

European Equity Tranche Income Limited ("EETI" or the "Company")**Quarterly dividend and estimated net asset value ("NAV")****Quarterly dividend**

The Directors have declared an interim dividend of EUR 0.005 per each Ordinary Share payable in respect of the quarter ended 30 June 2008. This dividend will be payable on 15 August 2008 to holders of record on 1 August 2008. The corresponding ex-dividend date will be on 30 July 2008.

Estimated NAV

The estimated NAV of an Ordinary Share in the Company is calculated as being EUR 0.7130 as at 30 June 2008.

This estimated NAV of an Ordinary Share is provided for indication purposes only and should not be relied upon for investment decisions. As some of the Company's assets are not freely traded it is not possible to obtain prices from an independent third party source and such assets have been valued by the Investment Manager using pricing models designed by the Investment Manager and reviewed by the Company's Auditors.

The above estimated NAV of an Ordinary Share has been calculated by the Administrator using asset valuation information provided by the Investment Manager which, whilst being considered as received from a reliable source, is itself in part 'estimated' and accordingly none of the Company, the Investment Manager, the Auditors nor the Administrator accept any responsibility for the accuracy of the estimated NAV figure given, and neither is any responsibility implied.

Portfolio Update

In the Company's announcement on 1 May 2008 attention was drawn to the increased level of prepayments on its Italian investments. It was noted that although the prepayment rates were running at around 15 per cent., it was expected that they would reduce in subsequent quarters and therefore a provision was made on the assumption that long term prepayment rates would fall back to around 10 per cent. This has not proved to be the case and prepayments in the most recent quarter have increased to an average over the Company's Italian investments of around 18 per cent. In other parts of EETI's portfolio, such as Spain and Portugal, prepayment rates have declined sharply as credit conditions have tightened and prepayment becomes a less feasible option. For example, in one of the Company's Portuguese investments, prepayment rates have dropped from 13.2 per cent. six months ago, to 9.2 per cent. in the most recent quarter. In light of the current level of prepayment rates in the Italian investments, the Company has assumed these rates rise to 20 per cent. in the next three quarters and then decline over a period of time to 12.5 per cent. On these assumptions and allowing for some increase in defaults, EETI has taken a further provision of EUR 11.3 million which, when added to the earlier provisions, means that the original investment of EUR 47.7 million is now held in the books at EUR 16.9 million.

Our other investments continue to perform in a satisfactory manner and the Board will be giving further information on the portfolio in due course.

Enquiries:

Ocean Capital Associates LLP
Edouard Bridel 020 7307 0880

Arbuthnot Securities Limited
Alastair Moreton 020 7012 2138

Anson Fund Managers Limited
Secretary 01481 722260

END OF ANNOUNCEMENT