European Assets Trust NV

Annual Report and Accounts

2007

F&C Investments

Contents

aic
The Association of Investment Companies

Illustrative Financial Calendar 2008/09

22 April 2008	General Meeting of Shareholders (Amsterdam)
21 May 2008	Shareholders' and Investors' Briefing (London)
July 2008	Announcement of Interim Results
August 2008	Posting of Interim Report
March 2009	Announcement of Final Results for 2008

Company Summary

The Company

The Company is an investment company with 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 2007 were €228.9 million (£168.1 million).

Objective

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

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

- **Total return* performance over 2007**

	Euro	Sterling
Net asset value per share	–4.8%	+3.7%
HSBC Smaller Europe (ex UK) Index	–3.0%	+5.8%

- **Total return* performance since December 1997 (portfolio refocused)**

	Euro	Sterling
Net asset value per share	+251.8%	+292.5%
HSBC Smaller Europe (ex UK) Index	+193.4%	+225.0%

- **Annual dividend of 6% of net asset value per share (2008: Euro 0.81)**

	Euro	Sterling
January dividend paid per share (further dividends payable in May and August)	27.0c	20.1p

Total Return Performance*

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

Sources: Fundamental Data, HSBC.
The Portfolio was refocused in December 1997.

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

Performance Summary for the Year to 31 December 2007

	Euro 2007	2006	Sterling 2007	2006
Total Return				
Net asset value total return per share*	**(4.8%)**	38.2%	**3.7%**	35.9%
Market price total return per share	**(10.3%)**	45.9%	**(2.2%)**	43.0%
HSBC Smaller Europe (ex UK) Index	**(3.0%)**	33.8%	**5.8%**	31.2%

	Euro 2007	2006	Sterling 2007	2006	Sterling % change
Capital					
Total assets (less current liabilities)	**€228.9m**	€245.5m	**£168.1m**	£165.4m	**1.6**
Net asset value per share – basic	**€13.32**	€14.85	**978.0p**	1,000.6p	**(2.3)**
Net asset value per share – treasury†	**€13.25**	€14.80	**973.1p**	997.4p	**(2.4)**
Market price per share	**€12.17‡**	€14.40‡	**893.5p**	970.0p	**(7.9)**
HSBC Smaller Europe (ex UK) Index	**430.44**	452.05	**316.14**	304.57	**3.8**
Distributions (per share)					
Total distributions paid in cash	**€0.912**	€0.7325	**61.4p**	49.8p	**23.3**
Discount (difference between share price and treasury net asset value)#			**8.2%**	2.7%	
Gearing (100=nil geared position)§					
Actual ratio			**102**	100	
Maximum potential ratio			**102**	104	
Total Expense Ratio					
as percentage of average shareholders' funds¶			**1.30%**	1.30%	
Portfolio Turnover**			**67%**	51%	

2007 Year's Highs/Lows	High	Low	High	Low
Net asset value per share	**€16.51‡**	€12.81‡	**1,121.0p**	923.3p
Market price per share	**€16.55‡**	€12.04‡	**1,122.0p**	886.0p

The largest discount on the ordinary shares during 2007 was 10.7 per cent and the largest premium was 3.5 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.

¶ The 2006 ratio includes a recovery of costs in association with the continuation vote; excluding these amounts the ratio for 2006 was 1.35 per cent.

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

Sources: Fundamental Data/Datastream/HSBC

Chairman's Statement

Sir John Ward CBE Chairman

2007 performance

European Assets Trust's sterling total return* performance remained positive in 2007 in what proved a difficult year for the European smaller company asset class. After a strong first six months of the year, the net asset value gave back most of its gains in the second half but still closed the year 3.7 per cent ahead in sterling total return terms. This compared with a rise of 5.8 per cent in the HSBC Smaller Europe (ex UK) Index which serves as the Company's benchmark for performance measurement purposes. The underperformance versus the benchmark was not due to stock selection, which made a positive contribution over the year as a whole, but rather due to the Company's reduced but still significant exposure to Ireland which was the region's worst performing stockmarket in 2007.

Over the past ten years from the date the portfolio was re-focused on the small to mid-sized asset class, European Assets Trust's net asset value has appreciated by 292 per cent in sterling total return terms compared to an increase of 225 per cent in the benchmark index.

The core European economies continued to grow at around trend rate in 2007, spurred on by strong export activity despite the strength of the Euro against currencies of the region's major trading partners. Capital investment was a further supportive factor in contrast to consumer spending which remained in the doldrums. The combination of higher prices for life's necessities and subdued wage growth dented consumer confidence.

Investors in smaller company shares were not shielded from the dislocation in credit markets which took hold in the summer months and deepened as the year drew to a close. The most immediate consequence was a shift to a more defensive stance in favour of shares in larger-sized enterprises. This led to a correction in share price across the smaller company asset class and in general among financials, consumer discretionary and construction-related stocks.

*capital performance with dividends added back

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 per share of the Company at the end of the preceding year.

In accordance with this policy, the Board has already announced that for 2008 the total dividend will be Euro 0.81 per share. Following on from three years in which the policy resulted in strong dividend growth of 19, 32 and 24 per cent respectively, the 2008 dividend represents a 9 per cent decrease in Euro terms from the level announced in 2007. The 2008 dividend will be paid in three equal instalments of Euro 0.27 (2007: Euro 0.296) per share at the end of January, May and August. The January dividend was paid to shareholders on 25 January 2008 and amounted to 20.1p per share in sterling terms. This represented an increase in the level of the sterling payment compared to the January 2007 amount as a result of depreciation in the sterling exchange rate against the Euro over the year.

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.

The UK government has previously announced proposals indicating that, with effect from 6 April 2008, it is extending the 10 per cent tax credit presently available on UK-sourced dividends to overseas-sourced dividends. This should benefit the Company's UK taxpaying shareholders.

Shareholder support

The Board notes the enthusiastic take-up of the facility for shareholders to hold and transfer their shares within the UK CREST electronic settlement system which has been available to CREST-enabled shareholders since November 2006. Over 85 per cent of the shareholder base now makes use of this facility which speeds settlement of trades and enhances market liquidity. The Board is also pleased to note that share ownership represented by the various individual investment schemes operated by F&C continues to increase and now totals over 21 per cent of the shareholder base.

I would also like to remind shareholders that, should they so wish, they may elect to receive dividends by way of further shares in the Company. 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. Scrip Dividends, to the extent paid from share premium reserve, are subject to UK Capital Gains Tax rules rather than Income Tax rules. Further details on the Scrip Dividend are provided in the 'Shareholder Information' section of this Annual Report and a Scrip Dividend Election form is also enclosed with this Annual Report.

Gearing

The Company possesses a banking facility to allow the Managers to gear the portfolio within the 20 per cent of assets level permitted under the Articles. Any borrowings taken up under this facility 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. No borrowings were drawn down in 2007 as, for much of the year, the Managers maintained a cautious view of the prevailing investment climate. Indeed, the Managers took advantage of elevated prices for a number of existing holdings to bank some profits during the summer such that liquid funds rose as high as 10 per cent of assets during the autumn months. This cash balance was redeployed by the end of the year as markets fell and the prices for existing and new investment prospects once again became more attractive.

Liquidity Enhancement Policy

During 2007 the Company successfully sold a further net 635,000 shares (2006: 605,000) which were held in treasury, raising an additional £7.3 million net (2006: £5.6 million net) for investment.

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 higher volatility exhibited by the small company asset class in the wake of the credit crunch contributed to the discount at which the Company's shares trade relative to net asset value to increase during 2007 from 2.7 per cent to 8.2 per cent, the average being 2 per cent. In accordance with the terms of the liquidity enhancement policy, the Company bought back its own shares into treasury as the discount widened beyond the stated level of 5 per cent.

Outlook

Despite a weak start to 2008, there are reasons to believe that European smaller company share prices may have the opportunity to stage a recovery before too long. Business confidence remains at reasonable levels, as demonstrated by continued merger and

Chairman's Statement continued

acquisition activity. Your Managers believe that the recent de-rating of a number of long-term growth stocks may have run its course. Accordingly, use has now been made of a portion of the Company's borrowing facility to finance additions to existing holdings and several new positions.

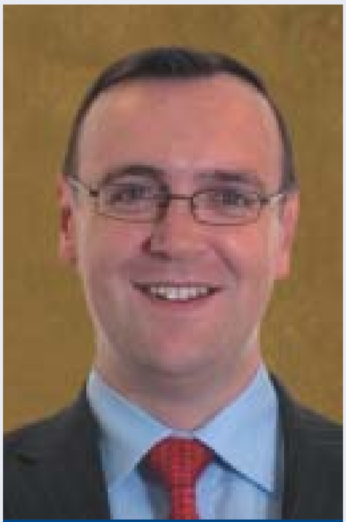
Shareholder Meetings

The Company's Annual General Meeting will be held on 22 April 2008 in Amsterdam. In addition, the Company holds a Shareholders' and Investors' Briefing in London each year. The London briefing will be held on 21 May 2008 at 11.30 am at Pewterers' Hall, Oat Lane, London EC2V 7DE and will include a presentation from the Investment Manager on the Company and its investment portfolio. A light buffet will be served after the Briefing concludes. I hope as many Shareholders as are able will join us for this Briefing. An invitation is included separately with this Report.

Sir John Ward CBE
Chairman
7 March 2008

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 eight years. Before joining F&C Asset Management he spent eight 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 seven 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 seventeen 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 2007). 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 per share 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 remains strong in Europe but slows in some high octane countries. Headline price increases mask otherwise subdued inflation trends.

Economic activity in Europe remained robust in 2007. Preliminary estimates of gross domestic product (GDP) for the 15 Eurozone member states as well as for the broader 27-state European Union grouping put growth at 2.3 per cent. This is only marginally below the rate recorded in 2006 which represented the fastest rate of expansion in six years. Of the individual European countries, Germany, France, Switzerland, the Netherlands and Austria registered broadly steady growth around the average level, Italy and Portugal remained below the average but did not weaken further, whereas in both Spain and Ireland growth slowed markedly in the later part of the year from above-average levels.

The main impetus to growth in 2007 came from export demand, surprisingly in view of the strength of the Euro. Export growth fuelled buoyant manufacturing production and investment expenditure. Consumer spending, by contrast, remained lacklustre throughout 2007 and service industry output dwindled later on in the year. Consumer confidence was held back by rising living costs – visibly in the form of higher food and fuel prices and mortgage payments, less visibly in the form of weak growth in wages as companies sought to protect profit margins from the impact of higher input costs.

Measures of inflation reflected the dual aspects of high prices for basic commodities and depressed consumer demand. Headline inflation in the Eurozone ended the year at an annualised 3.1 per cent, far above the level targeted by the European Central Bank (ECB) of close to but below 2 per cent. Core inflation, which excludes energy and unprocessed food prices, came in at a much more sedate 1.9 per cent, the fifth year in succession that it has held below 2 per cent. This was not enough to prevent the ever-vigilant ECB from hiking the benchmark interest rate by a further half of one per cent to 4 per cent in the first half of the year.

Market Review

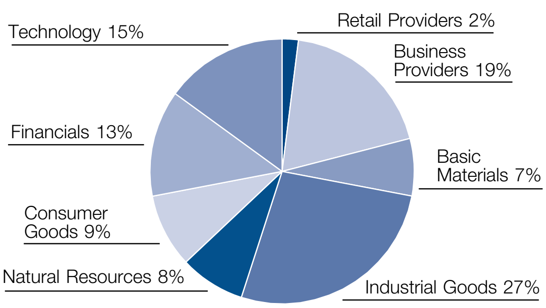
Summary: Strong gains in the first half of the year are surrendered as the credit crunch takes hold and doubts about economic growth surface. Smaller companies underperform larger as investors seek a safe haven.

The ECB would probably have persevered with its monetary tightening had it not been for the bursting of the credit bubble which started in July.

If ever there was a year of stockmarket performance to which the football cliché of a "game of two halves" could be applied, then 2007 was that year. In the first six months of 2007, the HSBC Smaller Europe (ex UK) Index rose by 14.3 per cent in Sterling total return terms; by the end of the year, the gain had been whittled down to 5.8 per cent. In Euro terms, the about-turn was even more dramatic; a similar-sized gain of 14.3 per cent at the half year stage became a loss of 3.0 per cent by end December. The Manager's Review accompanying the 2007 Interim Report had noted that continental European smaller company share prices had until then been buoyed up by private equity buy-outs and corporate mergers which had been facilitated by access to abundant and cheap sources of debt. When these sources suddenly dried up with the implosion of the sub-prime credit market, a major prop to market sentiment was removed.

As the year wore on, it became apparent that the scale of the credit crunch was wider than first imagined. This had repercussions for the continental European smaller company asset class. Equity investors reacted with a flight to safety, favouring larger-sized companies. As the crisis deepened, so this effect was amplified since smaller companies are perceived as being more sensitive to the economic cycle. For the first year since 2000, European smaller company shares underperformed their larger capitalisation counterparts on a relative basis in 2007. Of the constituent countries which make up the HSBC Smaller Europe (ex UK) Index, only three – Portugal, Switzerland and the Netherlands – registered gains in excess of 1 per cent in Euro terms. At the bottom of the league table came Ireland with its substantial weighting in construction-related stocks. In terms of industry sector, the winners in 2007 were utilities, energy and consumer stocks; the losers, financials, telecoms., and consumer discretionary stocks.

Portfolio Split by Sector (as at 31/12/07)



Portfolio Performance and Highlights/Lowlights

Summary: European Assets Trust registers a positive return in Sterling total return terms with the benefit of favourable stock selection. Country allocation acts as a drag.

The net asset value of European Assets Trust rose by 3.7 per cent in Sterling total return terms in 2007, marginally underperforming the benchmark index. Viewed in terms of country allocation, an overweight stance in Austria and Italy detracted slightly from performance, but the main negative was Ireland. Having benefited for a number of years from an overweight stance in Ireland, this position was detrimental in 2007. Exposure to Irish-domiciled companies was reduced during the year but we remain defiant in our allegiance to a number of individual Irish companies.

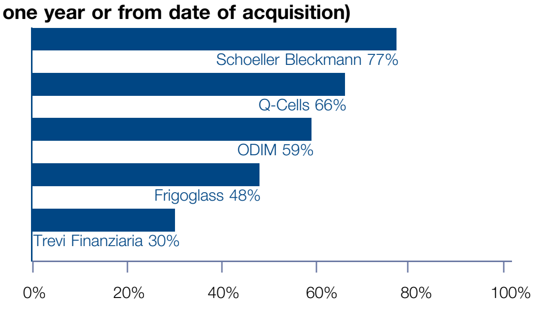
The portfolio of investments for European Assets Trust is not constructed on a country-by-country basis but rather is built on the stock-specific selection of a focused number of names regardless of their country of incorporation. To emphasise this point, we kept faith with a 'lowlight' performer in 2007, **Kingspan**. This Irish-based provider of building materials featured in the list of top five performers in 2006 but was hammered in 2007, falling by 43 per cent in Euro total return terms. To many in the investment community, Kingspan has become associated with a rapidly-cooling residential housing market in Ireland. In fact, less than 10 per cent of the company's turnover is directly linked to Irish new home building; the bulk of the business is dependent on tightening standards for energy conservation which encourage more effective insulation of all buildings, whether commercial or residential, newbuild or renovations/improvements.

Despite the poor showing of Kingspan this year, stock selection made a positive contribution to the Company's overall return in 2007. The table on the next page highlights the top five gainers during the year. Heading the list is oil drilling equipment specialist, **Schoeller-Bleckmann**. This Austrian-based company ranks as the leading supplier globally of drill-string components which help guide a drill bit to richer oil-bearing pockets of a reservoir. At a time of high oil prices when reserves are being depleted quickly, maximum exploitation is vital to an oil producer's success. Schoeller-Bleckmann's substantial order backlog caused the

*capital performance with dividends added back

Manager's Review continued

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



share price to spurt 77 per cent higher in 2007. Next up in the league table is **Q-Cells**, a recent addition to the portfolio. Based in Germany, Q-Cells is now the world's largest producer of silicon cells needed to construct solar energy panels. The explosion in demand for viable alternative sources of energy helped Q-Cells share price to shine with a gain of 66 per cent since initial purchase in August. The number three slot goes to another newcomer to the portfolio and at the same time to another provider of specialist equipment for the oil and gas industry. **ODIM** of Norway has a virtual monopoly of the market for cable handling and recovery systems (winding gear) mounted on the back of vessels employed to conduct seismic research. With shipyards struggling to cope with demand for new seismic vessels, ODIM's share price ratcheted 59 per cent higher since initial purchase in April.

Making an appearance in the league table for the second year in succession is Greek-based company, **Frigoglass**. Shares in this supplier of chilled display cabinets to the world's major beverage producers, notably Coca-Cola, fizzed 48 per cent higher in 2007. Last up to the dais is Italian concern **Trevi Finanziaria.** A family-run enterprise, Trevi provides foundation engineering services and equipment to the construction and energy industries and has built up a significant presence in the Middle East. Strong sales and earnings growth produced a solid share price increase of 30 per cent in 2007.

Gearing

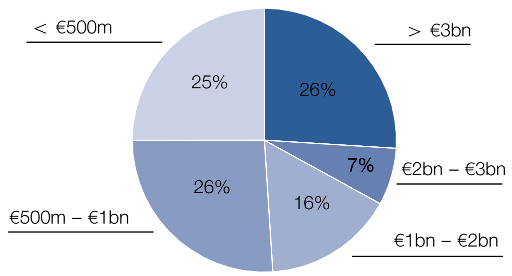
Flexible and clear policy

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

No use of the borrowing facility was made in 2007, reflecting the Manager's cautious assessment of investment opportunities at the time.

As in 2006, the successful implementation of the Company's liquidity enhancement policy brought in additional cash for investment. The funds were used to add to existing holdings and to initiate a number of new positions with positive results.

Portfolio Split by Market Capitalisation (as at 31/12/07)



Portfolio Strategy and Outlook

A sharp de-rating has brought valuations of favoured growth stocks back to attractive levels and prompts increased use of gearing.

Shares in European smaller companies have made an inauspicious start in 2008. Such is the speed and magnitude of individual price falls since the blossoming of the credit crisis last summer that there is potential for a recovery in the short term. Sentiment among investors has deteriorated markedly in the past few weeks and yet business confidence remains relatively robust. Now that aggressive private equity concerns are largely absent from the mergers and acquisitions circuit, companies themselves are stepping in with takeover bids to shore up their franchises for tougher times, in the process supporting share prices across industry sectors in anticipation of a necessary weeding out of weaker competitors. Broker analysts may still be too optimistic in their earnings assumptions for 2008 but share prices of some of our favoured names are now at levels which offer value even using the 'stress test' of applying a low PE multiple to peak cycle earnings which, for many companies, will have been seen in 2007.

With interesting opportunities opening up in existing stock holdings and other investment candidates which had up to now looked too expensive, the Managers have made increased use of the borrowing facility in recent weeks. The portfolio remains focused on stocks which have demonstrated their ability to generate decent returns to shareholders over many years. This is a characteristic of efficiently-run, growth-oriented companies which should continue to outperform value plays in the current economic climate of falling short-term interest rates but rising long-term bond yields.

Crispin Longden
Investment Manager
F&C Investment Business Limited

7 March 2008

Investment Portfolio

Company	Valuation Euro 000's	% of Total Assets	Country of Incorporation
Logitech Logitech is engaged in the design, development, production, marketing and support of peripherals for personal computers. Its products include mice, keyboards, webcams, headsets and advanced remote controls for home entertainment systems.	12,554	5.5	Switzerland
Schoeller Bleckmann Schoeller-Bleckmann Oilfield Equipment is the global market leader in non-magnetic high-precision components for the oilfield service industry. The company provides everything behind the actual drill bit including drill motors, measurement and logging equipment as well as supplying spare parts.	11,240	4.9	Austria
ODIM ODIM is a Norwegian technology company which develops and sells advanced automated handling solutions, primarily cable handling systems and winches for use on offshore and naval vessels. ODIM enjoys a commanding share of the niche market for winding and storage systems mounted on seismic exploration vessels.	10,367	4.5	Norway
Hera Hera is one of Italy's largest municipal utility companies serving the Emilia Romagna region in the prosperous centre-north of Italy. The group is active in the distribution and sale of natural gas, waste management, electricity and water.	10,156	4.4	Italy
Magyar Telekom Magyar is Hungary's leading telecommunications operator offering fixed line, mobile and internet telephony services. Majority owned by Deutsche Telekom, Magyar uses the German company's T-Com and T-Mobile brands for its fixed and mobile activities respectively.	8,821	3.8	Hungary
Q-Cells Q-Cells is the world's second largest solar cell manufacturer. Exclusively producing solar cells, Q-Cells sits right in the middle of the photovoltaic value chain producing traditional mono- and poly-crystalline cells. Q-Cells also invests in 5 different thin film technology companies.	8,410	3.7	Germany
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.	8,360	3.7	Ireland
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.	7,977	3.5	Austria
Partners Group Partners Group is a global alternative asset management company with CHF22bn in investment programmes in private equity, private real estate, hedge funds, private debt and alternative beta strategies. The group manages a range of funds, structured products and customised portfolios for an international clientele of institutional investors, private banks and distribution partners.	7,943	3.5	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.	7,586	3.3	Italy
Ten largest investments	**93,414**	**40.8**	

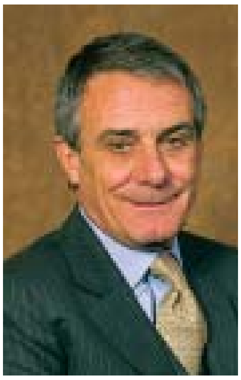
Company	Nature of Business	Valuation Euro 000's	% of Total Assets	Country of Incorporation
Frigoglass	Refrigeration Display Units	7,502	3.3	Greece
Eurofins Scientific	Bio-analytical Testing Company	7,372	3.2	France
Topdanmark	Life Assurance	7,343	3.2	Denmark
Lindt & Sprüngli	Confectionery Manufacturer	6,607	2.9	Switzerland
BW Gas	Gas Transportation	6,568	2.9	Norway
Schweizerhall	Generic Drug Manufacturer and Distributor	6,440	2.8	Switzerland
Piaggio & C.	Motorcycles	6,366	2.8	Italy
Digital Multimedia Technologies	Communications Equipment	6,257	2.7	Italy
Arcadis	Engineering Consultant	6,191	2.7	Netherlands
Anglo Irish Bank	Banks	6,138	2.7	Ireland
Twenty largest investments		**160,198**	**70.0**	
Norkom	Financial Crime Protection Software	5,728	2.5	Ireland
Konecranes	Crane Manufacturing and Servicing	5,541	2.4	Finland
Barón de Ley	Winery	5,470	2.4	Spain
Metris	Co-ordinance Measuring Machinery	5,469	2.4	Belgium
CPL Resources	Recruitment Company	5,392	2.4	Ireland
Manitou	Aerial Platforms	5,281	2.3	France
Ringkjoebing Landbobank	Bank	5,231	2.3	Denmark
Hanse Yachts	Yacht Manufacturer	4,687	2.0	Germany
Indra Sistemas	IT Services and Defence	4,645	2.0	Spain
Grafton Group	Building Materials	4,590	2.0	Ireland
Thirty largest investments		**212,232**	**92.7**	
Landi Renzo	Automotive Supplier	4,275	1.8	Italy
Goldbach Media	Media Advertising	4,088	1.8	Switzerland
Zardoya Otis	Elevators and Escalators	3,723	1.6	Spain
Cytos Biotechnology	Biotechnology	3,634	1.6	Switzerland
TiGenix	Biotechnology	3,365	1.5	Belgium
Protector Forsikring	Non-Life Assurance	1,814	0.8	Norway
Total investments		**233,131**	**101.8**	
Net current liabilities		**(4,210)**	**(1.8)**	
Equity shareholders' funds/total assets (less current liabilities)		**228,921**	**100.0**	

Supervisory Board

Sir John Ward CBE

Chairman

(age 67) 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.

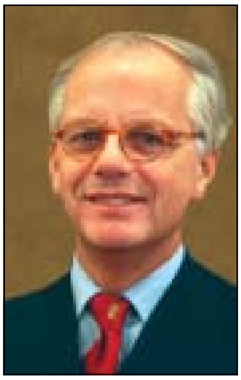


N L A Cook

(age 63) 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.

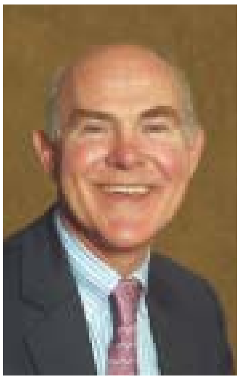
W D Maris

(age 68) has extensive experience in the field of technology in Europe and the US, especially semi-conductors, latterly as CEO of ASM Lithography NV.



R A H van der Meer

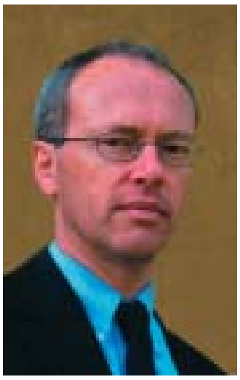
(age 58) was formerly a member of the management board of Fortis. He currently combines a professorship in finance at the Ryksuniversiteit Groningen with several supervisory board positions at quoted companies (Corio, KAS BANK and OBAM) and with non quoted companies as well as advisoryships with pension funds and charities.



G W B Warman

(age 60) 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.

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 2007 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 loss of €12,490,836. Dividends in cash totalling €0.912 per share were paid during 2007. A dividend of €0.27 per share was announced and paid in January 2008. 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 2007, together with the notes, be adopted.

Supervisory Board Directors

The Supervisory Directors who held office at 31 December 2007 are shown on the page of this report entitled 'Supervisory Board'. Professor Syb Bergsma, having attained the age of 70, retired from the Supervisory Board at the 2007 General Meeting.

Sir John Ward and Mr Giles Warman had a beneficial interest of 3,400 shares and 8,830 shares respectively in the Company at 31 December 2007. 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 7 March 2008.

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

Report of the Management Board Director continued

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 €78,124 (including Dutch VAT).

Investment Managers

F&C Investment Business Limited (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.

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 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 2007 there was active use of votes, both for and against where appropriate.

Share Capital

The Company is aware, having been notified, that the following shareholder owned 5 per cent or more of the issued share capital of the Company at 7 March 2008:

	Number of Shares Held	Percentage Held
Friends Provident Life Office	1,838,400	11.0

In addition, F&C Retail Products owned 3,606,825 shares or 21.7 per cent of the issued share capital of the Company at 7 March 2008. F&C only has discretionary voting rights over 232,460 of these shares.

The Company issued 22,516 shares during the year by way of its scrip dividend option and sold 1,470,000 of its own shares from treasury. The Company also bought back 835,000 of its own shares to be held in treasury. The total number of treasury shares held by the Company as at 31 December 2007, since the liquidity enhancement policy was put in place, is 1,310,000.

The Company entered into a Liquidity Enhancement Agreement with F&C 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 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, where there are shareholders wishing to sell and the average share price discount to net asset value measured over a rolling 5 business day period is 5 per cent or more, 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.

Articles of Association

In April 2007, the Shareholders approved an amendment to the Company's Articles of Association providing indemnification for the Supervisory and Management Board Directors.

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 and in Article 121 of the Decree on Market Conduct Supervision of Financial Enterprises ('Bgfo').

This statement concerning the conduct of business relates to the financial year 2007 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
7 March 2008

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 Dutch 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.

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	**2007 Euro**	2006 Euro
Investments			
Securities	1	**233,131,286**	245,328,182
Receivables			
Arising from treasury shares sold	2	**–**	5,163,875
Prepayments and accrued income	3	**266,941**	686,420
		266,941	5,850,295
Other assets			
Cash at bank	4	**–**	4,640,825
Total current assets		**266,941**	10,491,120
Current liabilities			
(due within one year)			
Arising from repurchase of own shares	2	**(3,522,091)**	–
Other liabilities	5	**(467,006)**	(10,000,000)
Accrued liabilities	6	**(488,396)**	(275,698)
		(4,477,493)	(10,275,698)
Total of receivables and other assets less current liabilities		**(4,210,552)**	215,422
Total assets less current liabilities		**228,920,734**	245,543,604
Capital and reserves			
Issued share capital	7	**7,907,856**	7,605,399
Share premium account	8	**32,792,713**	21,462,621
Other reserves	9	**188,220,165**	216,475,584
		228,920,734	245,543,604
Net asset value per ordinary share – basic	10	**13.32**	14.85

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

Revenue Account

for the year ended 31 December

	Notes	2007 Euro	2006 Euro
Income from investments			
Dividends from securities		**4,761,895**	3,711,885
Irrecoverable withholding taxes		**(589,294)**	(501,101)
	11	**4,172,601**	3,210,784
Movements on investments – realised		**45,334,884**	40,541,115
Movements on investments – unrealised		**(58,884,838)**	27,003,835
		(13,549,954)	67,544,950
Interest received		**391,297**	159,448
Income from securities lending		**219,817**	133,523
		611,114	292,971
Total (loss)/income		**(8,766,239)**	71,048,705
Investment management fee	12	**(2,148,077)**	(1,740,583)
Administrative expenses	13	**(1,282,557)**	(1,072,570)
Costs in connection with marketing and the continuation vote	14	**–**	109,233
Interest charges	15	**(293,963)**	(690,611)
Total operating expenses		**(3,724,597)**	(3,394,531)
Net (loss)/income		**(12,490,836)**	67,654,174
Earnings per share		**(0.70)**	4.23

Proposed income allocation

	2007 Euro	2006 Euro
Net (loss)/income	**(12,490,836)**	67,654,174
Dividends	**(16,079,983)**	(11,655,396)
Dividends distributed in shares	**349,366**	291,023
Undistributed income allocated to other reserves	**(28,221,453)**	56,289,801
Earnings per ordinary share	**(0.70)**	4.23
Dividends per ordinary share	**0.912**	0.7325

Earnings per share are based on the net income for the year divided by 17,799,758 (2006: 16,005,941) shares, being the weighted average number of shares in circulation during 2007.

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

Statement of Cash Flows

for the year ended 31 December

	2007 Euro	2006 Euro
Cash flow from investment activities		
Dividends	4,122,444	3,203,184
Purchases of securities	(158,590,509)	(106,414,212)
Sales of securities	157,392,419	112,674,602
Administrative expenses	(1,101,034)	(871,141)
Investment management fees	(2,148,077)	(1,740,583)
Surtax	445,088	(863,708)
Interest received	278,971	212,534
Interest charges	(264,638)	(683,787)
Income from securities lending	203,573	133,523
	338,237	5,650,412
Cash flow from financing activities		
Dividends	(15,730,617)	(11,364,373)
Sale of own shares	27,091,607	3,080,693
Stamp duty paid	(33,966)	(130,963)
Repurchase of own shares	(6,773,092)	(9,371,868)
Loan facility	(10,000,000)	(5,000,000)
	(5,446,068)	(22,786,511)
Cash at bank		
Net decrease for the year	(5,107,831)	(17,136,099)
Balance as at 1 January	4,640,825	21,776,924
Balance as at 31 December	(467,006)	4,640,825

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 Dutch Financial Supervision Act by the Authority for the Financial Markets, the supervisory body in the Netherlands, on 30 June 2006.

The prospectus information prepared for the Company is taken up in the Company's Annual Report and Accounts each year which can be obtained at the Company's registered office. As required under the Dutch Financial Supervision Act the Company has prepared an AO/IC Manual describing its administrative and internal control procedures.

The Annual Accounts 2007 have been prepared in accordance with the Dutch Financial Supervision 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 2006.

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

Investments

Listed investments are valued at the bid price on the valuation date on the relevant stock markets.

Unquoted investments are valued by the Management Board Director. As at 31 December 2007, 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 and resale of shares from treasury.

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 an ex-dividend date 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).

	2007	2006
Danish Krone	**0.13411**	0.13415
Hungarian Forint	**0.00396**	–
Norwegian Krone	**0.12596**	0.12180
Pound Sterling	**1.36156**	1.48423
Swiss Franc	**0.60414**	0.62125
Turkish Lira	**–**	0.53536

Statement of cash flows

The statement of cash flows is prepared using the direct method.

Notes to the Accounts

1 Investments

	2007 Euro	2006 Euro
Listed investments as at 31 December incorporated in:		
Austria	**19,217,057**	17,117,500
Belgium	**8,833,150**	6,350,080
Denmark	**12,573,089**	15,208,263
Finland	**5,541,300**	11,822,434
France	**12,652,730**	32,271,352
Germany	**13,097,191**	13,687,947
Greece	**7,502,000**	9,925,300
Hungary	**8,821,202**	–
Ireland	**30,208,190**	44,695,919
Italy	**34,639,919**	32,000,320
Netherlands	**6,190,529**	4,644,000
Norway	**18,749,438**	17,411,622
Spain	**13,838,344**	22,333,459
Switzerland	**41,267,147**	14,995,807
Turkey	**–**	2,864,179
	233,131,286	245,328,182

There were no unquoted investments at 31 December 2007 and 2006.

Securities lending

As at 31 December 2007, shares were lent out with a market value of €70,824,985. For that, collateral is received in the form of Dutch government bonds with a market value as at 31 December 2007 of €74,444,406. 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.

	2007 Euro	2006 Euro
The changes in securities are shown below:		
Market value as at 1 January	**245,328,182**	184,159,422
Purchases during the year	**158,590,509**	106,444,072
Sales during the year	**(157,237,451)**	(112,820,262)
	246,681,240	177,783,232
Change in value and results on realisation	**(13,549,954)**	67,544,950
Market value as at 31 December	**233,131,286**	245,328,182

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

During 2007 the Company sold 1,470,000 of its own shares in various transactions (2006: 605,000 shares were sold) and purchased a total of 835,000 shares in various transactions (2006: nil). The repurchase and sale of treasury shares were in accordance with the stated policy and conditions set by the Company during 2005 for the buy-back and sale of shares.

The net proceeds of the sales transactions in 2007 amounted to €21,927,732, equal to an average price of €14.92 per share. The repurchases of own shares in 2007 amounted to €10,295,183 equal to €12.33 per share, of which an amount of €3,522,091 was settled and paid shortly after the end of the financial year.

The net proceeds for the sales transactions in 2006 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 in 2007.

3 Prepayments and accrued income

Prepayments and accrued income at 31 December 2006 included an amount receivable of €445,088 from the Dutch Tax Authorities in connection with tax surcharge overpaid. This amount was received in 2007.

4 Cash at bank

Cash at bank comprises amounts in Euros.

5 Other liabilities

This item consists of:

	2007 Euro	2006 Euro
Bank overdraft	**467,006**	–
Bank facility	**–**	10,000,000
	467,006	10,000,000

The Company has a banking facility with The Royal Bank of Scotland plc. The total banking facility available to the Company amounts to €45,000,000 (2006: €35,000,000) of which the Company had no amounts drawn down at 31 December 2007 (31 December 2006: €10,000,000).

6 Accrued liabilities

This item includes accrued expenses and creditors.

7 Issued share capital

The Company is an investment company with a variable capital.

	2007 Shares	**2007 Euro**	2006 Shares	2006 Euro
Balance as at 1 January	**16,533,475**	**7,605,399**	15,905,178	7,316,382
Stock dividend	**22,516**	**10,357**	23,297	10,717
Treasury shares sold (see note 2)	**1,470,000**	**676,200**	605,000	278,300
Shares repurchased (see note 2)	**(835,000)**	**(384,100)**	–	–
Balance as at 31 December	**17,190,991**	**7,907,856**	16,533,475	7,605,399

	2007 Euro	2006 Euro
30,000,000 authorised shares of €0.46 each (2006: same)	**13,800,000**	13,800,000

The number of shares as at 31 December 2007 amounts to 24,937,280, of which 7,746,289 (31 December 2006: 8,403,805) shares are held by the Company in treasury.

8 Share premium account

	2007 Euro	2006 Euro
Balance as at 1 January	**21,462,621**	13,507,070
Decrease as a result of stock dividend	**(10,357)**	(10,717)
Decrease as a result of shares repurchased	**(9,911,083)**	–
Increase as a result of treasury shares sold	**21,251,532**	7,966,268
Balance as at 31 December	**32,792,713**	21,462,621

9 Other reserves

	2007 Euro	2006 Euro
Balance as at 1 January	**216,475,584**	160,316,746
Add: net (loss)/income	**(12,490,836)**	67,654,174
Less: interim dividends paid in cash	**(15,730,617)**	(11,364,373)
Less: stamp duty paid on shares repurchased in prior year	**(33,966)**	(130,963)
Balance as at 31 December	**188,220,165**	216,475,584

10 Net asset value/net income

Comparative figures for development in capital and income:

	2007 Euro	2006 Euro	2005 Euro	2004 Euro	2003 Euro
Net asset value	**228,920,734**	245,543,604	181,140,198	161,191,775	143,005,416
Number of shares	**17,190,991**	16,533,475	15,905,178	18,420,953	18,386,067
Net asset value per share	**13.32**	14.85	11.39	8.75	7.78
Dividend income	**4,172,601**	3,210,784	2,909,057	2,274,166	1,963,954
Movements on investments	**(13,549,954)**	67,544,950	56,299,928	26,491,530	32,644,628
Interest/other income	**611,114**	292,971	371,237	272,300	404,649
Total (loss)/income	**(8,766,239)**	71,048,705	59,580,222	29,037,996	35,013,231
Administrative expenses	**(1,282,557)**	(1,072,570)	(954,148)	(867,300)	(902,050)
Investment management fee	**(2,148,077)**	(1,740,583)	(1,564,906)	(1,170,264)	(919,514)
Costs in connection with marketing and the continuation vote	**–**	109,233	(589,112)	–	–
Interest charge	**(293,963)**	(690,611)	(452,043)	(233,994)	(236,703)
Corporation tax benefit/(surcharge)	**–**	–	1,736	(311,000)	22,560
Exceptional benefits	**–**	–	–	–	5,978,498
Net (loss)/income	**(12,490,836)**	67,654,174	56,021,749	26,455,438	38,956,022
Income per share*	**0.27**	0.22	0.18	0.14	0.13
(Losses)/gains on investments per share*	**(0.76)**	4.22	3.12	1.44	1.78
Expenses per share*	**(0.21)**	(0.21)	(0.20)	(0.14)	0.21
Net (loss)/income per share*	**(0.70)**	4.23	3.10	1.44	2.12
Dividends paid per share	**0.912**	0.7325	0.555	0.465	0.37
Expense ratio	**1.30%**	1.30%	1.69%	1.59%	1.58%

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

11 Income

	2007 Euro	2006 Euro
Interest and dividends from securities, after deduction of irrecoverable taxes, are related to investments in:		
Austria	**296,310**	215,050
Belgium	**–**	42,683
Denmark	**136,806**	–
Finland	**414,885**	412,079
France	**1,081,879**	811,186
Germany	**256,171**	121,119
Greece	**92,800**	25,167
Ireland	**405,436**	469,266
Italy	**261,077**	283,042
Netherlands	**150,000**	–
Norway	**603,020**	319,222
Spain	**361,504**	462,896
Switzerland	**84,304**	49,074
Turkey	**28,409**	–
	4,172,601	3,210,784

12 Investment management fee

	2007 Euro	2006 Euro
Remuneration of the Investment Manager	**2,148,077**	1,740,583

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

	2007 Euro	2006 Euro
Remuneration of the Supervisory Directors	**122,812**	122,468
Remuneration of the Management Director	**78,124**	77,850
Auditor's remuneration	**54,853**	65,033
Fund administration fee	**133,225**	78,985
Broker and distribution fees	**197,397**	22,840
Advisory costs	**36,504**	186,519
Other expenses	**659,642**	518,875
	1,282,557	1,072,570

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

Notes to the Accounts continued

14 Costs in connection with marketing and the continuation vote

As a result of the actual costs in connection with marketing and the continuation vote being less than the accrued costs as at 31 December 2005, an amount of €109,233 was released and credited to the income statement in 2006.

15 Interest charges

	2007	2006
	Euro	Euro
Interest on bank facility	**290,568**	660,869
Interest paid on tax returns and other interest paid	**3,395**	29,742
	293,963	690,611

16 Financial instruments and risk management

General

In the normal course of its business, the Company holds a portfolio of equities and other securities, and manages investment activities with on-balance sheet risk. Equities and other securities are valued at fair value. 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.

Foreign currency risk management

The Company reports its results and financial position in Euros. The Company's main activity is to invest in small and medium-sized companies in Continental Europe whereby a majority of the Company's investments concern companies with listings and activities in the European Monetary Union. The exposure to (Continental) European currencies other than the Euro is considered limited relative to the size of the total investments by the Company.

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. The Company may use borrowings to seek to enhance returns for shareholders. This may include the use of financial instruments; such financial instruments are valued at fair value.

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.

17 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 used, the amount of turnover is determined by the sum of purchases and sales of investments less 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 2007 is 107.4% (2006: 101.3%).

18 Expenses 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 per cent for the financial year (2006: 1.30 per cent). 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.

19 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 Investment Business Limited, these placements or transactions took place at arm's length. During the year 2007 there were no fund or investment transactions between these related parties and the Company.

20 Interests of the Supervisory and Management Board Directors

The Supervisory Board Directors and the Management Board Director collectively had no interests in securities held in the Company's portfolio at 31 December 2007 with the exception of 100,000 options on shares and 125,000 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 2007, Sir John Ward and Mr Giles Warman, Supervisory Board Directors, held 3,400 shares and 8,830 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 2007.

Notes to the Accounts continued

21 Remuneration of the Supervisory and Management Board

The remuneration of the Chairman of the Supervisory Board was paid at the annual rate of €32,890 (2006: €29,900), the deputy Chairman €27,830 (2006: €25,300), and the other Directors €22,770 (2006: €20,700). The remuneration of the Managing Director, FCA Management BV, amounted to €78,124 (2006: €77,850).

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.

22 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

The Management Board Director

FCA Management BV

The Supervisory Board
Sir John Ward CBE, Chairman
N L A Cook
W D Maris
Professor R A H van der Meer
G W B Warman
Rotterdam
7 March 2008

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: 33.20%*. 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: 21.84%**. 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 8.30%** are exercised by F&C Asset Management and 13.54%** only at and in accordance with the instructions of these clients and strictly for their benefit.

*This concerns the percentage as at 7 March 2008. At 31 December 2007 the Company held 31.06% 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 €0.27 per share on 3 January 2008. This dividend was paid from the other reserves on 25 January 2008. During the year 2008, the total distributions are expected to be €0.81 per share, payable in equal instalments in January, May and August.

Auditor's Report

To: the shareholders of European Assets Trust N.V.

Report on the annual accounts

We have audited the annual accounts 2007 of European Assets Trust N.V., Amsterdam. The annual accounts comprise the balance sheet as at 31 December 2007, the revenue account, the statement of cash flow 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 Act on Financial Supervision, and for the preparation of the Report of the Management Board Director 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

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 2007, and of its result for the year then ended in accordance with Part 9 of Book 2 of the Netherlands Civil Code and the Act on Financial Supervision.

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, 7 March 2008

for Ernst & Young Accountants
signed by

M. Hagers

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 twice 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.

The following table sets out the number of Board and Shareholder meetings held during the year ended 31 December 2007 and the number of meetings attended by each Director. Professor Syb Bergsma retired from the Supervisory Board at the Company's General Meeting held on 26 April 2007. Professor Robert van der Meer was appointed as a Supervisory Director at that Meeting.

	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	2	2	1	1
N L A Cook	4	4	2	2
W D Maris	4	4	2	1
Professor R A H van der Meer	2	2	1	0
G W B Warman	4	4	2	2

Corporate Governance (detail) continued

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

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

Procedures are in place to address the Company's system of internal control. 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

Corporate Governance policy and framework of European Assets Trust

European Assets Trust is a financial product organised in the form of a listed public limited company/investment company with variable capital/investment institution governed by the provisions of the Wft, the Dutch Act on Financial Supervision. European Assets Trust does not have its own business organisation.

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 Tabaksblat Code on 9 December 2003 (the 'Code') as part of its guideline, insofar as this is advisable and possible in its opinion.

As the Company is an externally managed investment institution without its own organisation, it is not possible 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. These cannot be applied in the case of European Assets Trust, because its statutory management and investment management have been outsourced to FCA Management B.V. ('FCA Management') 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, the Company's Articles of Association provide indemnification for the directors by the Company. The provisions of the Code that relate to the appointment and remuneration of management are therefore not complied with.

European Assets Trust, like all Dutch regulated investment institutions, is subject to detailed and clearly described conditions and an associated unambiguous remuneration structure and corporate governance structure. It is covered by the regime of Wft and subject to the supervision of Autoriteit Financiële Markten. The conditions that apply to

European Assets Trust offer investors clarity in advance about what they are entitled to expect from an investment in European Assets Trust and place specific demands on management, reporting and information supply, as well as the accountability of the managers of investment institutions to investors. No amendments to the conditions can and may be made without the approval of the Supervisory Board and due observance of the restrictions of the Wft.

European Assets Trust is licensed under the Wft.

Responsibility of Institutional Investors under the Code

The principles and provisions of the Code with regard to the responsibility of institutional investors as laid down in the Code do apply to all institutional investors including European Assets Trust. The Investment Manager, in the absence of explicit instructions from the Supervisory Board in a specific case, is empowered to exercise discretion in the use of the Company's voting rights. Only when 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.

Annual discussion with shareholders about corporate governance framework during shareholders' meeting

The topic of corporate governance has been part of the agenda for each general meeting of shareholders since 2004. The corporate governance policy, including the remuneration policy, and the corporate governance framework of European Assets Trust have been approved by the shareholders in that year for the first time. In the General Meeting of shareholders held in April 2007, the shareholders have once again approved the current corporate governance framework and in line with the Company's intention to do so annually the subject has again been scheduled for discussion at the upcoming General Meeting of shareholders on 22 April 2008.

Management and Supervisory Board will give the required attention to the subject during the current year. If preferable or required, the valid framework and policies and practice will be adjusted and improved. In doing this, the legal requirements which, as of 1 January 2007, have been included to a considerable extent in the Dutch Act on Financial Supervision, as well as the principles and 'best practices' of the Code, as far as appropriate, will be taken into account.

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

Based on 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 on 9 December 2003 (the 'Code'). European Assets Trust assumes that, with the introduction of the Dutch Act on Financial Supervision on 1 January 2007, the Code does not/ no longer applies to externally managed investment institutions such as European Assets Trust. Nevertheless, European Assets Trust makes the following statement:

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

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 22,516 shares in 2007, 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. In 2007 the Company sold 1,470,000 of its own shares from treasury and repurchased 835,000 of its own shares to be held in treasury. As at 31 December 2007, there were 17,190,991 shares in circulation and 7,746,289 shares held in treasury.

Total Number of Shareholders

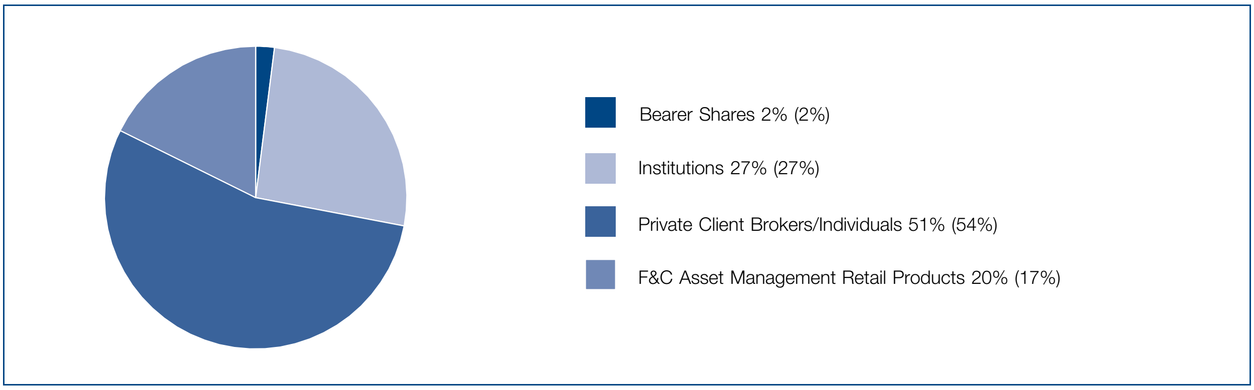
(figures include F&C Asset Management Retail Products)

	2007	2006
Ordinary Shares	**11,537**	7,611

(excluding bearer shares)

Percentage of Ordinary Shares held at 31 December 2007

(figures in brackets relate to 2006)



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	73.5
2007	**978.02**	**13.32**	**0.912**	**(4.8)**	**65.1**

*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 per share 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, broker and distribution fees, 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 2007, an amount of EUR 2,768,206 has been paid in order to meet the distribution obligations under Dutch tax law in respect of 2006, subject to dividend withholding tax. The remainder of EUR 13,311,777 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.

Under current UK tax legislation, 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.

Under proposals announced in 2007, a non-repayable UK tax credit, equal in amount to one-ninth of the amount of the dividend, will accompany dividends paid after 5 April 2008 by non-UK companies to qualifying UK resident individual shareholders. An individual will qualify for this tax credit if he owns less than 10 per cent of the shares of the Company in question and if his dividends from non-UK companies are less than £5,000 in any one fiscal year. Details of this tax credit arrangement are expected to be included in the Finance Bill 2008.

Subject to the above and under current UK tax legislation, 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 Resale 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 £9,200 (2007/08 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.

Shareholders should note, however, that the Government has indicated an intention to abolish taper relief on all chargeable gains realised after 5 April 2008; to the extent that gains on disposals of shares, together with other gains less allowable losses in a fiscal year, exceed the annual exempt amount (£9,200 for 2007/08) individuals will be taxable at a flat rate of 18 per cent.

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.

- Resale of shares held in treasury

  A resale 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 resold 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).

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 members of the Supervisory Board and Management Board shall be reimbursed for (i) reasonable costs of conducting a defence against claims based on acts or failures to act in the exercise of their duties, (ii) any damages or fines payable by them as a result of an act or failure to act as referred to under (i), and (iii) reasonable costs of appearing in other legal proceedings in which they are involved as current or former director.

(g) 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.

(h) 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.

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

(j) 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.

(k) 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.

(l) 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 22 April 2008.

The agenda to be considered is as follows:

1. Opening.
2. Management Board Director's report for the financial year to 31 December 2007.
3. Adoption of the financial statements for the year ended 31 December 2007.
4. Appropriation of profit for the year ended 31 December 2007.
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. Approval of the corporate governance policy of the Company as set out in this annual report.
9. Increase the remuneration of the Chairman from €32,890 to €34,535, the Deputy Chairman from €27,830 to €29,222 and the other Directors from €22,770 to €23,909 all with effect from 1 January 2008.
10. Any other business.
11. Closing.

An explanation of the agenda, the annual report for 2007 and the data prescribed by mandatory Dutch law with respect to Sir John Ward and Neville Cook is deposited at the offices of FCA Management BV and is available for every shareholder.

To be passed, resolutions numbers 3 to 9 require a simple majority of votes cast.

FCA Management BV
Rotterdam
7 March 2008

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)
N L A Cook
W D Maris
Professor R A H van der Meer
G W B Warman

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Registrar's Shareholder Helpline
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