European Assets Trust NV

Annual Report 2005

F&C Investments

Contents

Illustrative Financial Calendar 2006/07

27 April 2006	General Meeting of Shareholders (Amsterdam)
11 May 2006	Shareholders' and Investors' Briefing (London)
July 2006	Announcement of Interim Results
August 2006	Posting of Interim Report
March 2007	Announcement of Final Results for 2006

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 2005 were €181.1 million (£124.5 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 other reserves.

Investment Management
The Board has appointed F&C Asset Management plc (F&C) as investment managers. The notice period is six 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 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.

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

The Company's share price and net asset value are available from this website.

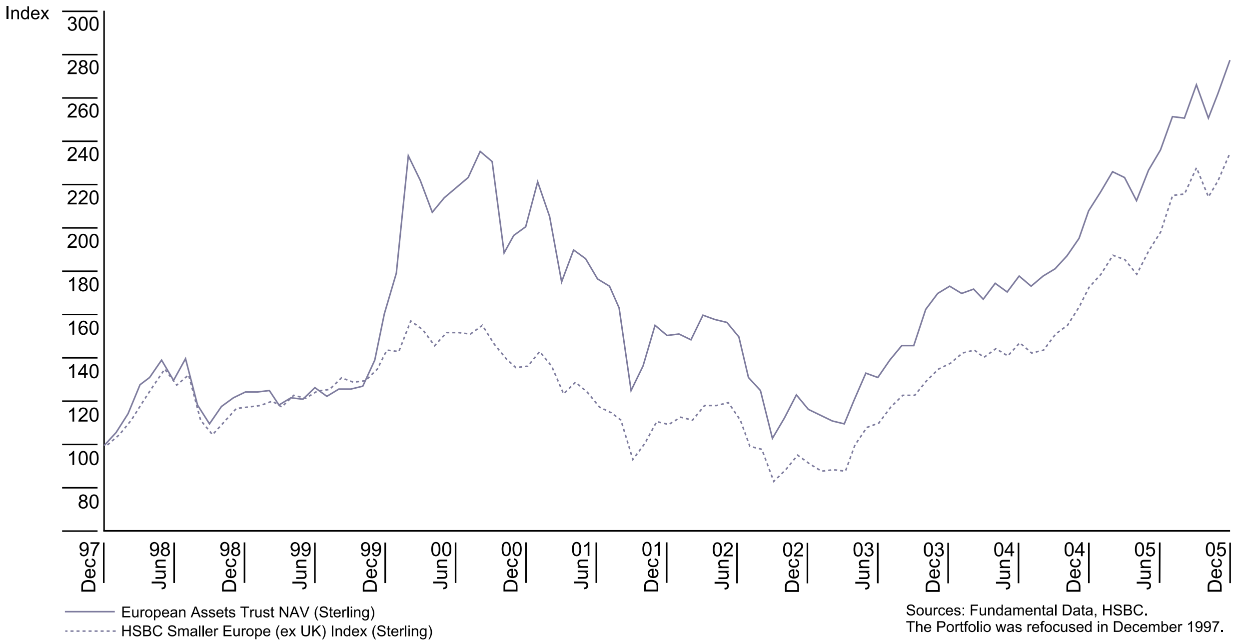
Notes

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 33.7 per cent in sterling total return* terms compared to a 35.5 per cent rise for the benchmark index.
- Net asset value total return* of +178.6 per cent since December 1997 (portfolio refocused), compared with a 134.2 per cent rise for the benchmark index.
- 6 per cent annual dividend yield level on net asset value.
- 31 per cent increase in annual dividend for 2006 compared with 2005. First dividend for 2006 of €0.23 paid in January and two further dividends of €0.23 each to be paid in 2006.

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



*Capital performance with dividends added back.

Performance Summary

	Euro 2005	Euro 2004	Sterling 2005	Sterling 2004	% change
Total Return					
Net asset value total return per share**	**37.7%**	19.3%	**33.7%**	19.9%	
Market price total return per share	**42.9%**	21.9%	**38.7%**	22.4%	
HSBC Smaller Europe (ex UK) Index	**39.6%**	25.0%	**35.5%**	25.6%	
Capital					
Total assets (less current liabilities)	**€181.1m**	€161.2m	**£124.5m**	£114.1m	9.1
Net asset value per share – basic	**€11.39**	€8.75	**782.5p**	619.6p	26.3
Net asset value per share – treasury¶	**€11.33**	n/a	**778.6p**	n/a	–
Market price per share	**€10.49***	€7.80*	**721.0p**	552.5p	30.5
HSBC Smaller Europe (ex UK) Index	**344.80**	253.62	**236.91**	179.55	31.9
Distributions (per share)					
Total distributions paid in cash	**€0.555**	€0.465	**38.0p**	31.4p	

First dividend for 2006 of €0.23 paid January 2006 from other reserves

	2005	2004
Discount (difference between share price and net asset value)	**7.9%**	10.8%
Gearing (100=nil geared position)†		
Actual ratio	**102.0**	102.0
Maximum potential ratio	**108.0**	106.0
Total expense ratio		
as percentage of average shareholders' funds	**1.40%**	1.38%
Dutch regulatory calculation‡	**1.94%**	1.75%
Portfolio Turnover§	**68%**	47%

2005 Year's Highs/Lows	High	Low	High	Low
Net asset value per share	**€11.39***	**€8.80***	**782.5p**	**618.9p**
Market price per share	**€10.49***	**€7.80***	**721.0p**	**552.5p**

The widest discount on the ordinary shares during 2005 was 11.6 per cent and the narrowest discount was 2.2 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, tax and costs in association with the continuation vote.

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

¶In accordance with the AITC calculation method where shares are held in treasury; subject to the Company's resale policy, including limiting dilution to 0.5 per cent of net asset value per annum.

**Based on net asset value per share – basic.

Sources: Fundamental Data/Datastream/HSBC

Chairman's Statement

Sir John Ward CBE
Chairman

Continuation vote

At the Company's General Meeting held in October 2005, shareholders voted overwhelmingly for the continuation of the Company and I would like to thank you for your support. I am also pleased to report below on the strong investment performance produced in 2005 continuing on from the previous years.

Also during 2005, the Board introduced a liquidity enhancement policy to seek to add value for shareholders. This policy, upon which I comment on below, has worked as envisaged to date.

2005 results

In 2005 European Assets Trust was able to record another strong year of investment performance. The net asset value rose by 33.7 per cent in Sterling total return* terms following an increase of 19.9 per cent in 2004. The HSBC Smaller Europe (ex UK) Index returned 35.5 per cent in 2005. Good stock selection was a key positive factor behind last year's substantial increase. However, returns relative to the benchmark index were dented slightly by the Company's exposure to Ireland which lagged the average share price gains seen elsewhere in continental Europe.

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 178.6 per cent in Sterling total return* terms compared with an increase of 134.2 per cent for the benchmark index.

The markets' exuberance in 2005 was all the more surprising considering the number of potential negative political and economic themes which prevailed in Europe throughout the year. These included soaring prices for oil and metal commodities, rising interest rates in the US, a resounding 'no' to the EU constitution from the electorate in France and the Netherlands, anaemic economic growth, and acts of terrorism in central London. Any of these factors could have derailed markets. Investors chose rather to focus on strong profit figures from European smaller companies and a surge in merger and acquisition activity. Unsurprisingly given the developments in the oil price, energy companies featured at the top of the performance league in 2005. Industrials and basic materials company share prices also recorded strong returns, helped by a noticeable pick-up in capital expenditure as the year progressed. Here it is worth highlighting the performance of the Company's holding in Swedish zinc and copper mining company, Boliden, which advanced almost 80 per cent from the early March 2005 purchase price.

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 equivalent to 6 per cent of the net asset value of the Company at the end of the preceding year.

* capital performance with dividends added back

In accordance with this policy, the Board has already announced that for 2006 the total dividend will be €0.69 per share. This dividend, which represents an increase of 31 per cent compared with the net dividend payment of €0.525 (0.555 gross) in 2005, is to be paid in three equal instalments of €0.23 per share at the end of January, May and August. The January dividend was paid to shareholders on 25 January 2006.

The Company benefits from Dutch regulations which allow it to pay dividends from capital and the 2005 dividend was primarily paid from capital. The Manager is therefore not constrained by the requirement to generate income from portfolio holdings but can concentrate solely on the potential for growth in capital returns. The Board believes that this distribution policy is an attractive feature of the Company for shareholders.

Gearing

The Company presently 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. During 2005, net gearing ranged from zero to 10 per cent of assets and contributed just over one percentage point to total return over the period.

Dutch Tax

The Dutch authorities have continued to make favourable announcements in respect of the simplification and liberalisation of Dutch tax, making it an increasingly competitive environment in a European context. As I commented last year, Dutch surtax was abolished from 1 January 2005, one year earlier than had previously been indicated.

During 2005 the Dutch authorities announced the abolition of capital duty tax and also the proposed introduction of a new favourable tax regime for investment funds which could remove Dutch withholding tax on distributions.

These developments are welcome and the Board works with its advisers to seek to take advantage of the Company's Dutch tax position.

Shareholder Value

During the final quarter of 2005 the Board introduced a liquidity enhancement policy incorporating share buy backs of the Company's own shares and the subsequent re-sale of these shares from treasury. The requirements and parameters set by the Board in respect of this policy have been previously stated and are covered later in this report.

The Company bought back an initial 1.65m shares and in December 2005 a further 0.9m shares were bought back. As the shares were bought at a discount, the Company's net asset value per share was enhanced. Since the introduction of the policy to 31 December 2005, the share price discount to net asset value averaged 4 per cent, with a low of 2 per cent and a high of 8 per cent. This compares with an average discount of 8 per cent in the preceding 12 months. The Managers have also been undertaking an ongoing marketing programme in order to introduce new investors to the Company. This is an initiative the Board is encouraging and there has been some success to date.

The Board believes that enhancing the market liquidity in the Company's shares has added value for shareholders and the Board will keep the scope and implementation of the policy under review to ensure best practice and operational effectiveness on an ongoing basis.

The performance of the Company's share price during 2005 was again better than the net asset value. Over the year, the share price total return was 38.7 per cent on a Sterling basis as a result of

the narrowing in the share price discount during the year from 10.8 per cent to 7.9 per cent.

Outlook

The year has started strongly with small and medium-sized companies indicating confidence for growth in 2006. This optimism is supported by the broader economic indicators which show a sharp improvement in consumer confidence based on hopes of higher employment and rising wages. Core inflation remains in check which should reduce the need for the European Central Bank to raise interest rates.

After five consecutive years of outperformance relative to their larger capitalisation counterparts, smaller company share prices no longer trade at a discount rating to the broader market. It is your Board's opinion that a premium rating can be justified by the stronger earnings growth exhibited by the asset class in which the Company invests. This has been accompanied by a sharp improvement in returns to capital providers, aided by new accounting rules and corporate activity.

It is a noticeable feature of today's market that European smaller companies command very similar valuations irrespective of whether growth in their earnings and returns to equity holders is driven purely by the economic cycle or by their own dynamics. Under these conditions, there should be opportunities for the Managers to find genuine structural growth stories at attractive relative valuations.

Shareholder Meetings

The Company's Annual General Meeting will be held on 27 April 2006 in Amsterdam. In addition, the Company holds a Shareholders' and Investors' Briefing in London each year. The London briefing will be held on 11 May 2006 at 11.30 am at Pewterers' Hall, Oat Lane, London and will include a presentation from the Investment Manager on the Company and its investment portfolio. Refreshments and a light buffet will be served after the Briefing concludes. I hope as many Shareholders as are able can join us for this Briefing and an invitation is included separately with this Report.

Sir John Ward CBE
Chairman
10 March 2006

Investment Managers and Investment Process

Crispin Longden

Fund Manager

Crispin Longden has been Fund Manager of European Assets Trust for 6 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 fifteen years.

F&C Asset Management plc

F&C Asset Management plc (F&C) is a diversified asset management business with £131 billion of funds under management (as at 31 December 2005). It is a leading asset manager in both the UK and Europe and is listed on the London Stock Exchange.

F&C provides investment 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 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 other 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

Earnings growth and takeover activity the key in 2005

For investors in Continental Europe in 2005, it was company specifics rather than the health of the region's economy which determined the direction and mood of markets.

Earnings growth was a major positive influence throughout the year. At the close of the current reporting season, European companies will have delivered an average increase in annual net profits of over 15 per cent in 2005. Encouragingly, this has been achieved increasingly by turnover growth rather than by aggressive cost-cutting. With spare capacity available in both production facilities and labour, the result has been higher profit margins, stronger cashflow and improved returns on capital.

The improvement in company results has not gone unnoticed by potential predators; merger and acquisition activity picked up markedly in 2005. Inevitably, large deals such as Gas Natural's intended €23bn merger with fellow Spanish utility Endesa (now trumped by Germany's Eon) grabbed the headlines. According to Dealogic, a leading communications company specialising in capital markets, larger company deals totalled $256bn in 2005, the highest level since 2000. Takeover activity spread to the medium-sized company universe but here the total value of $64bn was just half the level seen in 2000.

While economic statistics took a back seat

The economic backdrop played little more than a cameo role in the performance of European markets in 2005. Overall growth in gross domestic product (GDP) for the 25-member Eurozone totalled around 1.5 per cent in 2005. In Germany the statistics office has just confirmed that GDP went precisely nowhere in the fourth quarter leaving the full year outcome at a disappointing 1.0 per cent. The Eurozone's overall growth rate may not compare well with the 2004 increase of 1.8 per cent but the detailed composition of the 2005 numbers does give some comfort to those who believe in Europe's continued cyclical upswing. Exports, which have acted as the main stimulus to growth since the early part of 2004, progressively gave ground to capital expenditure in 2005. Companies, encouraged by higher profit figures and the availability of 'cheap' debt, began to turn their attention to capacity expansion. By the third quarter of 2005, investment spending in the Eurozone was rising by over 4 per cent quarter-on-quarter and by around 3 per cent year-on-year. Domestic consumption added little to the equation but consumer confidence did pick up markedly towards the end of the year.

Another year of strong performance

The HSBC Smaller Europe (ex UK) Index rose by a healthy 35.5 per cent in Sterling total return terms in 2005. Viewed in terms of industry sector, energy related shares posted strong gains while telecommunication services stocks were weak. Consumer goods companies also lagged but not by as much as the poor retail sales figures might have suggested. On a geographic basis, all countries delivered a positive return ranging from 18 per cent for Italy up to 54 per cent for oil services-rich Norway. The Scandinavian region as a whole headed the performance league table occupying the top four places. Market observers are also fond of tracking investment styles which perform well or badly. For most of the year, a momentum-driven strategy would have delivered the best results. Put simply, buying shares which were already rising or which showed positive earnings revisions would have worked well.

* Capital performance with dividends added back

Portfolio Performance and Highlights

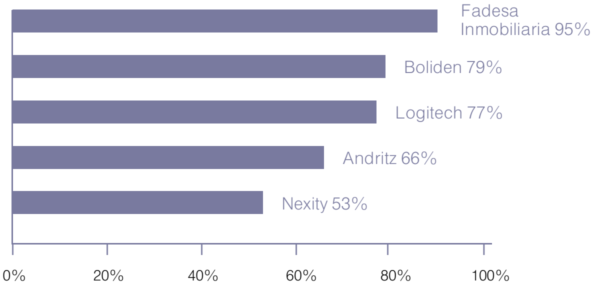
Yet another year of strong growth in net asset value and share price

The net asset value of European Assets Trust rose by 33.7 per cent in Sterling total return* terms in 2005. With the share price discount to net asset value continuing to narrow throughout the year, the Sterling share price total return was a gratifying 38.7 per cent. As commented on in the Chairman's Statement, the Board has implemented a liquidity enhancement policy which is designed to enhance liquidity in the trading of the Company's shares and add value for shareholders.

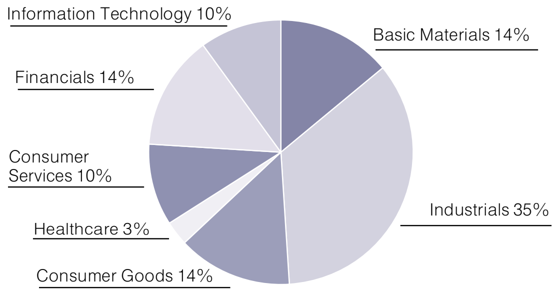
Individual stock contribution favourable . . .

Stock selection was a clear positive for European Assets Trust in 2005 contributing some four percentage points of relative performance over the year. The table below shows the top five gainers in 2005. The list is headed by Spanish real estate developer **Fadesa Inmobiliaria** which built up a gain of 95 per cent in Euro share price terms. A relative newcomer to the stock market, Fadesa has profited from the booming market for Spanish principal and second homes. The company oversees the entire property development process from the acquisition of virgin land through to selling the completed housing schemes to homeowners. Not far behind in share price performance terms during 2005 came **Boliden**. The inclusion of this Swedish mining company in the Company's portfolio in early March was rewarded with a copper-bottomed rise of 79 per cent in the share price. Much of this increase came towards the end of the year as the shortage of copper and zinc supplies in world markets became more pronounced. Long-term European Assets Trust favourite **Logitech** also featured in the top five list with a far from mousy gain of 77 per cent. The company remains faithful to its franchise of offering desirable but affordable devices that communicate with computers and other digital media. Mentioned as a new entrant in last year's annual report, the Company's holding in Austrian plant engineering company **Andritz** delivered a paper profit of 66 per cent over the year. The group's steel and pulp mills are finding a ready market in China and Latin America respectively. The property market has been buoyant not just in Spain but also in France. **Nexity** has taken advantage of generous tax breaks for French property owners to corner a major share of the residential property market. Nexity's share price rose by a constructive 53 per cent from its inclusion in the portfolio in mid April to the end of 2005.

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



Portfolio Split by Sector (as at 31/12/05)



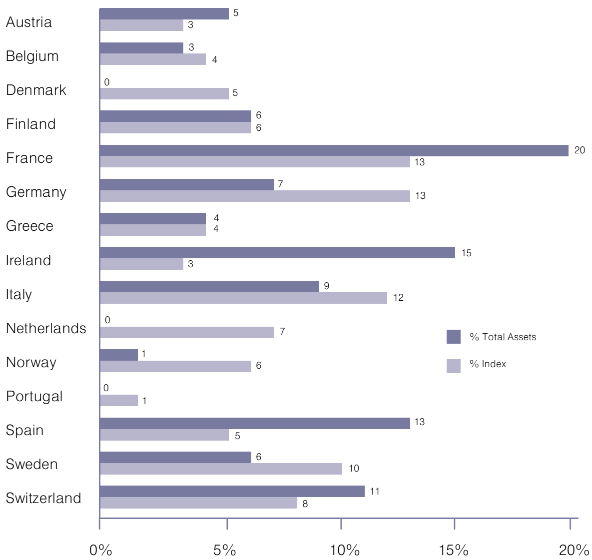
Investment Managers' Review

continued

. . . but country asset allocation less so

European Asset Trust's performance relative to the benchmark index was slightly hampered by the portfolio's exposure to Irish and Italian companies. Along with Belgium, Italy and Ireland languished at the bottom of the country performance league table in 2005 albeit with respectable absolute gains of 18 per cent and 26 per cent respectively. Oil production and oil services stocks are poorly represented in the Irish small and mid-cap. index while the Italian smaller company universe features many consumer-related stocks.

Portfolio Split by Country (as at 31/12/05)



Gearing

Flexible and clear policy

The Company's Articles allow borrowing to a maximum 20 per cent of assets. The Board allows the Investment Managers discretion in the use of gearing up to this maximum limit. The Managers view the borrowing facilities as a useful source of funds should there be a glut of good ideas for new stock purchases. The gearing is not used to 'second guess' the future direction of markets.

During 2005 gearing ranged from zero to 10 per cent of assets and contributed just over one percentage point to total return over the year.

Portfolio Strategy and Outlook

Current market conditions favour investment in companies with steady sustainable growth profiles . . .

A momentum driven strategy delivered the best results in 2005 as indeed it would have done also in 2004. Cold reason dictates that this trend cannot persist indefinitely. Eventually prices or earnings estimates are driven to such extremes that they invite disappointments.

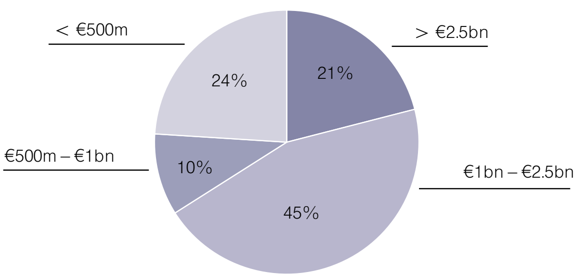
It is a feature of the European smaller company asset class that companies now command very similar price earnings ratios irrespective of whether they are exposed to the economic cycle or possess their own structural dynamism. Stocks with steady but sustainable earnings growth profiles have undergone a de-rating towards the market average valuation while stocks with high but ultimately volatile earnings growth have undergone a re-rating towards the market average valuation. The Managers consider that this phenomenon favours weighting the portfolio more towards the former category of stocks.

. . . and in medium-sized companies which have reached a certain maturity

A breakdown of the portfolio by market capitalisation shows a bias towards companies valued at over €1bn. It is the Managers' belief that many companies of this size possess the characteristics of consistent, steady growth and as such are currently undervalued in today's

momentum-driven market. Mid-sized companies should have outgrown their initial youthful exuberance and should have reached a degree of maturity. In more prosaic terms, they should have crossed the critical threshold where fast growing fledgling franchises either succeed or founder.

Portfolio Split by Market Capitalisation (as at 31/12/05)



Crispin Longden
Investment Manager
F&C Asset Management plc
10 March 2006

Investment Portfolio

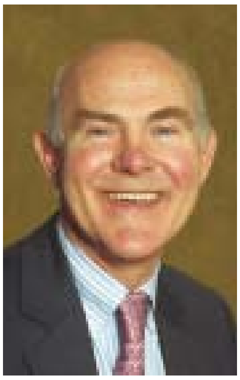
Company	Valuation Euro 000's	% of Total Assets	Country of Incorporation
Boliden Boliden is the world's fourth largest miner of zinc and is a world leader in the mining and smelting of copper, zinc, lead, gold and silver.	11,252	6.2	Sweden
Logitech Logitech is a leading designer, manufacturer and marketer of peripheral equipment for personal computers and gaming consoles. A clear leader in the field of cordless devices, the product portfolio ranges from computer mice to PC digital cameras, loudspeakers and headsets.	9,056	5.0	Switzerland
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.	8,727	4.8	France
Andritz Andritz is an engineering conglomerate with strong franchises in a number of niche engineering spheres. It builds, installs and services large-scale plants for the production of pulp and paper, steel, animal feed and sewage treatment.	8,496	4.7	Austria
Neochimiki Lavrentiadis Neochimiki is a leading distributor and producer of industrial chemicals on behalf of global multinational companies. More recently Neochimiki has established a strong position in local production of detergents for the major personal healthcare companies.	7,784	4.3	Greece
Anglo Irish Bank Anglo Irish Bank provides banking and treasury services through a network of offices in Ireland, the United Kingdom, Austria and Switzerland.	7,036	3.9	Ireland
Latécoère Latécoère is engaged in aircraft equipment manufacturing, designed for commercial, regional, business and military airplanes. The company manufactures complete structures such as fuselage sections and passenger doors as well as supplying onboard electrical harnesses and avionic systems.	6,987	3.9	France
OKO Bank OKO Bank is one of three domestic commercial banks which together dominate the Finnish banking network. The company operates through four principal divisions serving private, corporate and institutional customers.	6,523	3.6	Finland
Kingspan Group Kingspan Group is a building products company principally engaged in the manufacture of building components such as insulated roof and wall systems and raised access flooring products.	5,911	3.3	Ireland
Nexity Nexity is a residential and commercial real estate developer providing solutions in every realm of housing from subdivision plots, individual houses and apartment buildings, to the full development of neighbourhoods.	5,865	3.2	France
Ten largest investments	**77,637**	**42.9**	

Company	Nature of Business	Valuation Euro 000's	% of Total Assets	Country of Incorporation
Lindt & Sprüngli	Confectionery Manufacturer	5,704	3.1	Switzerland
IAWS	Food Producer	5,528	3.0	Ireland
Indra Sistemas	IT Services & Defence	5,366	3.0	Spain
Astaldi	Civil Engineering	5,296	2.9	Italy
Salzgitter	Steel Producer	5,262	2.9	Germany
Paddy Power	Licensed Betting	5,239	2.9	Ireland
Hera	Utility	5,078	2.8	Italy
Manitou BF	Aerial Platform Manufacturer	5,075	2.8	France
Barón de Ley	Winery	4,986	2.8	Spain
HF Company	Consumer Electronics	4,925	2.7	France
Twenty largest investments		**130,096**	**71.8**	
Ackermans & van Haaren	Industrial Holding Company	4,600	2.5	Belgium
Actelion	Biotechnology	4,580	2.5	Switzerland
Takkt	Office Equipment Mail Order	4,547	2.5	Germany
F-Secure	IT Software	4,503	2.5	Finland
Fadesa Inmobiliaria	Property Development	4,454	2.5	Spain
DCC	Distribution	4,453	2.5	Ireland
Marr	Food Wholesaler	4,395	2.4	Italy
NRJ	Commercial Radio Broadcaster	4,149	2.3	France
Zardoya Otis	Elevators & Escalators	3,755	2.1	Spain
Uralita	Building Materials	3,420	1.9	Spain
Thirty largest investments		**172,952**	**95.5**	
Ekornes	Furniture Manufacturer	2,679	1.5	Norway
Fiera Milano	Exhibition Services	2,640	1.5	Italy
Interhyp	Online Mortgage Broker	2,609	1.4	Germany
Miquel y Costas	Specialised Paper	1,660	0.9	Spain
Fleury Michon	Food Producer	1,619	0.9	France
Total investments		**184,159**	**101.7**	
Net current liabilities		**(3,019)**	**(1.7)**	
Equity shareholders' funds/total assets (less current liabilities)		**181,140**	**100.0**	

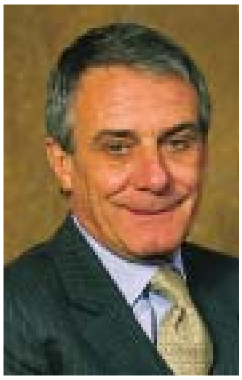
Supervisory Board

Sir John Ward CBE
Chairman
(age 65) is chairman of Scottish Enterprise and Dunfermline Building Society. He is a past chairman of CBI Scotland.

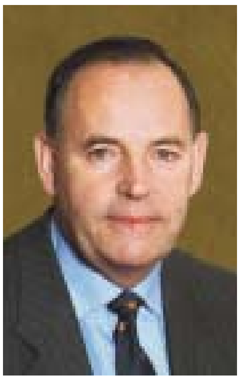
Professor S Bergsma
Deputy Chairman
(age 69) is a former executive vice president of Akzo Nobel, a Dutch based international chemical company. He is a director of a private Dutch company and has been a director of a number of public Dutch companies.



G W B Warman
(age 58) 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.

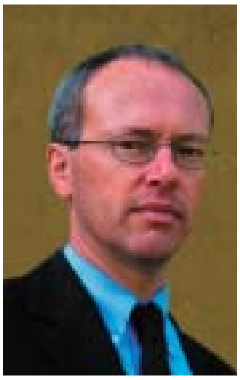


N L A Cook
(age 61) was until recently chairman of ANGLO IRISH BANK SUISSE S.A., a bank in Geneva. He is also a director of various public and private companies.



W D Maris
(age 66) 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 210-212, 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 2005 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 €56,021,749. Net dividends in cash totalling €0.525 per share were paid during 2005. A dividend of €0.23 per share was announced and paid in January 2006. Shareholders are offered the option of a scrip dividend. Dividends paid have mainly been funded from other reserves (for tax purposes from the reinvestment reserve) in accordance with the Company's distribution policy.

We recommend that the Financial Statements for the year ended 31 December 2005, together with the notes, be adopted.

Supervisory Board Directors

The Supervisory Directors who held office at 31 December 2005 are shown on the page of this report entitled 'Supervisory Board'.

Giles Warman held 5,200 shares in the Company at 31 December 2005. Since 31 December 2005 Mr Warman has acquired an additional 1,030 shares in the Company. None of the other 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 10 March 2006.

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

Report of the Management Board Director

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 regular management and service fee paid by the Company to FCA Management BV was €63,165 (including VAT). In addition, as approved by the Supervisory Board, FCA Management BV received an amount of €50,575 (including VAT) for additional work in relation to the continuation vote and the liquidity enhancement policy.

Investment Managers

F&C Asset Management plc (F&C) provides investment management services to the Company. These services can be terminated by either party at any time by giving six months' notice of termination. The notice period was reduced from twelve months to six months in October 2005. 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.

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 10 March 2006:

	Number of Shares Held	Percentage Held
Friends Provident Life Office	**1,838,400**	**11.6**

The Company issued 34,225 shares during the year by way of its scrip dividend option and repurchased 2,550,000 of its own shares to be held in Treasury.

The Company entered into a Liquidity Enhancement Agreement with F&C Asset Management plc in November 2005. The purpose of this agreement is to enhance the liquidity in the trading of the Company's shares on the London Stock Exchange. The agreement is for a continuous period. F&C Asset Management has sole discretion, in the name of the Company, to implement share buy backs or sales assuming the parameters and requirements laid down by the Board in the agreement are met. In summary, subject to other relevant requirements, shares may be bought back based upon the share price equivalent to a discount of 5 per cent to the net asset value, adjusted for portfolio realisation costs depending upon market circumstances. The maximum number of shares that can now be bought back in any three month period is 10 per cent of issued share capital. The price at which shares are sold from treasury is subject to limitations on asset dilution.

The Management Board Director
FCA Management BV
Rotterdam
10 March 2006

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 insofar relevant to externally managed closed end investment funds 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.

As of 1 September 2002, responsibilities and competencies of the Minister of Finance, as delegated to the Dutch Central Bank were transferred to the Autoriteit Financiële Markten (Financial Markets Authority), with the exception of the so-called ''prudential supervision''. On 1 September 2005 the Investment Institutions Supervision Act was amended. The new Act stipulates that all investment institutions (or their managers) apply for a new licence not later than 1 March 2006. A new licence for European Assets Trust N.V. has been applied for in the name of the Company.

Also, under the amended Act on the Supervision of Investment Institutions, further rules are set to which the Company will need to adhere in its financial statements starting the year 2006. These rules have not been implemented in the annual accounts 2005.

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 2004.

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

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

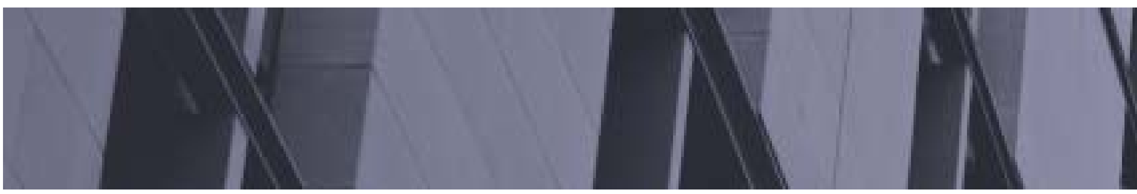
The Company is allowed to purchase its own shares and any such shares purchased are not cancelled and are available for sale by the Company. Own shares held by the Company are deducted in arriving at the share capital and share premium in the balance sheet and the difference between their cost and paid up amount 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 capital gains/losses on investments – unrealised (purchase costs) and capital gains/losses 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 for the years 2001–2004 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).

	2005	2004
Norwegian Krone	**0.12523**	0.12141
Swedish Krone	**0.10651**	0.11085
Swiss Franc	**0.64305**	0.64813

Balance Sheet

For the year ended 31 December

	Notes	2005 Euro	2004 Euro
Investments			
Securities	1	**184,159,422**	164,590,755
Receivables			
Receivable from investment manager	13	**181,081**	–
Prepayments and accrued income		**177,842**	155,264
Receivables arising from securities transactions with brokers		**–**	53,607
		358,923	208,871
Other assets			
Cash at bank	2	**21,776,924**	8,869,592
Total current assets		**22,135,847**	9,078,463
Current liabilities (due within one year)			
Arising from repurchase of own shares	3	**(9,371,868)**	–
Other liabilities	4	**(15,418,620)**	(12,249,273)
Accrued liabilities	5	**(364,583)**	(228,170)
		(25,155,071)	(12,477,443)
Total of receivables and other assets less current liabilities		**(3,019,224)**	(3,398,980)
Total assets less current liabilities		**181,140,198**	161,191,775
Capital and reserves			
Issued share capital	6	**7,316,382**	8,473,638
Share premium account	7	**13,507,070**	15,701,242
Other reserves	8	**160,316,746**	137,016,895
		181,140,198	161,191,775
Net asset value per ordinary share	9	**11.39**	8.75

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

Revenue Account

For the year ended 31 December

	Notes	2005 Euro	2004 Euro
Income from investments			
Dividends from securities		**3,296,531**	2,545,054
Irrecoverable withholding taxes		**(387,474)**	(270,888)
	10	**2,909,057**	2,274,166
Capital gains/losses on investments – realised		**37,153,883**	6,552,726
Capital gains/losses on investments – unrealised		**19,146,045**	19,938,804
		56,299,928	26,491,530
Interest received		**212,758**	112,498
Income from securities lending		**158,479**	159,802
		371,237	272,300
Total income		**59,580,222**	29,037,996
Administrative expenses	11	**(954,148)**	(867,300)
Investment management fee	12	**(1,564,906)**	(1,170,264)
Costs in connection with marketing and the continuation vote	13	**(589,112)**	–
Interest charges	14	**(452,043)**	(233,994)
Total operating expenses		**(3,560,209)**	(2,271,558)
Net income before tax surcharge and benefits		**56,020,013**	26,766,438
Corporation tax benefit/(surcharge)	15	**1,736**	(311,000)
Net income		**56,021,749**	26,455,438
Earnings per share		**3.10**	1.44

Proposed income allocation

	2005 Euro	2004 Euro
Net income	**56,021,749**	26,455,438
Dividends	**(10,223,629)**	(8,549,521)
Dividends distributed in shares	**306,300**	280,442
Undistributed income allocated to other reserves	**46,104,420**	18,186,359
Earnings per ordinary share	**3.10**	1.44
Dividends per ordinary share	**0.555**	0.465

Earnings per share is based on the net income for the year divided by 18,043,808 (2004: 18,420,953) shares, being the weighted average number of shares in circulation during 2005.

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

Statement of Cash Flows

For the year ended 31 December

	2005 Euro	2004 Euro
Cash flow from investment activities		
Dividends, interest and other income	**3,264,540**	2,591,521
Purchases of securities	**(98,477,646)**	(70,582,122)
Sales of securities	**135,262,514**	74,822,655
Administrative expenses and investment management fees	**(3,141,556)**	(1,980,672)
Surtax	**(1,828,917)**	–
Net interest charges	**(458,867)**	(78,847)
	34,620,068	4,772,535
Cash flow from financing activities		
Dividends	**(9,928,607)**	(8,269,079)
Refund of dividend withholding tax	**–**	3,356,813
Repurchase of own shares	**(16,784,129)**	–
Loan facility	**5,000,000**	10,000,000
	21,712,736	5,087,734
Cash at bank		
Net increase for the year	**12,907,332**	9,860,269
Balance as at 1 January	**8,869,592**	(990,677)
Balance as at 31 December	**21,776,924**	8,869,592

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

1. Investments

	2005 Euro	2004 Euro
Listed investments as at 31 December incorporated in:		
Austria	**8,495,775**	8,467,500
Belgium	**4,600,000**	–
Finland	**11,026,110**	1,665,000
France	**37,346,367**	22,194,143
Germany	**12,419,076**	12,484,904
Greece	**7,784,000**	–
Ireland	**28,166,888**	38,431,050
Italy	**17,409,350**	26,844,716
Luxembourg	**–**	4,145,669
Netherlands	**–**	1,879,950
Norway	**2,678,825**	–
Spain	**23,640,855**	24,096,915
Sweden	**11,251,585**	5,527,104
Switzerland	**19,340,591**	18,853,804
	184,159,422	164,590,755

There were no unquoted investments at 31 December 2005 and 2004.

Securities lending

As at 31 December 2005, shares were lent out with a market value of €59,144,665. For that, collateral is received in the form of Dutch government bonds with a market value as at 31 December 2005 of €61,961,259. 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.

	2005 Euro	2004 Euro
The changes in securities are shown below:		
Market value as at 1 January	**164,590,755**	141,575,277
Purchases during the year	**98,477,646**	70,347,499
Sales during the year	**(135,208,907)**	(73,823,551)
	127,859,494	138,099,225
Change in value and results on realisation	**56,299,928**	26,491,530
Market value as at 31 December	**184,159,422**	164,590,755

2. Cash at bank

Cash at bank comprises amounts in Euros.

3. Current liabilities arising from repurchase of own shares

In October 2005 and December 2005, the Company repurchased respectively 1,650,000 and 900,000 of its own shares. The repurchase of shares was in accordance with the stated policy and conditions set by the Company during the year for the buy-back of shares. The total amount involved for these buy-backs was €26,155,997, equal to an average price of €10.26 per share, of which an amount of €9,371,868 was settled and paid after the end of the financial year.

Notes to the Accounts

continued

4. Other liabilities

This item consists of:

	2005 Euro	2004 Euro
Corporation tax surcharge	**418,620**	2,249,273
Bank facility	**15,000,000**	10,000,000
	15,418,620	12,249,273

The balance of corporation tax surcharge outstanding as at 31 December 2005 comprises the 2004 surcharge which is expected to be settled in early 2006. The Dutch tax surcharge has been abolished from 1 January 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 €15,000,000 drawn down at 31 December 2005 (31 December 2004: €10,000,000).

5. Accrued liabilities

This item includes accrued expenses and creditors.

6. Issued share capital

The Company is an investment company with a variable capital.

	2005 Shares	2005 Euro	2004 Shares	2004 Euro
Balance as at 1 January	**18,420,953**	**8,473,638**	18,386,067	8,457,590
Stock dividend	**34,225**	**15,744**	34,886	16,048
Shares repurchased	**(2,550,000)**	**(1,173,000)**	–	–
Balance as at 31 December	**15,905,178**	**7,316,382**	18,420,953	8,473,638

	2005 Euro	2004 Euro
30,000,000 authorised shares of €0.46 each (2004: same)	**13,800,000**	13,800,000

7. Share premium account

	2005 Euro	2004 Euro
Balance as at 1 January	**15,701,242**	15,717,290
Decrease as a result of stock dividend	**(15,744)**	(16,048)
Decrease as a result of shares repurchased	**(2,178,428)**	–
Balance as at 31 December	**13,507,070**	15,701,242

8. Other reserves

	2005 Euro	2004 Euro
Balance as at 1 January	**137,016,895**	118,830,536
Add: net income after tax surcharge and benefits	**56,021,749**	26,455,438
Less: interim dividends paid in cash	**(9,917,329)**	(8,269,079)
Less: shares repurchased	**(22,804,569)**	–
Balance as at 31 December	**160,316,746**	137,016,895

9. Net asset value/net income

Comparative figures for development in capital and income:

	2005 Euro	2004 Euro	2003 Euro	2002 Euro	2001 Euro
Net asset value	**181,140,198**	161,191,775	143,005,416	110,615,768	170,780,854
Number of shares	**15,905,178**	18,420,953	18,386,067	18,350,056	18,259,867
Net asset value per share	**11.39**	8.75	7.78	6.03	9.35
Income	**2,909,057**	2,274,166	1,963,954	1,811,958	2,187,167
Capital gains/(losses) on investments	**56,299,928**	26,491,530	32,644,628	(42,299,708)	(52,694,584)
Interest/other income	**371,237**	272,300	404,649	565,948	293,874
Total income	**59,580,222**	29,037,996	35,013,231	(39,921,802)	(50,213,543)
Administrative expenses	**(954,148)**	(867,300)	(902,050)	(1,066,789)	(1,318,886)
Investment management fee	**(1,564,906)**	(1,170,264)	(919,514)	(1,312,485)	(1,674,938)
Costs in connection with marketing and the continuation vote	**(589,112)**	–	–	–	–
Interest charges	**(452,043)**	(233,994)	(236,703)	(431,243)	(552,414)
Corporation tax benefit/(surcharge)	**1,736**	(311,000)	22,560	(1,666,962)	(2,977,000)
Exceptional benefits	**–**	–	5,978,498	–	–
Net income/(loss)	**56,021,749**	26,455,438	38,956,022	(44,399,281)	(56,736,781)
Net income/(loss) per share	**3.10**	1.44	2.12	(2.42)	(3.11)
Dividends paid per share	**0.555**	0.465	0.37	0.90	1.56
Expense ratio	**1.94%**	1.75%	1.81%	1.86%	1.52%

10. Income

	2005 Euro	2004 Euro
Interest and dividends from securities, after deduction of irrecoverable taxes are related to investments in:		
Austria	**252,875**	–
Belgium	**23,777**	–
Finland	**–**	157,400
France	**751,863**	395,467
Germany	**68,850**	188,702
Greece	**61,000**	40,000
Ireland	**392,863**	470,845
Italy	**340,810**	366,401
Netherlands	**118,276**	155,805
Norway	**–**	20,710
Portugal	**57,011**	–
Spain	**620,259**	198,666
Sweden	**52,723**	229,319
Switzerland	**168,750**	50,851
	2,909,057	2,274,166

11. Administrative expenses

	2005 Euro	2004 Euro
Remuneration of the Supervisory Directors	**107,899**	88,545
Remuneration of the Management Director	**63,165**	62,477
Auditor's remuneration	**55,000**	52,360
Fund administration fee	**74,643**	82,605
Advisory costs	**76,480**	118,988
Other expenses	**576,961**	462,325
	954,148	867,300

Other expenses include mainly Dutch and UK listing, registration and other regulatory fees, publications and marketing costs, custodian and printing charges.

12. Investment management fee

	2005 Euro	2004 Euro
Remuneration of the Investment Manager	**1,564,906**	1,170,264

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.

13. Costs in connection with marketing and the continuation vote

At an extraordinary general meeting of Shareholders held in Amsterdam on 14 October 2005, the Shareholders voted in favour of a resolution to approve that the Company continue in existence. In preparation to this meeting, the Company has sought advice from its advisers on certain policy changes including a share buy-back and sale programme. The costs incurred in connection with marketing and the continuation vote comprise the costs of the advisers and investment bankers, as well as documentation and communication costs. FCA Management BV, the Managing Director of the Company, received a once-only fee of €50,575, including VAT, for additional services delivered. The Company's investment manager, F&C Asset Management plc, has contributed an amount of £125,000 (€181,081) which amount is taken up under Receivables in the Balance Sheet as at 31 December 2005.

The total costs amounting to €589,112 includes the additional fee for FCA Management BV and the contribution due from F&C Asset Management plc, which was received in January 2006.

14. Interest charges

	2005 Euro	2004 Euro
Interest on bank facility	**472,043**	147,110
Interest paid on tax returns and other interest paid	**(20,000)**	86,884
	452,043	233,994

The interest paid on tax returns and other interest paid comprises interest charged in respect of payments of tax returns in prior years. The negative amount in 2005 relates to tax returns over accrued at 31 December 2004.

15. 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. Dutch surtax has been abolished from 1 January 2005. The surtax gain in 2005 resulted following the final tax calculation for 2004.

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

If funds have been placed at, or transactions have been carried out with the KAS BANK NV, FCA Management BV and F&C Asset Management plc, these placements or transactions took place at arm's length. During the year 2005 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 2005 with the exception of 200,000 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.

As at 31 December 2005, Mr Warman, a Supervisory Board Director, held 5,200 shares in European Assets Trust NV. The other Supervisory Board Directors and the Management Board Director did not hold any shares in the Company as at 31 December 2005.

Remuneration of the Supervisory and Management Board

The remuneration of the Chairman of the Supervisory Board amounted to €26,000 (2004: €22,500), the deputy Chairman €22,000 (2004: €17,500), and the other Directors €18,000 (2004: €15,000). The remuneration of the Managing Director, FCA Management BV, amounted to €63,165 (2004: €62,477).

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 €0.23 per share on 5 January 2006. This dividend was paid from the other reserves. During the year 2006, the total distributions will be €0.69 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, Chairman
Professor S Bergsma, Deputy Chairman
N L A Cook
W D Maris
G W B Warman

Rotterdam
10 March 2006

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 2005 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 2005 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.

Furthermore we have established to the extent of our competence that the annual report is consistent with the annual accounts.

Ernst & Young Accountants
Amsterdam
10 March 2006

Corporate Governance (detail)

Dutch corporate governance
European Assets Trust is a financial product organized 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 organization. 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 Authority for the Financial Markets. 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 (AFM) supervisors.

For the first time in the annual report 2003, a section was included regarding the corporate governance structure of European Assets Trust, partly in response to the publication of the Tabaksblat Code on 9 December 2003 (the 'Code'). The preamble to the Code is clear as to state that, put succinctly, the Code does not apply to externally managed investment institutions that do not have a private business organization, which therefore can be designated as financial products, such as European Assets Trust.

With the revision of Section 391 of Book 2 of the Dutch Civil Code (Act of 9 July 2004, Stb 370, to amend Book 2, CC), the Dutch legislator has created a legal basis for the possibility to designate a corporate governance regulation that must be observed in the drafting of annual reports. By Royal Decree of 23 December 2004 (hereinafter the 'Decree'), it has been enacted that the Code be designated as such and that limited liability companies, whose shares – to put it briefly – are listed on a stock exchange, must include a statement in their annual reports about their compliance with the principles and best practices of the Code. In common with the preamble to the Code, the Decree also formulates an exception for certain investment institutions. Last year, European Assets Trust, as a precaution, assumed that the Decree intended the application of the Code to an investment company such as European Assets Trust. As a consequence of this, European Assets Trust included a statement in its 2004 annual report that it did not comply or not fully comply with the Code, assigning its grounds for doing so, or, in the words of the Code: 'comply or explain'.

By now, with the introduction of the new Dutch Act on the Supervision of Investment Institutions ('Wtb 2005') on 1 September 2005, it has become clear that the Code does not apply to externally managed investment institutions such as European Assets Trust. Nevertheless, European Assets Trust makes the following statement.

Statement referred to in Section 3 of the Decree of 23 December 2004, Stb 747, determining the further requirements concerning the contents of annual reports.

In the year under review, European Assets Trust did not comply fully with the provisions of the Code, nor does it intend to comply with these during the current financial year or the next financial year. Its grounds for doing so are assigned in the corporate governance policy of European Assets Trust described hereafter.

Corporate governance policy
European Assets Trust subscribes, without prejudice to the foregoing, to the advisability of transparency in management and supervision and management's accountability for this to investors. The Company has therefore adopted the principles and best practices of good corporate governance in line with those of the Code as part of its guideline, insofar as this is advisable and possible in its opinion. However, the Company

agrees entirely with the idea that lies behind the exception made by the Code and by the Wtb 2005, as well, for externally managed investment institutions. In fact, it is not possible for externally managed investment institutions to apply the Code in full, as the preamble to the Code also acknowledges explicitly. For instance, many of the provisions of the Code deal with management and remuneration. 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 is governed by contractual arrangements as described in the Management Board Report. In addition to this, investment institutions and therefore also European Assets Trust are already subject to detailed regulations laid down by the Dutch Act on the Supervision of Investment Institutions (‘Wtb’), which places specific demands on management, reporting and disclosure of information, as well as accountability by management to the shareholders.

The Wtb was significantly amended, partly on the basis of the Dutch report of the *Commissie Modernisering Beleggingsinstellingen* (Commission for the Modernization of Investment Institutions), drawn up on the authority of the Dutch Financial Markets Authority (‘AFM’) and published on 22 December 2004. This report has lead to the inclusion of specific provisions in the Wtb, or regulations based on the Wtb, regarding the corporate governance of investment institutions. European Assets Trust will fully comply with such provisions of the Wtb or regulations based on the Wtb. The new Wtb stipulates that all investment institutions (or their managers) apply for a new license not later than 1 March 2006. By the end of February 2006, European Assets Trust had submitted such application to the Dutch Authority for the Financial Markets.

The item of corporate governance was placed on the agenda for the general meeting of shareholders in April 2005 for decision making. The corporate governance policy and framework of European Assets Trust, including the structure of the remuneration of management under article 2:135 of the Dutch Civil Code, was explicitly, and by general consent, supported and approved by the shareholders.

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.

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 2005 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	6	6	3	3
Professor S Bergsma	6	6	3	3
N L A Cook	6	5	3	1
W D Maris	6	6	3	2
G W B Warman	6	6	3	3

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.

These products are:

- Private Investor Plan
- Investment Trust ISA
- Investment Trust PEP
- Children's Investment Plan
- Child Trust Plan

For more information on any of these products please contact F&C's Investor Service Team:

Call on **0800 136 420**

Fax on **0131 243 1330**

Email at **info@fandc.com**

Visit **www.fandc.com**

Existing planholders enquiry line **0845 600 6166**

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 34,225 shares in 2005, 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. The Company repurchased 2,550,000 of its own shares to be held in Treasury in 2005. There are now 15,905,178 shares in issue.

Company Structure

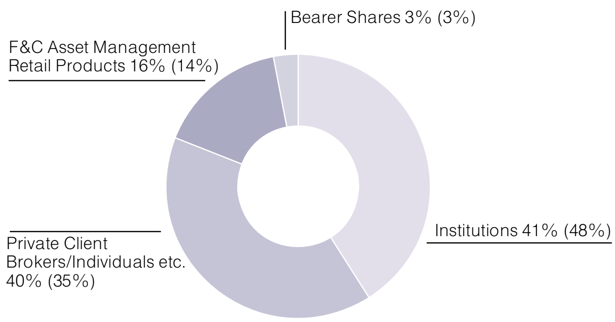
Under the Act on the Supervision of Investment Institutions in the Netherlands the Company was granted a licence to act as an investment institution on 19 December 1991.

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 2005
(figures in brackets relate to 2004)



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

	2005	2004
Ordinary shares	**3,110**	2,880

(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 fee on these transactions.

The performance of the Company since 1995 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	% Annual total return per share euro	% Cumulative total return per share euro
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	(23.2)	(23.2)
2002	392.13	6.03	0.90	(27.5)	(44.3)
2003	548.19	7.78	0.37	37.1	(23.6)
2004	619.58	8.75	0.465	19.3	(8.9)
2005	**782.52**	**11.39**	**0.555**	**37.7**	**25.5**

*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.

The Board intends, barring unforeseen circumstances, setting an annual dividend yield level of 6 per cent on the net asset value at the end of the preceding year. 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.

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.

Costs of the Investment Fund

The Company incurs the following costs on an annual basis: advertising fees, audit and accounting fees, bank charges, custody fees, D&O insurance, fund administration fees, investment management fees, legal fees, marketing and retail plan administration fees, printing costs, registration fees, UK and Dutch regulatory fees, tax advice and travel expenses as well as remuneration to the Managing Board Director and Supervisory Directors.

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.

(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, therefore, dividend distributions after 1 January 2005, no longer attract this surcharge.

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 fiscal reinvestment reserve (roughly equalling the balance of realised and unrealised capital gains) 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.

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 IB93 Universeel and send to: Belasting-dienst/Limburg/Kantoor Buitenland, PO Box 2865, 6401 DJ Heerlen, the Netherlands. Form IB93 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:
http://download.belastingdienst.nl/belastingdienst/docs/dividend_tax_ib0932z1plengfoluniverseel.pdf.

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.

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.

Taxation of Share Buy-backs and Reissue of Shares Held in Treasury

UK taxation

The information below is of a general nature only, does not constitute tax advice and shareholders should consult their professional advisers with regard to their individual tax position.

Capital gains tax

A shareholder who is UK resident or ordinarily resident and sells shares through the market may, depending on that shareholder's personal circumstances, be subject to capital gains tax (or, in the case of a UK resident corporate shareholder, corporation tax on capital gains) in respect of any gain arising on such sale unless the shareholder is taxed as a dealer in securities, in which case any gain will be treated as income and taxed as such.

Individual UK resident or ordinarily resident shareholders benefit from an annual exemption, which currently exempts the first £8,500 of any gains from charge to capital gains tax, and may be entitled to indexation allowance/ taper relief based on the overall period of holding their investment.

In calculating any gains liable to corporation tax, shareholders who are companies resident in the United Kingdom will benefit from indexation allowance which, in general terms, increases the tax base cost of an asset in accordance with movements in the Retail Prices Index.

Stamp taxes

- Buy back

  Where the shares are bought back into treasury a charge to stamp duty will arise if the document of transfer is executed in the UK or there is a matter or thing to be done in the UK, which will include an update to the UK share register. Stamp duty will be chargeable at 0.5 per cent of the consideration given (and will be rounded up to the nearest £5). This will normally be paid by the purchaser, in this case the Company.

- Reissue of shares held in treasury

  A reissue of the shares held in treasury will only be within the charge to stamp duty if the document of transfer is executed in the UK or there is a matter or thing to be done in the UK, which will include an update or change to the UK share register where the shares are reissued to a UK resident. This transfer would be stampable with £5 fixed duty which is normally payable by the purchaser. No charge to Stamp Duty Reserve Tax (SDRT) should arise.

Netherlands taxation

Netherlands withholding tax

The following paragraphs are intended as a general summary of certain Dutch dividend withholding tax

consequences of the repurchase of shares of the Company and it does not represent a comprehensive description of all Dutch tax considerations that may be relevant to holding or disposition of the shares.

This summary is based on the present tax laws of The Netherlands, as well as present regulations, rulings and decisions of The Netherlands tax and other authorities available and now in effect. All of the foregoing is subject to change, which change could apply retroactively and could affect the continued validity of this summary.

A buy back of shares will not be subject to Dutch withholding tax as long as the price at which the shares are repurchased does not exceed the average paid in capital on those shares. For this purpose, paid in capital comprises for Dutch tax purposes recognised paid in capital and share premium, as well as the re-investment reserve (as defined under Dutch law).

To the extent the repurchase price exceeds the average paid in capital made on those shares, Dutch withholding tax at a 25 per cent rate applies. Where applicable, a tax treaty may provide for a lower rate.

Notwithstanding the above, no withholding tax applies if the repurchase can be regarded a temporary investment. Under a special deeming provision applicable to Dutch investment companies such as the Company, a repurchase of shares is considered a temporary investment by operation of law, unless the company elects otherwise.

If by the end of the year a company repurchased more shares as temporary investment than it issued to the market in the same year, the difference is deemed to be a repurchase of shares subject to withholding tax to the extent that the average fair market value of all shares repurchased during the year exceeds the average paid in capital. An exemption from withholding tax may nevertheless apply if and to the extent this excess is debited from the share premium reserve or the reinvestment reserve (as defined under Dutch law).

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.

Shareholder Information

continued

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.

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:

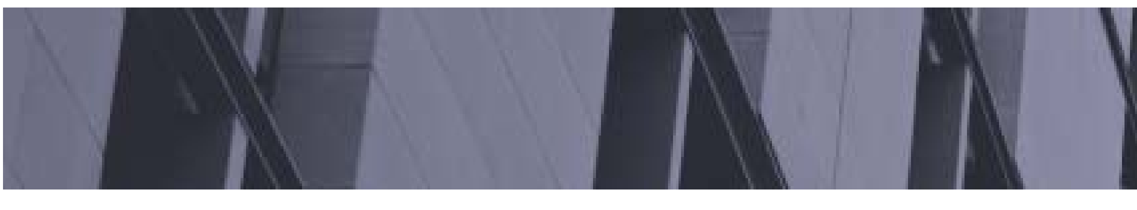
(a) Twenty per cent of the book value of the securities portfolio of the Company and its subsidiaries (if any); and

(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

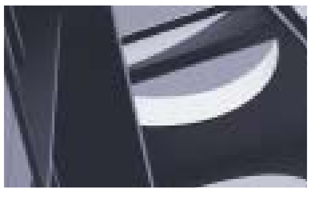
The sum standing to the credit of the other reserve fund shall be available for distribution to the shareholders or remain in other reserve as the Management Board shall decide on proposal of the Supervisory Board.

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 27 April 2006.

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 2005.
3. Adoption of the financial statements for the year ended 31 December 2005.
4. Appropriation of profit for the year ended 31 December 2005.
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 Professor Syb Bergsma to the Supervisory Board.
8. Retirement and re-appointment of Neville Cook to the Supervisory Board.
9. Increase in remuneration of the Chairman from €26,000 to €29,900, the Deputy Chairman from €22,000 to €25,300 and the other Directors from €18,000 to €20,700 all with effect from 1 January 2006.
10. Approval of the corporate governance policy of the Company as set out in this annual report.
11. Any other business.
12. Closing.

An explanation to the agenda, the annual report 2005 and the data prescribed by mandatory Dutch law with respect to Sir John Ward, Professor Syb Bergsma and Neville Cook is deposited at the offices of FCA Management BV and is available for every shareholder.

FCA Management BV
Rotterdam
10 March 2006

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

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Chamber of Commerce
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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. 0870 600 0158

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Accountants
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1083 HK Amsterdam

Lawyers
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Tripolis 300
Burgerweeshuispad 301
1070 AB Amsterdam

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

Pillans & Waddies, Edinburgh. 309776