

27 NOVEMBER 2018

EUROPEAN ASSETS TRUST N.V.

**Explanatory Notes To
Common Draft Terms of Merger
(Board Report)**

EUROPEAN ASSETS TRUST N.V. BOARD REPORT

THE UNDERSIGNED:

FCA Management B.V., the sole member of the management board of European Assets Trust N.V., a public limited liability company (*naamloze vennootschap*), incorporated and governed under the laws of the Netherlands, with corporate seat in Rotterdam, and address at: Weena 210, 3012 NJ Rotterdam, the Netherlands, registered at the Trade Register under number: 33039381 ("**EAT NV**" and also the "**Disappearing Company**"),

1. Common Draft Terms of Merger; further information

- 1.1 In this board report, capitalised terms have the meaning given thereto in the Common Draft Terms of Merger prepared by EAT NV and European Assets Trust PLC, a public limited liability company, incorporated and governed under the laws of England and Wales under the Companies Act 2006, having its registered office in Exchange House, Primrose Street London, EC2A 2 NY, registered at the Registrar of Companies under number: 11672363 ("**EAT PLC**" and also the "**Acquiring Company**", and together with the Disappearing Company, the "**Merging Companies**").
- 1.2 Further information on the Merger, which is not required to be included in this document pursuant to the Dutch Civil Code, will be made available by the Merging Companies on the website of the manager of the Merging Companies (www.bmogam.com/european-asset-trust). Shareholders and other interested parties are encouraged to also read the other materials made available.

2. Reasons for the Merger

- 2.1 The overwhelming majority of EAT NV's shareholders are resident in the United Kingdom. On 16 November 2018 EAT NV announced a plan to migrate the domicile of EAT NV to the United Kingdom.
- 2.2 The board of EAT PLC believe that the benefits associated with the proposed Merger will include:
- (a) a simplified corporate structure. The Company will become a United Kingdom resident investment trust, an investment vehicle that is widely accepted and understood in the UK intermediated and direct (retail) marketplace;
 - (b) a single jurisdiction for current and future regulation – the United Kingdom;
 - (c) a reduction in the ongoing charges rate; and
 - (d) a premium listing on the London Stock Exchange and expected inclusion in the FTSE UK Index Series. EAT PLC will not be listed in the Netherlands.

3. Consequences with respect to the activities of the Merging Companies

It is intended that EAT PLC will continue the activities of EAT NV in the same manner.

4. Consequences from an economic perspective

The economic consequences of the Merger are that the listing at Euronext Amsterdam will be terminated.

The Merger is also expected to have the economic consequences as set out in paragraph 2.2 above.

5. Consequences of the Merger from a legal perspective

The consequences of the Merger from a legal perspective are described in paragraph 7 (*Consequences of the Merger*) of the Common Draft Terms of Merger.

6. Consequences of the Merger from a social perspective



The consequences of the Merger from a social perspective are described in paragraph 16 (*Likely effects of the Merger on the Acquiring Company and Disappearing Company employees*) of the Common Draft Terms of Merger.

7. Valuation Method, Determination of the Exchange Ratio

- 7.1 Pursuant to the Merger Proposal, one EAT PLC Share will be allotted and issued for each EAT NV Share issued and outstanding at the Effective Date.
- 7.2 Before the Effective Date, the Disappearing Company will be the sole shareholder of the Acquiring Company.
- 7.3 The Exchange Ratio was determined on the basis that the Merger is a restructuring with no dilution of the economic interest of EAT NV Shareholders. A EAT NV Share before the Merger represents the same economic interest in the Disappearing Company's assets and liabilities, as a EAT PLC Share will represent after the Merger and will have the same fair value, notwithstanding the Withdrawal Right.
- 7.4 No other methods than the abovementioned method to determine the Exchange Ratio have been used. Therefore the relative weight of other possible methods is not addressed in the explanatory notes to the Common Draft Terms of Merger.
- 7.5 There have been no particular difficulties in preparing the valuation of the assets and liabilities which will be transferred to EAT PLC or with the determination of the Exchange Ratio.

This Board Report has been signed on the date stated at the beginning of this document by:

EUROPEAN ASSETS TRUST N.V.

 FCA Management B.V. By: Mr W.O.C.M. van Twijver Title: managing director	 FCA Management B.V. By: Mr T.C. Koster Title: managing director
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