European Assets Trust NV

Annual Report and Accounts

2006

F&C Investments

Contents

Illustrative Financial Calendar 2007/08

26 April 2007	General Meeting of Shareholders (Amsterdam)
23 May 2007	Shareholders' and Investors' Briefing (London)
July 2007	Announcement of Interim Results
August 2007	Posting of Interim Report
March 2008	Announcement of Final Results for 2007

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 Companies.

Total assets (less current liabilities) at 31 December 2006 were €245.5 million (£165.4 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.

Management

The Board has appointed F&C Investment Business Limited (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 Management Ltd operates a number of investment plans which facilitate investment in the shares of the Company. Details are contained in the 'How to Invest' 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 (www.londonstockexchange.com) (Reuters code: EAT.L) and Euronext Amsterdam Stock Market (www.euronext.com) (Reuters code: EURT.AS) 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.

Investment Institution

European Assets Trust NV is a closed-end investment company and an investment institution within the meaning of the Dutch Act on Financial Supervision ('Wft'). The Company is licenced by Autoriteit Financiële Markten (the Dutch Financial Markets Authority).

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.

If you have sold or otherwise transferred all of your Ordinary Shares in European Assets Trust NV, please forward this document and the accompanying form of proxy as soon as possible to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer was, or is being, effected, for delivery to the purchaser or transferee.

Financial Highlights for the Year

- Over the year, the Company's net asset value rose by 35.9 per cent in sterling total return* terms compared to a 31.2 per cent rise for the benchmark index.
- The Company's share price sterling total return* rose by 43.0 per cent over the year.
- Net asset value total return* of +278.5 per cent since December 1997 (portfolio refocused), compared with a 207.2 per cent rise for the benchmark index.
- 29 per cent increase in annual dividend for 2007 compared with 2006. First dividend for 2007 of €0.296 paid in January.

Total Return Performance*

European Assets Trust Net Asset Value v HSBC Smaller Europe (ex UK) Index

*Total return wherever used in this document means capital performance with dividends added back.

Performance Summary

	Euro 2006	2005	Sterling 2006	2005	
Total Return					
Net asset value total return per share*	**38.2%**	37.7%	**35.9%**	33.7%	
Market price total return per share	**45.9%**	42.9%	**43.0%**	38.7%	
HSBC Smaller Europe (ex UK) Index	**33.8%**	39.6%	**31.2%**	35.5%	

	Euro 2006	2005	Sterling 2006	2005	% change
Capital					
Total assets (less current liabilities)	**€245.5m**	€181.1m	**£165.4m**	£124.5m	**32.9**
Net asset value per share – basic	**€14.85**	€11.39	**1,000.6p**	782.5p	**27.9**
Net asset value per share – treasury†	**€14.80**	€11.33	**997.4p**	778.6p	**28.1**
Market price per share	**€14.40‡**	€10.49‡	**970.0p**	721.0p	**34.5**
HSBC Smaller Europe (ex UK) Index	**452.05**	344.80	**304.57**	236.91	**28.6**
Distributions (per share)					
Total distributions paid in cash	**€0.7325**	€0.555	**49.8p**	38.0p	
Discount (difference between share price and treasury net asset value)			**2.7%**	7.4%	
Gearing (100=nil geared position)§					
Actual ratio			**100**	102	
Maximum potential ratio			**104**	108	
Total Expense Ratio					
as percentage of average shareholders' funds¶			**1.30%**	1.69%	
Portfolio Turnover**			**51%**	68%	

	High	Low	High	Low
2006 Year's Highs/Lows				
Net asset value per share	**€14.86‡**	**€11.32‡**	**1,001.0p**	**777.7p**
Market price per share	**€14.42‡**	**€10.49‡**	**971.5p**	**721.0p**

The largest discount on the ordinary shares during 2006 was 7.5 per cent and the largest premium was 0.3 per cent in sterling terms.

* Based on net asset value per share – basic.

† In accordance with the AIC 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 shares held in treasury since the liquidity enhancement policy was put in place in 2005.

‡ London Stock Exchange prices/net asset values 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.

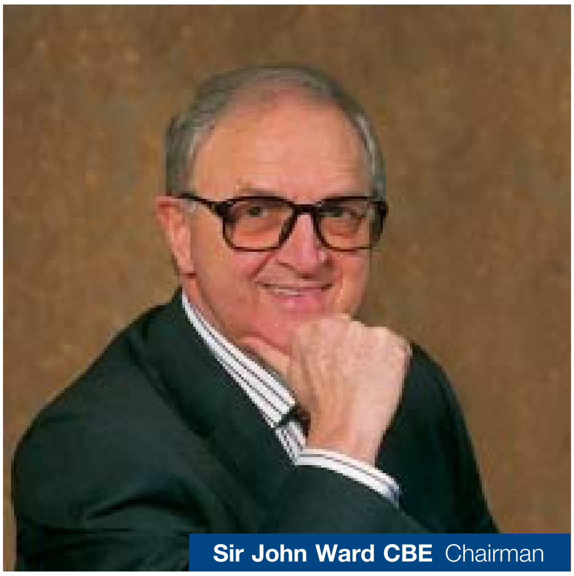
Maximum potential ratio=the ratio of total assets (including fixed interest and cash assets) to shareholders' funds.

¶ Includes tax and costs in association with the continuation vote. Excluding these amounts the ratio for 2006 is 1.35 per cent and 1.40 per cent for 2005.

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

Sources: Fundamental Data/Datastream/HSBC

Chairman's Statement



Sir John Ward CBE Chairman

I am very pleased to report that European Assets Trust delivered yet another year of strong investment performance in 2006. The net asset value rose by 35.9 per cent in sterling total return* terms compared to a 31.2 per cent return for the HSBC Smaller Europe (ex UK) Index which serves as the Company's benchmark for performance measurement purposes. In share price sterling total return* terms the gain was 43.0 per cent. This strong outcome relative to the benchmark was the result of both positive stock selection and positive asset allocation. The Company benefited in particular from the Investment Manager's continued faith in the ability of the Irish-based companies of the portfolio to deliver consistent strong returns.

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 278.5 per cent in sterling total return* terms compared with an increase of 207.2 per cent in the benchmark index.

2006 proved to be the year when economic growth finally gained momentum across Europe. Initial estimates from the European Union statistics office show that gross domestic product (GDP) in the whole Eurozone expanded by 2.7 per cent in 2006, significantly faster than the 1.5 per cent recorded last year. Even laggard countries, such as Italy, registered growth in the final quarter of 2006 as higher capital investment and consumer spending more than made up for weak export demand. The supportive economic backdrop provided further fuel to stockmarkets already fired up by strong corporate earnings releases and mergers and acquisitions activity. A succession of interest rate increases by the European Central Bank failed to dampen investors' optimism.

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.

In accordance with this policy, the Board has already announced that for 2007 the total dividend will be Euro 0.888 per share. This dividend, which represents an increase of 29 per cent compared with 2006, is to be paid in three equal instalments of Euro 0.296 per share at the end of January, May and August. The January dividend was paid to shareholders on 26 January 2007.

The Company benefits from Dutch regulations which allow it to pay dividends from capital. The Board believes that this distribution policy can be an attractive feature of the Company for shareholders.

Scrip Dividend

I would like to remind shareholders that, if they wish, they may elect to receive dividends by way of further shares in the Company rather than cash. Where shareholders so elect, they will receive shares based on the net asset value of the Company at the end of the month immediately preceding the record date for the relevant dividend. With the Company's shares trading on lower discount levels, this facility may be an attractive option for shareholders.

Further details on the Scrip Dividend are provided in the 'Shareholder Information' section of the Annual

*capital performance with dividends added back

Report and a Scrip Dividend Election form is also enclosed with the Annual Report.

Gearing

During the year, the Company renewed its banking facilities, on improved terms, 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 2006, gearing ranged from zero to 10 per cent of assets, reaching the upper end of this range after the market set-back in share prices which occurred in May.

Shareholder Value

I am pleased to report that, as a result of investor demand, the Company sold during the year 605,000 shares which were held in treasury, raising £5.6m additional funds for investment. The shares were resold at an average discount of 2.5 per cent which compares favourably with the average discount of a little over 5 per cent at which the shares were originally bought back by the Company. Since the end of the year the Company has sold a further 950,000 shares from treasury at an average discount of 1.3 per cent, raising a further £9.4m for investment. The most recent sale was conducted at a 0.7 per cent discount.

The buy back and resale of shares is part of the liquidity enhancement policy that the Board introduced in the final quarter of 2005 and to date it has been operating well and has added value for shareholders.

The demand from investors for the Company's shares has helped reduce the discount at which the shares trade relative to the net asset value over the year from 7.4 per cent to 2.7 per cent. This has resulted in the performance of the share price again being better than that of the net asset value. Over the year, the share price total return* was 43.0 per cent on a sterling basis.

The Company changed its UK corporate broker during the year, appointing Cenkos Securities plc ('Cenkos'). Cenkos makes a market in the Company's shares and generally assists with raising the profile of the Company in the market place and introducing new investors to the Company as well as keeping contact with existing shareholders.

The Company introduced in November 2006 a facility for shareholders to hold and transfer their interest in the shares of the Company within the UK CREST electronic settlement system. This option is available to those shareholders who have a CREST account or hold their shares via a nominee with a CREST account. The Board believes that this facility enhances market liquidity in the Company's shares and is pleased that there has been a significant take-up of the new facility by shareholders. Over 75 per cent of the Company's shares are now held through this depository interest facility which is operated by Computershare Investor Services PLC, the Company's UK Registrar. Shareholders that wish to can continue to hold and transfer shares in the Company in certificate form and their rights are unaffected by the new facility.

Board

Professor Syb Bergsma, having attained the age of 70 years, has indicated his intention to retire as a Director of the Company at the conclusion of this year's General Meeting. He has served as a Director for 9 years and Deputy Chairman for 8 years and I would like to thank him for his valuable contribution to the affairs of the Company over these years. I am pleased to report that Professor Robert van der Meer (age 57) will stand for election as a Supervisory Director. During his career he has held several management positions in Royal Dutch Shell, including investment manager of the Shell Pension Funds. He was a member of the management board of Aegon and then of Fortis, from which he stepped down in 2001. Currently he combines a professorship in investment management at Groningen University with several supervisory board positions, including OBAM and Teslin Capital Management.

Chairman's Statement continued

Outlook

The 2006 final results reporting season is well under way at the time of writing. Earnings growth has again been strong with most companies announcing figures above investment analysts' expectations. Although laced with the usual reserve, managements' outlook for this year is also positive. Official forecasting institutes and independent commentators are tending to revise upwards their assessment of European economic growth in 2007.

Nevertheless, your Board believes that some measure of caution is warranted. After four years of sharply rising share prices, valuations for small and medium-sized companies look high both in absolute terms and relative to likely future earnings growth. Recent share price reaction to better-than-expected or worse-than-expected earnings numbers has been extreme, a possible sign that low volatility may be on the rise.

Your Board considers that the Managers have positioned the Company's portfolio to take account of rising uncertainty over the direction of markets. Throughout the recent period of strong gains, the Managers have refused to bow to the pressures of chasing price momentum, preferring instead to focus on companies with a demonstrable earnings record and with sustainable high returns on shareholders' capital. In the main, valuations for such companies have not risen to the same degree as those for higher profile names in the asset class. In the Manager's opinion, the Company's focused portfolio of holdings, some now held continuously for 8 years, is capable of generating a capital return in excess of the announced six per cent annual dividend pay-out.

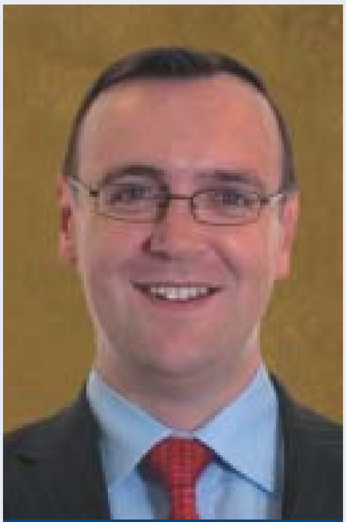
Shareholder Meetings

The Company's Annual General Meeting will be held on 26 April 2007 in Amsterdam. In addition, the Company holds a Shareholders' and Investors' Briefing in London each year. The London briefing will be held on 23 May 2007 at 11.30am at Pewterers' Hall, Oat Lane, London EC2V 7DE 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
Chairman
2 March 2007

Investment Managers and Investment Process

Crispin Longden
Fund Manager



Frank Rushbrook
Fund Manager

Michael Campbell
Company Secretary

Crispin Longden Fund Manager has been Fund Manager of European Assets Trust for seven 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.

Frank Rushbrook Fund Manager has worked alongside Crispin on European Assets for six years. Before moving to the European small cap team he spent two years working as an Investment Trust analyst. He is a member of the UK Society of Investment Professionals.

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

Investment Managers

F&C Investment Business Limited (F&C) is a company within the F&C Asset Management plc group (F&C group). The F&C group is an investment specialist with £104 billion of funds under management (as at 31 December 2006). It is a leading asset manager in both the UK and Europe and the shares of the parent company are 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 receive their dividends in the form of additional shares.

Manager's Review

Economic Review

Summary: Economic growth accelerates across Europe but inflation remains subdued creating a favourable environment for earnings growth

Economic growth throughout Continental Europe gained in dynamism as the year progressed. Export activity continued to hold up well, supported by resurgent demand from China and a US economy which appeared to have avoided a hard landing. Companies dusted off capital expenditure plans encouraged by the low cost of debt. Consumer spending received a lift from a marked fall in energy prices in the second half of the year. Initial estimates put 2006 growth in the Eurozone's gross domestic product (GDP) at 2.7 per cent, comfortably beating 2005's rate of 1.5 per cent and the fastest expansion in six years. Indeed for the fourth quarter alone, GDP growth accelerated to a year-on-year rate of 3.3 per cent, only marginally behind levels recorded in the US.

Throughout 2006 the European Central Bank remained concerned that stronger economic growth would be accompanied by rising levels of inflation. In a series of well-flagged moves, the benchmark Euro interest rate was raised five times in the course of the year to 3.5 per cent. Inflation in the Eurozone peaked at 2.5 per cent in the spring but fell back later in the year as oil prices weakened and employee pay awards remained moderate. The current annualised rate of 1.9 per cent is within the European Central Bank's self-imposed target of 'below but close to 2 per cent'.

With the 2006 reporting season in full swing, it is apparent that the pick-up in economic growth has allowed many companies to deliver double-digit percentage increases in turnover. Low inflation and wage restraint have kept the cost base in check, leading to margin improvement and strong cashflow generation. Latest estimates point to aggregate operating profits having risen by upwards of 16 per cent compared to 2005 levels.

Market Review

Summary: Strong profits growth and cheap credit encourages mergers and acquisitions activity. The result is yet another year of healthy share price gains for the European small and mid-sized company asset class

Both by number and value of deals, mergers and acquisitions activity worldwide reached a peak in 2006. Statistics released by Dealogic, a leading communications company specialising in capital markets, show that completed deals in Europe amounted to $1,052bn by value of which smaller companies attracted 37 per cent. The average premium paid compared to the previous one month's trading price was 18 per cent, up from just 10 per cent in 2005 but still below the 2000 level of 23 per cent.

Buoyant corporate activity combined with broad-based profits growth to provide a favourable back-drop for share price performance in 2006. The HSBC Smaller Europe (ex UK) Index ended 2006 with a healthy gain of 31.2 per cent in Sterling total return terms. Only three constituent countries of the Index failed to register gains in excess of 20 per cent in 2006. The laggards were Belgium, Austria and France. As in 2005 the Nordic region performed well with the exception of Norway which fell behind in the league table as the oil price declined. The best performance came from Ireland as numerous companies profited from strong economic growth in their home market. In terms of industry sector, construction and materials led the way, closely followed by industrial goods and services, mirroring the pick-up in capital expenditure across Europe. Energy stocks responded to the weakening oil price and finished the year out of favour but this after a very strong 2005.

It was not all plain sailing for European markets in 2006. May brought a temporary set back as investors feared that the central banks' concerns about inflationary pressures would drive up interest rates to a level likely to derail economic growth. This fear was accompanied by a rise in risk aversion and volatility which led to sharp falls in certain emerging country markets. A more serious rout was averted in part thanks to the monetary authorities' clear and transparent communications policy which emphasised a willingness to respond to economic conditions as they developed. Investors were reassured by this message of pragmatism and by the subsequent fall in energy prices.

Portfolio Performance and Highlights

Summary: European Assets Trust enjoys another good year, beating the index return thanks to positive relative contributions from country asset allocation and stock selection

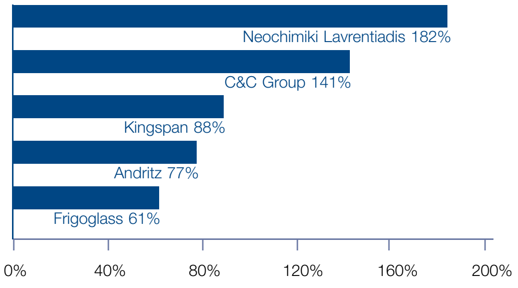
The net asset value of European Assets Trust rose by 35.9 per cent in Sterling total return* terms in 2006. With the share price discount to net asset value further narrowing in the course of the year, the sterling share price total return* was an even more eye-catching 43.0 per cent.

The portfolio benefited handsomely from its substantial exposure to stocks domiciled in the Republic of Ireland. The Company's average weighting of around 17 per cent in Ireland during 2006 compared with the meagre 2.5 per cent weight assigned to the country in the HSBC Smaller Europe (ex UK) Index. With Ireland holding the distinction of being the best performing market in 2006, the Company's stance provided a significant boost to absolute and relative performance.

The portfolio of investments for European Assets Trust is not constructed on a country-by-country basis but rather is built on the stock-specific selection of a focused number of names regardless of their country of incorporation. Stock selection played an equally important part in the Company's strong performance in 2006. The following table shows the top five gainers in 2006. Cleaning up in the award for best performer is Greek company **Neochimiki**.

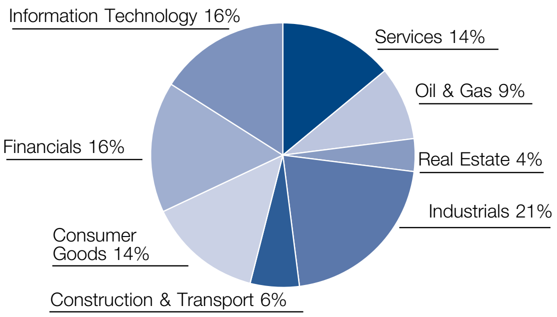
*capital performance with dividends added back

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



Greece's leading independent distributor of chemicals and detergents streaked ahead for a gain of 182 per cent in the year. Alongside long-time favourite Anglo Irish Bank, Neochimiki ranks as one of European Assets Trust's best success stories. Spotted early before the stock received broker analyst or major investor attention, a position was taken in February 2005 at a price of €3.70 per share. By the end of 2006, the price stood at €15.78. Acting as a local agent for the major international chemicals concerns, Neochimiki has rapidly established a franchise not only in Greece but also throughout the Balkans, and not only in chemicals and detergents but also in lacquers, resins, paints and cosmetics. At the time of writing, the share price has risen further to €21.00; with cashflow growth failing to keep pace with rapid turnover and earnings growth, we have sold out of the position for a handsome profit. Two Irish stocks also feature among the top five performers. Just pipped to the number one slot in the performance league, cider maker **C&C** rewarded our faith in a potent business model and a vintage management team with a sparkling gain of 141 per cent. The company has successfully introduced its trade-mark Magners cider outside its core market. Next up to the podium is Irish construction materials concern **Kingspan** which put together a useful gain of 88 per cent. The provider of insulated panels and boards is a key beneficiary of moves towards the construction of energy efficient buildings both in its home market and in the UK. Making a repeat appearance in the performance league is Austrian plant engineering company **Andritz**. A strong contribution from the company's newly-enlarged hydropower division led to a turbocharged rise of 77 per cent in 2006. The fifth position is occupied by a stock new to the portfolio this year. **Frigoglass** is a Greek-based supplier of chilled display cabinets to the world's major beverage producers, most notably Coca Cola. The company enjoys a strong market share in Eastern Europe and has aspirations on the Chinese market. Increased investor interest in the stock resulted in a very cool gain of 61 per cent from the date of our first purchase in June to the end of 2006.

Portfolio Split by Sector (as at 31/12/06)



Gearing and additional funds

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 surfeit of good ideas for new stock purchases. The gearing is not used to 'second guess' the future direction of markets.

During 2006 gearing ranged from zero to 10 per cent of assets and contributed around three percentage points to total return over the year.

The successful implementation of the Company's liquidity enhancement policy has brought in additional cash for investment. The funds have been used to build up positions in a number of existing holdings. The Managers believe that sufficient investment opportunities exist to absorb the proceeds of any future share issuance.

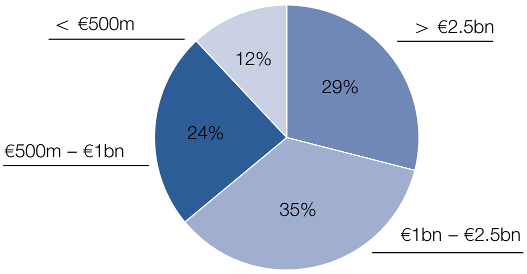
Portfolio Strategy and Outlook

Summary: The investment climate looks favourable but a measure of caution appears appropriate. The Managers prefer to focus on stocks of a decent size with a demonstrable track record over an investment holding period of reasonable length

Markets have started 2007 in much the same vein as they ended 2006. Reported earnings are routinely beating analysts' expectations and company management is taking an optimistic view of future prospects. The spurt in economic growth at the end of 2006 has prompted all but the most cautious of forecasters to increase their estimates for Eurozone GDP growth this year to around 2.4 per cent.

Faced with this rosy backdrop, it seems perverse to adopt a cautious stance and yet the Managers believe such a position is warranted. Markets anticipate rather than react to events; the current health of corporate profitability is arguably fully reflected in today's valuations. The small and mid-size company universe as a whole now trades on multiples of 17.5 to18 times this year's expected earnings and almost 3 times net asset (book) value. Profits growth this year is unlikely to match the lofty percentage increase implied by the price/earnings multiple. The price to book ratio is above levels reached in 2000 and is higher than for smaller quoted companies anywhere else in the world. The smaller company asset class has also been propelled by ever lower levels of volatility; recent sharp reactions in share prices to both negative and positive news suggest that risk aversion may be on the rise. When stock markets fell in May and June of last year, volatility spiked 38% and smaller company share prices promptly dropped by 13%. Strong economic growth also carries risks; it does nothing to foster government interest in undertaking structural reforms, especially in election years.

Portfolio Split by Market Capitalisation (as at 31/12/06)



The portfolio breakdown by market capitalisation shows the Manager's continued predilection for companies towards the upper end of the asset class size bracket. The focus remains on companies with a proven business model and a resilient track record in earnings and shareholder value creation. For example Logitech, a long-standing favourite, has successfully expanded its original narrow franchise in computer pointing devices (mice). The company has now notched up 33 consecutive quarters of double-digit revenue growth, and return on equity, including regular share buy-backs, has remained consistently above 30%. We have maintained a holding in Logitech continuously for almost eight years. Companies like Logitech have grown to a level of maturity which should justify current earnings expectations and shield them from the impact of excessive volatility. Should market conditions deteriorate, then it makes eminent sense to stick with companies which have withstood the test of time

Crispin Longden
Investment Manager
F&C Investment Business Limited

2 March 2007

Investment Portfolio

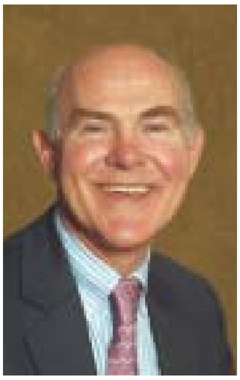
Company	Valuation Euro 000's	% of Total Assets	Country of Incorporation
Andritz Andritz is an engineering conglomerate with strong franchises in a number of niche engineering spheres. It builds, installs and services large-scale plants for the production of pulp and paper, steel, animal feed and sewage treatment.	10,680	4.3	Austria
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.	9,974	4.1	France
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.	9,547	3.9	Ireland
C&C Group C&C Group manufactures, markets and distributes branded beverages in Ireland and the UK. C&C's main business activity is the production of premium quality cider branded as Bulmers in the Republic of Ireland and Magners in all other markets. From a standing start in 2003 the core Magners brand has captured a 28 per cent share of the fast growing British cider market.	9,485	3.9	Ireland
Topdanmark Topdanmark is Denmark's leading composite insurance company with the distinction of achieving underwriting profits in all market conditions. Management actively manages the company's healthy balance sheet, returning surplus cash regularly to shareholders.	9,397	3.8	Denmark
Anglo Irish Bank Anglo Irish Bank provides banking and treasury services through a network of offices in Ireland, the United Kingdom, Austria and Switzerland.	8,788	3.6	Ireland
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.	8,722	3.6	Switzerland
Trevi Finanziaria Trevi Group ranks among the world's leaders in the field of foundation engineering. The company specialises in providing equipment and services for the contracting and construction industry and for oil exploration and production companies.	8,036	3.3	Italy
Indra Sistemas Indra Sistemas is Spain's premier information technology services company, specialising in systems integration and consulting projects. The group is also an important niche player in the supply of electronic simulation and surveillance equipment for the civilian and military avionics industry.	7,723	3.1	Spain
Piaggio & C. Piaggio is the European leader in the design and manufacture of mopeds, scooters and motorcycles. Equipped with engines ranging from 50cc units to 1000cc units in size, Piaggio brands include Vespa, Aprilia, Piaggio and Moto Guzzi. Piaggio is also the second largest supplier of three wheeled 'tuks tuks' in the Indian sub-continent.	7,477	3.0	Italy
Ten largest investments	**89,829**	**36.6**	

Company	Nature of Business	Valuation Euro 000's	% of Total Assets	Country of Incorporation
IAWS	Food Producer	7,469	3.0	Ireland
OKO Bank	Bancassurance	7,297	3.0	Finland
Bergesen Worldwide Gas	Gas Transportation	6,783	2.8	Norway
Neopost	Mailing Systems	6,660	2.7	France
Hera	Utility	6,585	2.7	Italy
MTU Aero Engines	Aeronautics Manufacturer	6,560	2.7	Germany
Schoeller Bleckmann	Oilfield Equipment	6,438	2.6	Austria
Agfa-Gevaert	Photographic Products	6,350	2.6	Belgium
Lindt & Sprüngli	Confectionery Manufacturer	6,273	2.5	Switzerland
Ekornes	Furniture Manufacturer	6,105	2.5	Norway
Twenty largest investments		**156,349**	**63.7**	
Norkom	Financial Crime Protection Software	5,945	2.4	Ireland
Ringkjoebing Landobank	Bank	5,811	2.3	Denmark
Manitou BF	Rough Terrain Equipment & Vehicles	5,202	2.1	France
Neochimiki Lavrentiadis	Detergents Manufacturer	5,077	2.1	Greece
Astaldi	Civil Engineering	4,970	2.0	Italy
Digital Multimedia Technologies	Communications Equipment	4,932	2.0	Italy
Barón de Ley	Winery	4,923	2.0	Spain
Frigoglass	Refrigeration Display Units	4,849	2.0	Greece
Zardoya Otis	Elevators & Escalators	4,848	2.0	Spain
La Seda de Barcelona	Plastic & Bottle Manufacturer	4,840	2.0	Spain
Thirty largest investments		**207,746**	**84.6**	
Arcadis	Engineering Consultant	4,644	1.9	Netherlands
Latécoère	Aeronautics Manufacturer	4,570	1.9	France
F-Secure	IT Software	4,526	1.8	Finland
Bergesen Worldwide Offshore	Oil & Gas Exploration & Production	4,524	1.8	Norway
Maurel et Prom	Oil Exploration	4,056	1.7	France
Paddy Power	Licensed Betting	3,461	1.4	Ireland
Interhyp	Online Mortgage Broker	3,019	1.2	Germany
Turcas Petroculuk	Oil & Gas Production	2,864	1.2	Turkey
Grenkeleasing	Leasing	2,464	1.0	Germany
HF Company	Consumer Electronics	1,809	0.7	France
Forty largest investments		**243,683**	**99.2**	
K+S	Speciality Chemicals	1,645	0.7	Germany
Total investments		**245,328**	**99.9**	
Net current assets		**216**	**0.1**	
Equity shareholders' funds/total assets (less current liabilities)		**245,544**	**100.0**	

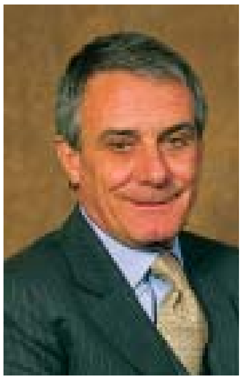
Supervisory Board

Sir John Ward CBE
Chairman
(age 66) is chairman of Scottish Enterprise and has held a wide range of public and private appointments and chairmanships. He is a past chairman of CBI Scotland.

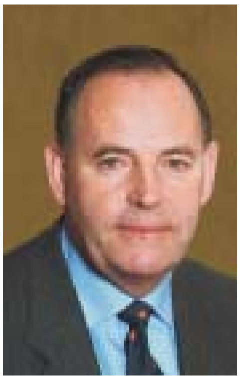
Professor S Bergsma
Deputy Chairman
(age 70) is a former executive vice president of Akzo Nobel, a Dutch-based international chemical company. He is a director of a private Dutch company and has been a director of a number of public Dutch companies.



G W B Warman
(age 59) 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.

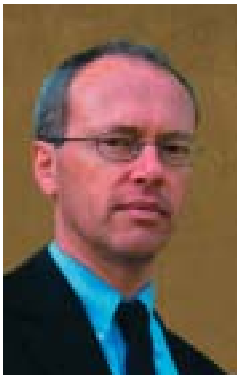


N L A Cook
(age 62) was formerly chairman of ANGLO IRISH BANK SUISSE S.A., a bank in Geneva. He is also a director of various public and private companies.



W D Maris
(age 67) 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 2006 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 €67,654,174. Dividends in cash totalling €0.7325 per share were paid during 2006. A dividend of €0.296 per share was announced and paid in January 2007. 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 2006, together with the notes, be adopted.

Supervisory Board Directors

The Supervisory Directors who held office at 31 December 2006 are shown on the page of this report entitled 'Supervisory Board'.

Sir John Ward and Mr Giles Warman had a beneficial interest of 3,400 shares and 7,230 shares respectively in the Company at 31 December 2006. 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 2 March 2007.

Report of the Management Board Director continued

Sir John Ward, Neville Cook, Willem Maris and Giles Warman will be proposed for re-appointment as Supervisory Directors at the General Meeting.

Professor Syb Bergsma has indicated that, having attained the age of 70 years, he wishes to retire from the Supervisory Board at the General Meeting. Professor Robert van der Meer will be proposed for appointment as a Supervisory Director at that meeting.

Management Board Director

FCA Management BV provides management and legal compliance services to the Company. These services can be terminated by either party by giving three 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 €77,850 (including Dutch VAT).

Investment Managers

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. F&C 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 the F&C group 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.

Following the year end, the management contract was novated to F&C Investment Business Limited (F&C), a company within the F&C Asset Management plc group (F&C group).

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 the issues. The stated policy of F&C 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. In 2006 there was active use of votes, both for and against where appropriate.

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 2 March 2007:

	Number of Shares Held	Percentage Held
Friends Provident Life Office	1,838,400	10.5

In addition, F&C Asset Management Retail Products owned 3,003,452 shares or 17.2 per cent of the issued share capital of the Company at 2 March 2007. F&C Asset Management only has discretionary voting rights over 276,151 of these shares.

The Company issued 23,297 shares during the year by way of its scrip dividend option and sold 605,000 of its own shares from 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 plc 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 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 absolute level of dilution through the sale of treasury shares is restricted to 0.5 per cent of net asset value in any one year, and treasury shares which are sold at a discount to net asset value will only be sold where the discount at which the shares are to be sold is lower than the average discount at which the shares have been acquired by the Company measured over preceding financial periods and in addition at a price which is not less than the market bid price at the time of sale.

Statement concerning conduct of business

The Company has adopted a description of the organisation of its conduct of business (administrative organisation and internal controls) which comply with the requirements as laid down in article 3:17 paragraph 2.c and article 4:14 paragraph 1 of the Dutch Act on the Financial Supervision.

This statement concerning the conduct of business relates to the financial year 2006 only and is based on an evaluation by the Management Board of the Company of the various aspects of the Company's administrative organisation and internal controls during the financial year under review. Based on procedures performed, we obtained reasonable assurance that the conduct of business of the Company operates effectively and in accordance with the description. Our evaluation did not reveal any observations that would lead to a different statement.

The Management Board Director
FCA Management BV
Rotterdam
2 March 2007

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 as they are relevant to externally managed closed-end investment funds, and follows the general principles of UK corporate governance good practice.

In the year under review, European Assets Trust did not comply fully with the provisions of the Tabaksblat Code (the 'Code'). In fact, it is not possible for externally managed investment institutions to apply the Code in full, as the preamble to the Code acknowledges. Details of the instances of non-compliance are explained in the Corporate Governance (detail) section of this Annual Report.

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 Investment Business Limited. 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)'.

Balance Sheet

for the year ended 31 December

	Notes	2006 Euro	2005 Euro
Investments			
Securities	1	**245,328,182**	184,159,422
Receivables			
Arising from treasury shares sold	2	**5,163,875**	–
Receivable from investment manager	14	**–**	181,081
Prepayments and accrued income	3	**686,420**	177,842
		5,850,295	358,923
Other assets			
Cash at bank	4	**4,640,825**	21,776,924
Total current assets		**10,491,120**	22,135,847
Current liabilities			
(due within one year)			
Arising from repurchase of own shares	2	**–**	(9,371,868)
Other liabilities	5	**(10,000,000)**	(15,418,620)
Accrued liabilities	6	**(275,698)**	(364,583)
		(10,275,698)	(25,155,071)
Total of receivables and other assets less current liabilities		**215,422**	(3,019,224)
Total assets less current liabilities		**245,543,604**	181,140,198
Capital and reserves			
Issued share capital	7	**7,605,399**	7,316,382
Share premium account	8	**21,462,621**	13,507,070
Other reserves	9	**216,475,584**	160,316,746
		245,543,604	181,140,198
Net asset value per ordinary share	10	**14.85**	11.39

The accompanying notes are an integral part of the financial statements.

Revenue Account

for the year ended 31 December

	Notes	2006 Euro	2005 Euro
Income from investments			
Dividends from securities		3,711,885	3,296,531
Irrecoverable withholding taxes		(501,101)	(387,474)
	11	3,210,784	2,909,057
Movements on investments – realised		40,541,115	37,153,883
Movements on investments – unrealised		27,003,835	19,146,045
		67,544,950	56,299,928
Interest received		159,448	212,758
Income from securities lending		133,523	158,479
		292,971	371,237
Total income		71,048,705	59,580,222
Investment management fee	12	(1,740,583)	(1,564,906)
Administrative expenses	13	(1,072,570)	(954,148)
Costs in connection with marketing and the continuation vote	14	109,233	(589,112)
Interest charges	15	(690,611)	(452,043)
Total operating expenses		(3,394,531)	(3,560,209)
Net income before tax		67,654,174	56,020,013
Corporation tax benefit	16	–	1,736
Net income		67,654,174	56,021,749
Earnings per share		4.23	3.10

Proposed income allocation

	2006 Euro	2005 Euro
Net income	67,654,174	56,021,749
Dividends	(11,655,396)	(10,223,629)
Dividends distributed in shares	291,023	306,300
Undistributed income allocated to other reserves	56,289,801	46,104,420
Earnings per ordinary share	4.23	3.10
Dividends per ordinary share	0.7325	0.555

Earnings per share are based on the net income for the year divided by 16,005,941 (2005: 18,043,808) shares, being the weighted average number of shares in circulation during 2006.

The accompanying notes are an integral part of the financial statements.

Statement of Cash Flows

for the year ended 31 December

	2006	2005
	Euro	Euro
Cash flow from investment activities		
Dividends, interest and other income	**3,549,241**	3,264,540
Purchases of securities	**(106,414,212)**	(98,477,646)
Sales of securities	**112,674,602**	135,262,514
Administrative expenses and investment management fees	**(2,611,724)**	(3,141,556)
Surtax	**(863,708)**	(1,828,917)
Net interest charges	**(683,787)**	(458,867)
	5,650,412	34,620,068
Cash flow from financing activities		
Dividends	**(11,364,373)**	(9,928,607)
Sale of own shares	**3,080,693**	–
Stamp duty paid	**(130,963)**	–
Repurchase of own shares	**(9,371,868)**	(16,784,129)
Loan facility	**(5,000,000)**	5,000,000
	(22,786,511)	(21,712,736)
Cash at bank		
Net (decrease)/increase for the year	**(17,136,099)**	12,907,332
Balance as at 1 January	**21,776,924**	8,869,592
Balance as at 31 December	**4,640,825**	21,776,924

The accompanying notes are an integral part of the financial statements.

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 renewed licence pursuant to the Act on the Supervision of Investment Institutions by the Authority for the Financial Markets, the supervisory body in the Netherlands, on 30 June 2006.

The Annual Accounts 2006 have been prepared in accordance with the new Act and have also 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 2005.

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

Investments

Up to and including 30 June 2006, the Company's listed investments were valued at the final trading price on the valuation date on the relevant stock markets. From 1 July 2006, listed investments are valued at the bid price on the valuation date on the relevant stock markets. This is in line with industry practice and in agreement with Dutch generally accepted accounting principles. The effect of moving to bid prices does not have a significant impact on the Company's net asset value.

Unquoted investments are valued by the Management Board Director. As at 31 December 2006, the Company did not own any unquoted investments.

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. 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 the share premium account.

Share premium account

This reserve originates from the issue of shares in 1972 and 1983, and from the sale of own shares.

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 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) Proceeds from the lending of securities are accounted for as Income from securities lending.

(f) 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 purchases and sales of investments are included in Movements on investments – unrealised (purchase costs) and Movements on investments – realised (sales costs).

Taxation

As the Company has qualified as an investment institution ('Beleggingsinstelling') under Dutch tax law, it has been subject to corporation tax at a zero rate; so long as it so qualifies and distributes in cash its annual distributable income as defined for tax purposes, no liability to Dutch tax arises on income or capital gains. 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.

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).

	2006	2005
Danish Krone	**0.13415**	0.13407
Norwegian Krone	**0.12180**	0.12523
Sterling	**1.48423**	1.45543
Swedish Krone	**0.11032**	0.10651
Swiss Franc	**0.62125**	0.64305
Turkish Lira	**0.53536**	0.62729

Notes to the Accounts

1 Investments

	2006 Euro	2005 Euro
Listed investments as at 31 December incorporated in:		
Austria	**17,117,500**	8,495,775
Belgium	**6,350,080**	4,600,000
Denmark	**15,208,263**	–
Finland	**11,822,434**	11,026,110
France	**32,271,352**	37,346,367
Germany	**13,687,947**	12,419,076
Greece	**9,925,300**	7,784,000
Ireland	**44,695,919**	28,166,888
Italy	**32,000,320**	17,409,350
Netherlands	**4,644,000**	–
Norway	**17,411,622**	2,678,825
Spain	**22,333,459**	23,640,855
Sweden	**–**	11,251,585
Switzerland	**14,995,807**	19,340,591
Turkey	**2,864,179**	–
	245,328,182	184,159,422

There were no unquoted investments at 31 December 2006 and 2005.

Securities lending

As at 31 December 2006, shares were lent out with a market value of €63,387,877. For that, collateral is received in the form of Dutch government bonds with a market value as at 31 December 2006 of €66,387,096. The collateral has been obtained by entering the collateral into the pledge account of European Assets Trust NV at 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.

	2006 Euro	2005 Euro
The changes in securities are shown below:		
Market value as at 1 January	**184,159,422**	164,590,755
Purchases during the year	**106,444,072**	98,477,646
Sales during the year	**(112,820,262)**	(135,208,907)
	177,783,232	127,859,494
Change in value and results on realisation	**67,544,950**	56,299,928
Market value as at 31 December	**245,328,182**	184,159,422

2 Current receivables/liabilities arising from sale and repurchase of own shares

In the last quarter of 2005, the Company repurchased 2,550,000 of its own shares. The repurchase of shares was in accordance with the stated policy and conditions set by the Company during 2005 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 shortly after the end of the financial year. The shares bought back in 2005 were held in treasury.

During 2006, the Company sold in total 605,000 of its own shares in various transactions. The sale of treasury shares was in accordance with the stated policy and conditions set by the Company during 2005 for the buy-back and sale of shares. The total proceeds for these sales transactions amounted to €8,244,568, equal to an average price of €13.63 per share, of which an amount of €5,163,875 was settled and received shortly after the end of the financial year. At the end of 2006, the number of shares held in treasury was 1,945,000 following the implementation of the liquidity enhancement policy. There were also 6,458,805 shares held in treasury pursuant to the tender offer in 2000. The total number of shares held in treasury at 31 December 2006 was 8,403,805.

3 Prepayments and accrued income

Prepayments and accrued income at 31 December 2006 includes an amount receivable of €445,058 from the Dutch Tax Authorities in connection with tax surcharge overpaid.

4 Cash at bank

Cash at bank comprises amounts in Euros.

5 Other liabilities

This item consists of:

	2006 Euro	2005 Euro
Corporation tax surcharge	**–**	418,620
Bank facility	**10,000,000**	15,000,000
	10,000,000	15,418,620

The Company has a banking facility with The Royal Bank of Scotland plc. The total banking facility available to the Company amounts to €35,000,000 of which the Company has €10,000,000 drawn down at 31 December 2006 (31 December 2005: €15,000,000).

The balance of corporation tax surcharge outstanding as at 31 December 2005 comprised the 2004 surcharge which was settled in 2006. The Dutch tax surcharge has been abolished from 1 January 2005.

6 Accrued liabilities

This item includes accrued expenses and creditors.

7 Issued share capital

The Company is an investment company with a variable capital.

	2006 Shares	**2006 Euro**	2005 Shares	2005 Euro
Balance as at 1 January	**15,905,178**	**7,316,382**	18,420,953	8,473,638
Stock dividend	**23,297**	**10,717**	34,225	15,744
Treasury shares sold (see note 2)	**605,000**	**278,300**	–	–
Shares repurchased	**–**	**–**	(2,550,000)	(1,173,000)
Balance as at 31 December	**16,533,475**	**7,605,399**	15,905,178	7,316,382

	2006 Euro	2005 Euro
30,000,000 authorised shares of €0.46 each (2005: same)	**13,800,000**	13,800,000

The number of shares as at 31 December 2006 amounts to 24,937,280, of which 8,403,805 shares are held by the Company in treasury.

Notes to the Accounts continued

8 Share premium account

	2006 Euro	2005 Euro
Balance as at 1 January	**13,507,070**	15,701,242
Decrease as a result of stock dividend	**(10,717)**	(15,744)
Decrease as a result of shares repurchased	**–**	(2,178,428)
Increase as a result of treasury shares sold	**7,966,268**	–
Balance as at 31 December	**21,462,621**	13,507,070

9 Other reserves

	2006 Euro	2005 Euro
Balance as at 1 January	**160,316,746**	137,016,895
Add: net income after tax surcharge and benefits	**67,654,174**	56,021,749
Less: interim dividends paid in cash	**(11,364,373)**	(9,917,329)
Less: shares repurchased	**–**	(22,804,569)
Less: stamp duty paid on shares repurchased in prior year	**(130,963)**	–
Balance as at 31 December	**216,475,584**	160,316,746

10 Net asset value/net income

Comparative figures for development in capital and income:

	2006 Euro	2005 Euro	2004 Euro	2003 Euro	2002 Euro
Net asset value	**245,543,604**	181,140,198	161,191,775	143,005,416	110,615,768
Number of shares	**16,533,475**	15,905,178	18,420,953	18,386,067	18,350,056
Net asset value per share	**14.85**	11.39	8.75	7.78	6.03
Income	**3,210,784**	2,909,057	2,274,166	1,963,954	1,811,958
Movements on investments	**67,544,950**	56,299,928	26,491,530	32,644,628	(42,299,708)
Interest/other income	**292,971**	371,237	272,300	404,649	565,948
Total income	**71,048,705**	59,580,222	29,037,996	35,013,231	(39,921,802)
Administrative expenses	**(1,072,570)**	(954,148)	(867,300)	(902,050)	(1,066,789)
Investment management fee	**(1,740,583)**	(1,564,906)	(1,170,264)	(919,514)	(1,312,485)
Costs in connection with marketing and the continuation vote	**109,233**	(589,112)	–	–	–
Interest charge	**(690,611)**	(452,043)	(233,994)	(236,703)	(431,243)
Corporation tax benefit/(surcharge)	**–**	1,736	(311,000)	22,560	(1,666,962)
Exceptional benefits	**–**	–	–	5,978,498	–
Net income/(loss)	**67,654,174**	56,021,749	26,455,438	38,956,022	(44,399,281)
Income per share*	**0.22**	0.18	0.14	0.13	0.13
Gains/(losses) on investments per share*	**4.22**	3.12	1.44	1.78	(2.31)
Expenses per share*	**(0.21)**	(0.20)	(0.14)	0.21	(0.24)
Net income/(loss) per share*	**4.23**	3.10	1.44	2.12	(2.42)
Dividends paid per share	**0.7325**	0.555	0.465	0.37	0.90
Expense ratio	**1.30%**	1.69%	1.59%	1.58%	1.57%

*Returns per share based on the weighted average number of shares in issue during the year

11 Income

	2006 Euro	2005 Euro
Interest and dividends from securities, after deduction of irrecoverable taxes are related to investments in:		
Austria	**215,050**	252,875
Belgium	**42,683**	23,777
Finland	**412,079**	–
France	**811,186**	751,863
Germany	**121,119**	68,850
Greece	**25,167**	61,000
Ireland	**469,266**	392,863
Italy	**283,042**	340,810
Netherlands	**–**	118,276
Norway	**319,222**	–
Portugal	**–**	57,011
Spain	**462,896**	620,259
Sweden	**–**	52,723
Switzerland	**49,074**	168,750
	3,210,784	2,909,057

12 Investment management fee

	2006 Euro	2005 Euro
Remuneration of the Investment Manager	**1,740,583**	1,564,906

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 Administrative expenses

	2006 Euro	2005 Euro
Remuneration of the Supervisory Directors	**122,468**	107,899
Remuneration of the Management Director	**77,850**	63,165
Auditor’s remuneration	**65,033**	55,000
Fund administration fee	**78,985**	74,643
Advisory costs	**186,519**	76,480
Other expenses	**541,715**	576,961
	1,072,570	954,148

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

14 Costs in connection with marketing and the continuation vote

In October 2005, the shareholders of the Company approved that the Company continue in existence. In preparation for this meeting, the Company 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 amounting to €589,112 and comprised the costs of advisers and investment bankers, as well as documentation and communication costs, and included an accrual for estimated unbilled costs and a receivable of €181,081 in respect of a contribution from the Company's investment manager (taken up in the balance sheet as at 31 December 2005). As a result of the actual costs being less than the accrued costs, an amount of €109,233 was released and credited to the income statement in 2006.

15 Interest charges

	2006 **Euro**	2005 Euro
Interest on bank facility	**660,869**	472,043
Interest paid on tax returns and other interest paid	**29,742**	(20,000)
	690,611	452,043

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.

16 Corporation tax surcharge

The corporation tax surcharge in 2005 related to the final settlement of tax surcharge which was a temporary tax measure applicable for distribution of dividends exceeding 4 per cent of the net asset value in the years 2001–2004. The Dutch tax surcharge has been abolished from 1 January 2005. The surtax gain in 2005 resulted following the final tax calculation for 2004.

17 Financial instruments and risk management

General

In the normal course of its business, the Company holds a portfolio of equities and other securities, trades financial instruments and enters into investment activities with on-balance-sheet risk. The financial instruments are valued at fair value. Transactions in financial instruments may lead to the Company being subject to the risks described below.

Price risk

Currency risk is the risk that the value of a financial instrument will fluctuate as a result of changes in exchange rates. Interest rate risk is the risk that the value of a financial instrument will fluctuate as a result of changes in interest rates. Market risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, caused by factors that exclusively apply to the individual instrument or its issuer or by factors that affect all instruments traded in the market.

The Company minimises the risks by making a balanced selection of companies with regard to distribution across the European countries, sectors, individual stocks and currencies.

Credit risk

Credit risk is the risk that the counterparty of a financial instrument will no longer meet its obligations, as a result of which the Company will suffer a financial loss. To reduce its exposure to credit risk relating to financial instruments, the Company assesses the creditworthiness of the counterparties and the transactions' size and maturity. Wherever it is customary in the market, the Company will demand and obtain collateral. 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.

Liquidity risk

Liquidity risk is the risk that the Company is not able to obtain the financial means required to meet the obligations arising from financial instruments and redemptions. The Company minimises this risk by mainly investing in equities that are tradable on a daily basis.

Insight into actual risks

The Report of the Management Board Director, the overview of the Investment Portfolio, which includes the geographic distribution of the investments and the Notes to the Accounts, which include the net currency position, give an insight into the actual risks at the balance-sheet date.

Risk management

Managing risk is a part of the investment process as a whole and, with the help of advanced systems, the risks outlined above are limited, measured and monitored on the basis of fixed risk measures.

Policy regarding the use of derivatives

Investing implies that positions are taken. As it is possible to use various instruments, including derivative instruments, to construct an identical position, the selection of derivatives is subordinate to the positioning of a portfolio. The Company does not employ any derivatives to take positions. The Company presently has banking facilities to gear the portfolio within the 20 per cent of total assets level as permitted under the Articles and under the Company's tax status as a Fiscal Investment Institution.

18 Turnover ratio (Dutch method)

This shows the turnover of the investments (including derivatives) against the average net asset value of the Company and is a measure of the incurred transaction costs resulting from the portfolio policy pursued and the ensuing investment transactions. In the calculation method that is used the amount of turnover is determined by the sum of purchases and sales of investments including the sum of sale and repurchase of own shares. The turnover ratio is determined by expressing the amount of turnover as a percentage of the average net asset value of the Company. The Dutch method turnover ratio for 2006 is 109.2%.

19 Expense Ratio

The expense ratio which, within the scope of the Dutch Act on Financial Supervision ('Wft'), should be reported by investment institutions in order to provide clear and comparable information on the level of costs, amounts to 1.30% for the financial year (2005: 1.69%). This ratio is calculated as the total costs compared to the weighted average net asset value over the quarters of the financial year (including the beginning of the year). As per the *Nadere regeling gedragstoezicht beleggingsinstellingen 2005* (further regulation supervision investment institutions 2005) 'total costs' is defined as administrative expenses, tax and costs in connection with the continuation vote.

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 2006 there were no fund or investment transactions between these related parties and the Company.

Interests of the Supervisory and Management Board Directors

At 31 December 2006 Mr Giles Warman had an interest in 3,500 shares in C&C Group. The other Supervisory Board Directors and the Management Board Director collectively had no interests in securities held in the Company's portfolio at 31 December 2006 with the exception of 200,000 options on shares in Anglo Irish Bank held by a 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 2006, Sir John Ward and Mr Giles Warman, Supervisory Board Directors, held 3,400 shares and 7,230 shares respectively 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 2006.

Notes to the Accounts continued

Remuneration of the Supervisory and Management Board

The remuneration of the Chairman of the Supervisory Board amounted to €29,900 (2005: €26,000), the deputy Chairman €25,300 (2005: €22,000), and the other Directors €20,700 (2005: €18,000). The remuneration of the Managing Director, FCA Management BV, amounted to €77,850 (2005: €63,165).

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 with 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.

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 Investment Business Limited. From 31 December 2006, the management contract has been novated to F&C Investment Business Limited, a company within the F&C Asset Management plc group.

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

2 March 2007

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'.

Major shareholders

Dutch Act on the Disclosure of Major Holdings and Capital Interests in Securities-Issuing Institutions (Wet melding zeggenschap en kapitaalbelang in effectenuitgevende instellingen (Wmz 2006))

In the register of major holdings maintained by AFM the following major holdings in the Company are disclosed:

European Assets Trust NV: 29.86%*. This concerns shares held by the Company in treasury, which are currently not in circulation and disregarded both from a financial and a voting right point of view.

F&C Asset Management plc: 19.56%**. This concerns shares held by F&C Asset Management plc only for the benefit of its clients. The Company is advised that the financial and voting rights for 8.48%** are exercised by F&C Asset Management and 11.08%** only at and in accordance with the instructions of these clients and strictly for their benefit.

*This concerns the percentage as per the latest notification as at 2 March 2007. At 31 December 2006 the company held 33.70% of the total number of shares issued, amounting to 24,937,280 (including all shares held in treasury).

**This concerns the percentage of the total number of shares issued, amounting to 24,937,280 (including all shares held in treasury).

Subsequent event

With regard to the Distribution Policy the Company announced a dividend of €0.296 per share on 4 January 2007. This dividend was paid from the other reserves on 26 January 2007. During the year 2007, the total distributions will be €0.888 per share, payable in equal instalments in January, May and August.

Report of the Auditors

To the shareholders of European Assets Trust N.V.

We have audited the annual report 2006 of European Assets Trust N.V., Amsterdam. The annual accounts comprise the balance sheet as at 31 December 2006, the profit and loss account and the notes thereto.

Management's responsibility

Management of the company is responsible for the preparation and fair presentation of the annual accounts in accordance with Part 9 of Book 2 of the Netherlands Civil Code and the Investment Institutions Supervision Act and for the preparation of the report of the Managing Director's Report in accordance with Part 9 of Book 2 of the Netherlands Civil Code. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the annual accounts that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on the annual accounts based on our audit. We conducted our audit in accordance with Dutch law. This law requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the annual accounts are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the annual accounts, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the annual accounts in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the annual accounts.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion with respect to the annual report

In our opinion, the annual accounts give a true and fair view of the financial position of European Assets Trust N.V. as at 31 December 2006, and of its result and its cash flows for the year then ended in accordance with Part 9 of Book 2 of the Netherlands Civil Code and the Investment Institutions Supervision Act.

Report on other legal and regulatory requirements

Pursuant to the legal requirement under 2:393 sub 5 part e of the Netherlands Civil Code, we report, to the extent of our competence, that the Report of the Management Board Director is consistent with the annual accounts as required by 2:391 sub 4 of the Netherlands Civil Code.

Amsterdam, 2 March 2007

for Ernst & Young Accountants
was signed

drs. M. Hagers RA

Corporate Governance (detail)

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 Investment Business Limited, 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 specifically to 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 Manager's 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 2006 and the number of meetings attended by each Director.

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

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

Corporate Governance (detail) continued

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. These procedures are designed to manage, rather than eliminate risk and, 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.

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 Financial Supervision ('Wft'). The Wft as of 1 January 2007 consolidates a number of Dutch securities laws, including the former Act on Supervision of Investment Institutions (Wet toezicht beleggingsinstellingen (Wtb 2005)), which governed the Company during 2006. European Assets Trust does not have its own business organisation.

European Assets Trust is subject to clearly described conditions and an associated unambiguous remuneration structure and corporate governance structure. It is covered by the regime of the Wft and the supervision of the Dutch Authority for the Financial Markets (AFM). 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.

On the basis of Section 391 of Book 2 of the Dutch Civil Code (Act of 9 July 2004, Stb 370, to amend Book 2, CC) and the Royal Decree of 23 December 2004, 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 Tabaksblat Code, published on 9 December 2003 (the 'Code'). It was unclear if and to what extent the Code was applicable to listed externally managed investment institutions. European Assets Trust is of the opinion that with the enactment of the Wtb 2005 in September 2005, the Company is not and has not been subject to the Code in 2006. Nevertheless and as a precaution and in line with the preamble to the Code, 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 content 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 fully 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

Without prejudice to the foregoing, European Assets Trust subscribes 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 as to the applicability of the Code 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 Investment Business Limited, 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 in the Wft and, during 2006, in the Wtb 2005, which place specific demands on management, reporting and disclosure of information, as well as accountability by management to the shareholders.

As of 30 June 2006 European Assets Trust has a new licence under the Wtb 2005, which act required all already licensed investment institutions (or their managers) to apply for a new licence not later than 1 March 2006. All relevant internal rules and regulations of European Assets Trust have been adapted to comply with the new law.

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 Supervisory Board in a specific case, 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 the Management Board 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.

In April 2006, 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. This year and in line with the Company's intention to do so annually, the issue of Corporate Governance is again placed on the agenda for the General Meeting of shareholders, in order to allow the shareholders once again to discuss and exchange views upon the issue with the Management Board and Supervisory Board.

How to Invest

As well as investing in European Assets Trust directly through a stockbroker, you can enjoy some additional benefits by investing through one of the savings plans run by F&C Management Limited.

You can enjoy the convenience of making regular savings by Direct Debit, take advantage of tax-efficient ISA and PEP wrappers, receive a simple statement every six months and automatically reinvest your dividends.

- **Private Investor Plan**
  A flexible, low cost way to invest with a lump sum from £500 or regular savings from £50 a month.

- **Investment Trust ISA**
  Invest up to £7,000 tax efficiently each year with a lump sum from £500 or regular savings from £50 a month. You can also transfer any existing ISAs.

- **Investment Trust PEP**
  Although you can no longer invest in a PEP, you can transfer existing PEPs without losing their tax efficient status.

- **Child Trust Fund ('CTF')**
  F&C Asset Management is a leading provider of children's investment plans and is currently the only provider to offer an investment trust based CTF. Suitable for children born after 1 September 2002.

- **Children's Investment Plan**
  Suitable for older children ineligible for a CTF, or if you need access to the funds before the child is 18. This flexible plan can easily be written under trust to help reduce inheritance tax liability. Investments can be made from a £250 lump sum or £25 a month.

Potential investors are reminded that the value of investments and the income from them may go down as well as up and you may not receive back the full amount originally invested. Tax rates and reliefs depend on the circumstances of the original investor. Freedom from tax in an ISA or PEP applies directly to the investor.

Low charges

All the plans are low cost and flexible. When you buy or sell shares in these plans the dealing fee is only 0.2%. Government stamp duty of 0.5% also applies on purchases. There are no initial or exit charges. The only annual management fee is on the ISA or PEP, which is £60+VAT (no matter how many tax years' ISAs you take out with F&C Asset Management, or how many ISAs or PEPs you transfer).

The F&C Child Trust Fund has no initial charges, dealing charges or annual management fee.

How to invest

For more information on any of these products, please contact F&C Asset Management's Investor Services Team:

Call us on **0800 136 420**

email at **info@fandc.com**

invest online at **www.fandc.com**

Existing plan holders' enquiry line
0845 600 3030

Or write to:

F&C Asset Management
Freepost RLRY-LYSR-KYBU
Clandeboyne Business Park
West Circular Road
Bangor BT19 1AR

Calls may be recorded.

The information on this page has been approved by F&C Management Limited which is a member of the F&C Asset Management Group and is authorised and regulated by the Financial Services Authority ('FSA').

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 buy shares directly from or sell shares to the Company. The Company is incorporated with limited liability in the Netherlands having its registered office at Weena 210-212, 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 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. The high distribution policy was adopted by the Company from 2001.

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.

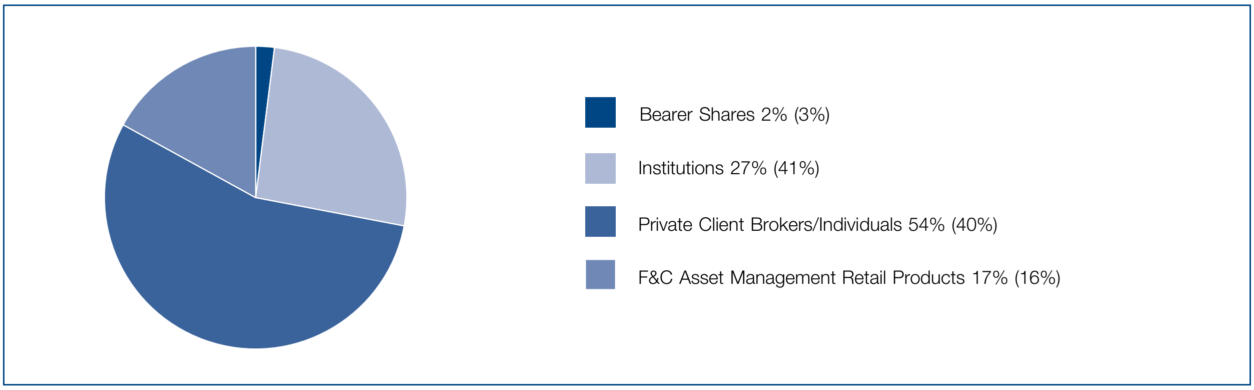
The Company issued 23,297 shares in 2006, 34,225 shares in 2005, 34,886 shares in 2004, 36,011 shares in 2003, 90,189 shares in 2002 and 118,829 shares in 2001 via its scrip dividend option. These shares were issued from the Company's shares held in treasury following the tender offer in 2000. The Company repurchased 2,550,000 of its own shares to be held in treasury in 2005 and sold 605,000 of these shares in 2006. As at 31 December 2006, there were 16,533,475 shares in circulation and 8,403,805 shares held in treasury.

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

	2006	2005
Ordinary Shares	**7,611**	3,110

(excluding bearer shares)

Percentage of Ordinary Shares held at 31 December 2006
(figures in brackets relate to 2005)



Shareholder Information continued

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 was granted a renewal licence by the Authority for Financial Markets on 30 June 2006.

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 1:104 paragraph 1 sub a of the Act on Financial Supervision 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.

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 1996 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
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
2006	**1,000.61**	**14.85**	**0.7325**	**38.2**	**65.4**

*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, Computershare Investor Services PLC, PO Box 82, The Pavilions, Bridgwater Road, Bristol BS99 7NH. 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 Company also has a facility to allow CREST participating shareholders to hold and transfer interests in the shares of the Company within the CREST UK electronic settlement system. The facility is in the form of Depository Interests which is operated by Computershare Investor Services PLC pursuant to a Deed Poll executed under English law. Shareholders that wish to continue to hold their shares in the Company in certificated form on the UK register can continue to do so and their rights are unaffected by the issue of the Depository Interests.

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.

Computershare Investor Services PLC acts as administrator for the purposes of the Company's scrip dividend payments for holders of registered shares. The Administrator's address for correspondence is Computershare Investor Services PLC, PO Box 82, The Pavilions, Bridgwater Road, Bristol BS99 7NH.

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.

Shareholder Information continued

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 of 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.

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

A summary of taxation is set out below. It represents general advice only and should not be construed or read as advice on shareholders own tax positions, as individual circumstances may affect the general tax consequences as described in the summary. Shareholders should consult their own tax advisers with regard to their individual tax position.

Withholding Tax

From 1 January 2007, the Dutch dividend withholding tax rate has been reduced, therefore where withholding tax is applicable to dividends paid by the Company the normal rate is now 15 per cent. The double taxation agreement between the Netherlands and the United Kingdom currently allows a general dividend withholding tax of 15 per cent. Therefore, the procedure for claiming back a proportion of the tax withheld which previously needed to be followed to reduce, where applicable, the effective rate of withholding tax on revenue for United Kingdom resident shareholders of the Company from 25 per cent to 15 per cent, is no longer necessary.

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.

Dividend Taxation

Netherlands Taxation

The information below, is of a general nature only and relates to Dutch law. If you are in any doubt as to your tax position you should contact your own professional adviser.

Dividend withholding tax

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 15 per cent is due. This withholding tax is available as a credit against any United Kingdom tax payable by a United Kingdom resident shareholder in respect of dividends.

Of the dividends paid in 2006, an amount of EUR 2,635,656 has been paid in order to meet the distribution obligations under Dutch tax law in respect of 2005, subject to dividend withholding tax. The remainder of EUR 9,019,740 is charged against the fiscal reinvestment reserve (as a result of which no dividend withholding tax has been withheld on that portion).

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

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 at a 30 per cent tax rate 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 exempt amount, which exempts the first £8,800 (2006/07 tax year) 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 information below, which is of a general nature only and which relates to 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 15 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 as 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).

Shareholder Information continued

Articles of Association

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

1. Shares and distributions

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

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

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

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

2. Financial year and annual statements of account

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

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

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

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

4. General meetings of shareholders

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

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

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

(b) Adoption of the annual accounts.

(c) Fixing of the appropriation of profit.

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

(e) Filling of existing vacancies.

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

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 26 April 2007.

The agenda to be considered is as follows:

1. Opening.
2. Management Board Director's report for the financial year to 31 December 2006.
3. Adoption of the financial statements for the year ended 31 December 2006.
4. Appropriation of profit for the year ended 31 December 2006.
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 Neville Cook to the Supervisory Board.
8. Retirement and re-appointment of Willem Maris to the Supervisory Board.
9. Retirement and re-appointment of Giles Warman to the Supervisory Board.
10. Appointment of Professor Robert van der Meer to the Supervisory Board.
11. Increase the remuneration of the Chairman from €29,900 to €32,890, the Deputy Chairman from €25,300 to €27,830 and the other Directors from €20,700 to €22,770 all with effect from 1 January 2007.
12. Amendment of the Articles of Association of European Assets Trust N.V. It is proposed to amend the Articles of Association of the Company in accordance with the proposal referred to below, as well as to authorise any and all lawyers and paralegals practising with De Brauw Blackstone Westbroek in order to (i) apply for the required ministerial declaration of no-objection on the draft mentioned and (ii) execute the notarial deed of amendment to the Articles of Association.
13. Approval of the corporate governance policy of the Company as set out in this annual report.
14. Any other business.
15. Closing.

An explanation of the agenda, the annual report for 2006 and the data prescribed by mandatory Dutch law with respect to Sir John Ward, Neville Cook, Willem Maris, Giles Warman and Professor Robert van der Meer is deposited at the offices of FCA Management BV and is available for every shareholder. The proposal to amend the Articles of Association of the Company provides for a partial amendment of the Articles of Association. The reason for the amendment is indemnification by the Company of the members of the Management Board and members of the Supervisory Board for reasonable cost incurred by them in conducting a defence against claims based on acts performed in the exercise of their duties.

To be passed, resolution numbers 3 to 11 and 13 require a simple majority of votes cast while resolution number 12 requires a majority of at least three-fourths of votes cast.

FCA Management BV
Rotterdam
2 March 2007

Notice of General Meeting (continued)

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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Investment Managers
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Tel No. 0131 718 1000
Facsimile No. 0131 225 2375

UK Registrars and Transfer Office
Computershare Investor Services PLC
PO Box 82
The Pavilions
Bridgwater Road
Bristol BS99 7NH

Registrar's Shareholder Helpline
Tel No. 0870 707 1550

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