscal profits but does not include:

(i) net realised or unrealised capital gains provided that these are added to a reinvestment reserve; and

(ii) amounts set aside to an accumulation reserve which amounts may be set aside at the Company's option, subject to the reserve not exceeding a balance equal to 1 per cent of the Company's paid in capital (the aggregate of the share capital and the share premium account).

(d) An individual or legal entity not resident in the Netherlands may not own an interest of 25 per cent or more in the share capital of the Company.

(e) An individual or legal entity resident in the Netherlands may not own an indirect interest of 25 per cent or more in the Company by means of holdings in the shares of non-resident companies.

Despite being a tax exempt investment institution, a temporary corporation tax surcharge of 20 per cent applied between 2001 and 2004 on "excessive distributions" as defined in the relevant legislation. This tax surcharge was abolished from 1 January 2005.

For these purposes excessive distributions were defined as distributions of profits, including those out of reinvestment reserves, that in a year exceed the highest of the following thresholds:

- 4 per cent of the net asset value of the shares as per 1 January of the relevant year
- twice the annual average of the dividends paid out in 1998–2000 under a consistent distribution policy
- the amounts that an exempt investment institution must pay out to comply with its exempt position, unless these distributions relate to a realisation of capital growths that accrued before 1 January 2001, or are due to releases of the reinvestment reserve as per 1 January 2001
- the statutory result of the Company, in accordance with article 362, paragraph 3, of Book 2 of the Dutch civil code, of the previous year, unless it relates to a realisation of capital growths that accrued before 1 January 2001.
- a substantial shareholding exemption from surtax is available for distributions that are deemed excessive under the aforementioned tests, but are made to shareholders resident in the Netherlands, Netherlands Antilles, Aruba, European Union member states and countries with which the Netherlands has concluded a double taxation treaty and that own 5 per cent or more of the shares in the Company and have done so, or are deemed to have done so, for the three years preceding the distribution.

Scrip dividends of which the nominal value is booked against paid in capital for withholding tax purposes, excluding the reinvestment reserve, will not be seen as a distribution for the purposes of the corporation tax surcharge. For a share issued as a scrip dividend that is not booked against recognised paid in capital, only the nominal value of the scrip dividend will be considered a distribution for purposes of the corporation tax surcharge.

Professional advice should be sought in respect of any question relating to taxation.

Withholding Tax

Where withholding tax is applicable to dividends paid by the Company the normal rate is 25 per cent. The double taxation agreement between the Netherlands and the United Kingdom currently provides for a procedure for claiming back a proportion of the tax withheld and, where applicable, this would result in the effective rate of withholding tax on revenue for United Kingdom resident Shareholders of the Company being 15 per cent.

This withholding tax is available as a credit against any United Kingdom tax payable by a United Kingdom resident Shareholder in respect of dividends. The withholding tax is also available as a credit against Dutch income or corporate income tax payable by a Dutch resident Shareholder or will be refunded if there is no tax due, as in the case of a Dutch resident tax exempt entity. Subject to certain ordering rules, which deem income to be distributed first, a distribution from the reinvestment reserve with effect from 1 January 2001 is exempt from withholding tax.

A summary of the taxation of dividends is set out below.

Dividend Taxation

Netherlands Taxation

The following paragraphs are a general description of Dutch law that entered in force on 1 January 2001 as applicable to shareholders under the new distribution policy and therefore should not be construed or read by shareholders as advice on their own tax position and are given for general guidance only. As individual circumstances may affect the general tax consequences as described in this summary, the Boards strongly recommend shareholders to consult their professional advisers with regard to their individual tax position.

Dividend withholding tax

From 2001 onwards, the existing reinvestment reserve (roughly the capital reserve) is treated as paid in capital for dividend withholding tax purposes. This also applies to additions to this reserve in later years. Distributions which are made out of paid in capital in principle can be made free of withholding tax. In determining whether these payments can be made free of withholding tax out of paid in capital, certain mandatory ordering rules apply. In general these ordering rules deem a dividend to come out of earnings (income on an accruals basis) before coming out of paid in capital. For payments coming out, or deemed to come out, of earnings withholding tax at a rate of 25 per cent is due.

Scrip dividends that are booked against paid in capital for dividend withholding tax purposes are not subject to dividend withholding tax.

No withholding tax was due insofar as that part of the distribution was considered an "excessive" distribution for the temporary corporation tax surcharge (abolished from 1 January 2005) without being exempt under the substantial shareholding exemption and it is paid to residents of the Netherlands, Netherlands Antilles, Aruba, European Union member states and countries with which the Netherlands has concluded a double taxation treaty. This means that where a dividend was considered excessive and deemed to come out of earnings, withholding tax applied where shareholders either were not residents of the Netherlands, European Union member states or countries with which the Netherlands had concluded a double tax treaty, or where the substantial shareholding exemption for surtax applies.

UK resident shareholders eligible for relief under the terms of the Netherlands/UK double taxation treaty may apply for a rebate in respect of 10 per cent and accordingly will be subject to withholding tax at an effective rate of 15 per cent. This withholding tax is available as a credit against any United Kingdom tax payable by a United Kingdom resident Shareholder in respect of dividends. To claim a refund the shareholder should complete Form IB92 Universeel and send to: Dutch Tax Inspectorate, Limburg/Centre for non residents, PO Box 2865, 6401 DJ Heerlen, the Netherlands. Form IB92 Universeel can be obtained by post from the Inland Revenue, Financial Intermediaries and Claims Office, Fitz Roy House, PO Box 46, Nottingham NG2 1BD, UK, by telephone on 0151 472 6196 or by downloading the form from the internet at www.belastingdienst.nl\buitenland_uk\download\764.htm.

Dutch resident shareholders who are taxed in the Netherlands on their worldwide income generally are able to credit the withholding tax against their overall Dutch income tax liability.

Tax on income and capital gains

A shareholder who is considered a UK resident under the terms of the Netherlands/UK double taxation treaty, will not be subject to any Dutch taxes on income or capital gains in respect of dividends distributed by the Company or in respect of capital gains realised on the disposition of shares in the Company (other than the dividend withholding tax described above), provided that:

- such UK resident shareholder is not an individual who has been resident or is deemed to have been resident in The Netherlands during a period of five years preceding an alienation of the shares in the Company;
- such UK resident shareholder does not have a business or an interest in a business that is, in whole or in part, carried on through a permanent establishment or a permanent representative in the Netherlands and to which business or part of a business, as the case may be, the shares in the Company are attributable; and
- the shares in the Company owned by such UK resident shareholder do not form part of a substantial interest or a deemed substantial interest, as defined, in the share capital of the Company or if such shares do form part of such a substantial interest, they form part of the assets of a business.

Shareholder Information

continued

A shareholder who is resident in the Netherlands for tax purposes and whose shares do not:

- form part of a substantial interest or a deemed substantial interest, as defined, in the share capital of the Company; or
- form part of a business, or deemed to be income from labour,

will be taxed on a notional return of 4 per cent on the value of the shares, regardless of the actual income or gains on the shares.

A shareholder who is not a resident of the Netherlands and who is not considered a resident of the UK under the terms of the Netherlands/UK double taxation treaty, will not be subject to any Dutch taxes on income or capital gains in respect of distributions made by the Company or in respect of capital gains realised on the disposition of shares in the Company (other than the dividend withholding tax described above), provided that:

- such shareholder does not have a business or an interest in a business that is, in whole or in part, carried on through a permanent establishment or a permanent representative in the Netherlands and to which business or part of a business, as the case may be, the shares in the Company are attributable; and
- the shares in the Company owned by such shareholder do not form part of a substantial interest or a deemed substantial interest, as defined, in the share capital of the Company or if such shares do form part of such a substantial interest, they form part of the assets of a business.

Generally, a shareholder will not have a substantial interest in the Company if he, his spouse, certain other relatives (including foster children) or certain persons sharing his household, do not hold, alone or together, whether directly or indirectly, the ownership of, or certain other rights over, shares representing 5 per cent or more of the total issued and outstanding capital (or the issued and outstanding capital of any class of shares) of the Company, or rights to acquire shares, whether or not already issued, that represent at any time (and from time to time) 5 per cent or more of the total issued and outstanding capital (or the issued and outstanding capital of any class of shares) of the Company or the ownership of certain profit participating certificates that relate to 5 per cent or more of the annual profit of the Company and/or to 5 per cent or more of the liquidation proceeds of the Company. A deemed substantial interest generally exists if (part of) a substantial interest has been disposed of or is deemed to have been disposed of without recognition of gain.

UK Resident Shareholders
The information below, which is of a general nature only and which relates only to Netherlands and United Kingdom taxation, is applicable to persons who are resident or ordinarily resident in the United Kingdom and who hold Ordinary Shares as an investment. If you are in any doubt as to your tax position you should consult your own professional adviser.

No UK tax credit will be attached to dividends received by Ordinary Shareholders. UK resident individual Ordinary Shareholders will be liable to UK income tax on dividends received from the Company. UK resident corporate Ordinary Shareholders will be liable to UK corporation tax on dividends received.

The UK income tax charge in respect of dividends for UK resident individual Ordinary Shareholders, other than higher rate taxpayers, will be at the rate of 10 per cent of the gross dividend including any Netherlands dividend withholding tax. A higher rate taxpayer will be liable to UK income tax on dividends received from the Company (to the extent that, taking the dividend as the top slice of his income, it falls above the threshold for the higher rate of income tax) at the rate of 32.5 per cent of the gross dividend including any Netherlands dividend withholding tax. Netherlands dividend withholding tax, to the extent that it does not exceed the rate specified in the Netherlands/UK double taxation treaty, may be set against the UK income tax liability arising on dividends received from the Company. The relevant dividend voucher will show whether Netherlands dividend withholding tax has been applied or not. UK resident Ordinary Shareholders who are not liable to UK income tax on their income and those who hold their Ordinary Shares through a Personal Equity Plan or ISA will not be subject to UK tax on dividends.

UK resident individual Ordinary Shareholders who receive a scrip dividend will not, to the extent that it is paid up out of the tax-exempt share premium reserve, be liable to UK income tax on such a dividend. Instead, for the purposes of UK capital gains tax, such a scrip dividend will be treated as a bonus issue of shares derived from the shareholders' existing shareholding.

Articles of Association

This is a summary of the Articles of Association of the Company and provides additional information on issues dealt with in the Articles of Association. The numbers of the articles below do not concur with the numbers of the actual Articles of Association. Copies of the articles are available at the office of the Company.

1. Shares and distributions

(a) The authorised capital amounts to thirteen million eight hundred thousand euros (€13,800,000), and is divided into thirty million (30,000,000) shares, to the amount of €0.46 each.

(b) The shares of the Company may be in bearer or registered form.

(c) Transfer of registered shares is effected by a duly stamped instrument of transfer which is submitted with the relevant share certificate to, and acknowledged by or on behalf of, the Company.

(d) All unclaimed dividends and distributions shall be forfeited to the Company after a period of twelve years following their respective declarations.

2. Financial year and annual statements of account

(a) The financial year shall be the calendar year.

(b) Annually within five months after closing of the preceding financial year, unless an extension of time, not exceeding 6 months, is allowed by the general meeting due to special circumstances, the Management Board shall draw up the balance sheet and revenue account with separate notes thereon. Although not included in the Articles of Association the annual accounts will be available within four months after closing of the financial year and the semi-annual accounts will be available within two months of the close of the first six months of the year in order to comply with the Decree on the Supervision of the Investment Institutions.

As of the date of the notice for the annual general meeting of Shareholders until the end of such meeting, the annual accounts together with the management report shall be available for inspection by the persons who have by statute a right of inspection.

3. The annual and semi-annual accounts and reports will be available at the offices of the Management Board Director and of F&C Asset Management plc, 80 George Street, Edinburgh, generally in the first weeks of April and August respectively.

4. General meetings of shareholders

A general meeting shall be held each year before the end of June.

The agenda of that meeting shall contain *inter alia* the following items:

(a) Report of the Management Board on the affairs of the Company and its administration in the past financial year.

(b) Adoption of the annual accounts.

(c) Fixing of the appropriation of profit.

(d) Discharge of the member of the Management Board and members of the Supervisory Board.

(e) Filling of existing vacancies.

General meetings shall also be held whenever the Management Board or the Supervisory Board deem necessary. Notice shall be given not later than the fifteenth day before that of the meeting.

Shareholder Information

continued

Note: A general meeting of shareholders is announced to holders of bearer shares in the Official Pricelist of Euronext Amsterdam NV and in a daily newspaper with nationwide distribution in the Netherlands. Holders of registered shares will be informed by letter to their registered address.

5. Voting rights

(a) Every Shareholder shall be entitled to receive notice of, and to attend and vote at, any general meeting.

(b) Every sum of one €0.46 nominal in shares shall entitle the holder to cast one vote, whether in person or by proxy. A proxy need not be a Shareholder. The form of proxy must provide for two-way voting on all resolutions other than those relating to procedure.

(c) Resolutions of the Shareholders shall be passed by a simple majority of votes cast except (i) in the case of any resolution which is to be proposed for the alteration of the Articles of Association or the dissolution of the Company (any such resolution being proposed only by the Supervisory Board), a majority representing at least three-fourths of the votes cast at the meeting is required; and (ii) in the case of a resolution to appoint, dismiss or suspend a member of the Management Board contrary to the recommendation of the Supervisory Board, a majority representing at least two-thirds of the votes cast at the meeting is required and such majority shall represent more than one half of the issued share capital of the Company.

(d) The Chairman of the general meeting shall establish the number of votes to which each of the persons attending is entitled and how many votes have been cast in favour of or against a resolution.

6. Borrowing powers

The Management Board shall restrict the borrowing of the Company and exercise all voting and other rights or powers of control exercisable by the Company in relation to its subsidiary companies so as to secure (as regards subsidiary companies so far as by such exercise they can secure) that the aggregate amount for the time being remaining undischarged of all monies borrowed by the group (being the Company and its subsidiaries for the time being), exclusive of monies borrowed by the Company from and for the time being owing to any such subsidiary or by any such subsidiary from and for the time being owing to the Company or another such subsidiary, shall not at any time without the previous sanction of the general meeting of the Company exceed an amount equal to the aggregate of:

(a) Twenty per cent of the book value of the securities portfolio of the Company and its subsidiaries (if any); and

(b) Sixty per cent of the book value of the real property of the Company and its subsidiaries (if any), where the monies borrowed are secured by mortgage on that property.

7. Directors

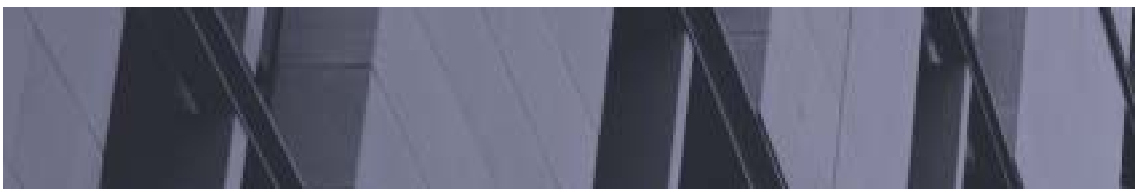
(a) The Company shall have a Management Board consisting of one or more members and a Supervisory Board consisting of at least three members. Save as aforesaid, the general meeting shall fix the number of managing directors and the number of supervisory directors.

(b) The general meeting shall appoint the members of the Management Board upon the recommendation of the Supervisory Board (subject to (a) above) and shall appoint the members of the Supervisory Board and may remove or suspend a member of either Board. A member of the Management Board may also be suspended by the Supervisory Board. Any suspension shall not last longer than three months in total.

(c) The members of the Supervisory Board retire by rotation in accordance with a rotation schedule to be determined by the Supervisory Board, pursuant to which rotation schedule every member of the Supervisory Board is a member for a period not exceeding 4 years.

(d) The salary and other conditions of employment of each Management Board director shall be fixed by the Supervisory Board. The general meeting may grant remuneration to each member of the Supervisory Board.

(e) Without prejudice to the provisions of the Articles of Association, the Management Board shall be entrusted with the management of the Company.



(f) The Management Board shall be obliged to act in accordance with the general directives of the Supervisory Board concerning the financial and investment policy to be followed.

(g) Without prejudice to the other provisions in the Articles of Association concerning approval of resolutions of the Management Board, the following resolutions of the Management Board shall be subject to the approval of the Supervisory Board:

(i) the entering into, variation or termination of any investment advisory contract or management contract;

(ii) any borrowing and the giving of any sureties or guarantees;

(iii) the exercise of voting rights on shares in other companies, as far as the Company holds, either directly or indirectly, 30 per cent or more of the issued shares of such companies;

(iv) the institution or defending of legal proceedings or the making of any compromise;

(v) the appointment of executives with signing authority and the determination of their powers and titles;

(vi) the issuing, acquiring or withdrawing of debentures at the expense of the Company; and

(vii) any application for quotation or cancellation of the quotation of shares and debentures of the Company on any official list of any stock exchange.

(h) Each member of the Management Board shall represent and has authority to bind the Company.

(i) A member of the Management Board must declare to the Supervisory Board any conflict of interest which he may have with the Company in connection with any matter to be considered by the Management Board and, in such a case and in other cases of conflict, the Company shall be represented by the member of the Supervisory Board or of the Management Board so authorised by the Supervisory Board.

(j) A member of the Supervisory Board who has a conflicting interest with the Company in connection with a resolution to be considered by the Supervisory Board shall notify the other members of the Supervisory Board prior to the consideration of, and shall abstain from voting on, such resolution.

(k) The Supervisory Board shall supervise the management of the affairs and the administration of the property by the Management Board and the general course of the Company's affairs and business. The Supervisory Board shall also assist the Management Board with advice.

8. Appropriation of profit

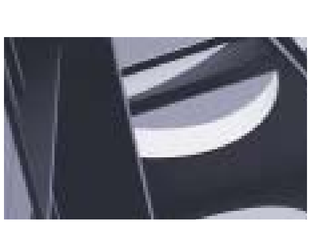
The sum standing to the credit of the capital reserve fund shall be available for distribution to the shareholders or remain in capital reserve as the Management Board shall decide on proposal of the Supervisory Board.

9. Dissolution of the Company

(a) In the event of dissolution of the Company by virtue of a resolution of the general meeting, the Management Board shall be entrusted with the winding-up of the Company's affairs and the Supervisory Board with the supervision thereof, unless the general meeting decides otherwise, either at the time of, or during, the liquidation. That meeting shall also fix the remuneration of the liquidators and of any supervisory directors entrusted with the supervision of the liquidation.

(b) During the liquidation the provisions of the Articles of Association shall remain in force so far as possible.

The surplus assets after liquidation will be divided among the holders of shares in proportion to their nominal holdings of shares.



Notice of General Meeting

Notice is hereby given that the General Meeting of shareholders of European Assets Trust NV, will be held at the Hotel de l'Europe, Nieuwe Doelenstraat 2-8, Amsterdam, at 12 noon on 28 April 2005.

The agenda to be considered is as follows:

Ordinary resolutions

1. Opening.
2. Management Board Director's report for the financial year to 31 December 2004.
3. Adoption of the financial statements for the year ended 31 December 2004.
4. Appropriation of profit for the year ended 31 December 2004.
5. Discharge of the Management Board Director for the management over the last financial year and of the Supervisory Board Directors for their supervision thereof.
6. Retirement and re-appointment of Sir John Ward to the Supervisory Board.
7. Retirement and re-appointment of Mr Neville Cook to the Supervisory Board.
8. Increase in remuneration of the Chairman from €22,500 to €26,000, the Deputy Chairman from €17,500 to €22,000 and the other Directors €15,000 to €18,000 all with effect from 1 January 2005.
9. Approval of the corporate governance policy of the Company as set out in this annual report.
10. Any other business.
11. Closing.

An explanation to the agenda, the annual report 2004 and the data prescribed by mandatory Dutch law with respect to Sir John Ward and Mr Neville Cook is deposited at the offices of FCA Management BV and is available for every shareholder. The remuneration of the Supervisory Board Directors was last increased with effect from 1 January 2001.

FCA Management BV
Rotterdam
25 February 2005

A member who is entitled to attend and vote at this meeting is entitled to appoint one or more proxies to attend and, on a poll, vote on his/her behalf. Such a proxy need not also be a member of the Company.

A Form of Proxy for use by Ordinary Shareholders is enclosed with this Report. Completion of the Form of Proxy will not prevent a Shareholder from attending the meeting and voting in person.

Holders of Bearer Shares may obtain a letter of entitlement from KAS BANK NV on deposit of their share certificates or upon receipt of a deposit advice from a bank certifying that the stated number of share certificates is in its possession and will remain so until the conclusion of the meeting. Registered Shareholders do not need to apply for such a letter of entitlement.

No member of the Supervisory Board has a contract of service with the Company.

No member of the Supervisory Board has a material interest in any contract to which the Company is a party.

Corporate Information

Management Board Director
FCA Management BV
Chamber of Commerce
Rotterdam, nr. 33239987

Supervisory Board
Sir John Ward CBE (Chairman)
Professor S Bergsma (Deputy Chairman)
N L A Cook
W D Maris
G W B Warman

Registered Office
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Chamber of Commerce
Rotterdam. nr. 33039381

Investment Managers
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80 George Street
Edinburgh EH2 3BU
Tel No. 0131 465 1000
Facsimile No. 0131 225 2375

UK Registrars and Transfer Office
Lloyds TSB Registrars Scotland
PO Box 28448
Finance House
Orchard Brae
Edinburgh EH4 1WQ

Registrar's Shareholder Helpline
Tel No. 0870 601 5366

Registrar's Broker Helpline
Tel No. 0906 559 6025

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in the United Kingdom–
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1 Finsbury Avenue
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Auditors
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Accountants
Drentestraat 20
1083 HK Amsterdam

Lawyers
in The Netherlands–
De Brauw Blackstone Westbroek
Tripolis 300
Burgerweeshuispad 301
1070 AB Amsterdam

in the United Kingdom–
Norton Rose
Kempson House
Camomile Street
London EC3 7AN

For further information contact F&C Asset Management Investment Services on 0800 389 3676

Pillans & Waddies, Edinburgh. 300608