

31 July 2007

European Equity Tranche Income Limited ("EETI" or the "Company")

Investment Portfolio

Following the latest Investment Update on 13 July 2007 Ocean Capital Associates LLP, the Investment Manager of the Company, is pleased to provide further details of the Company's investment portfolio.

As of 30 July 2007 and as set out in the table below, the investment portfolio currently comprises:

- 13 investments in Continental European prime residential mortgage backed securities ("RMBS").
- 1 investment in a German granular multi-family commercial mortgage backed securities ("CMBS").
- 1 investment in a UK, prime niche RMBS.

The key highlights of the the Company's investment portfolio are as follows:

- The current IRR of the portfolio is 10%
- The current IRR of all assets purchased by the Company is between 9% and 11%
- The above IRR are booked under a base case, loss-adjusted scenario determined by the Investment Manager and reviewed by the Auditors of the Company.
- Since inception and up to 30 July 2007 the portfolio has generated a total cash flow of EUR 13.4 million (including interest and principal but excluding assets sales). This cash flow is in line with the projections of the base case scenario.
- On 15 July 2007, the Company sold its investment in a rated security collateralised by Austrian auto loans purchased in October 2006 for EUR 8.1 million; this sale generated a profit of approximately EUR 25,000. No other disposals have been made by the Company since inception.
- Geographical Breakdown

Country	% of Portfolio Book Value as of 30 July 2007
Italy	34%
Portugal	22%
Spain	16%
Netherlands	10%
Germany	9%
UK	6%
France	3%
Total	100%

EETI INVESTMENT PORTFOLIO AT 30 JULY 2007

		Current	Original	Current			
		rating by	Average	Portfolio	Originator /	Purchase	Underlying Collateral
Underlying Issue	Country	SP/F/M	LTV ⁽¹⁾	Seasoning ⁽²⁾	Servicer	Date	at Origination
Lusitano Mortgages 3 plc Class E Notes	Portugal	NR	73%	4.7 years	Banco Espirito Santo SA	May 2006	Approx. 21,500 first or consecutive lien prime residential mortgages
Lusitano Mortgages 4 plc Class B of Citrine Finance plc Series 2006-3	Portugal	NR	74%	3.6 years	Banco Espirito Santo SA	May 2006	residential mortgages consecutive lien prime residential mortgages
Lusitano Mortgages 5 plc Class E Notes	Portugal	NR	72%	2.7 years	Banco Espirito Santo SA	Dec 2006	Approx. 22,350 first or consecutive lien prime residential mortgages
Stichting Memphis 2006-1 Class G Notes	Netherlands	NR/B/B2	92% ⁽⁵⁾	3 years	ING (and/or affiliates)	July 2006	Approx. 18,320 first or consecutive lien prime residential mortgages
Shield 1 BV Class F Notes	Netherlands	B/B/B2	80%	5 years	ABN AMRO (and/or affiliates)	May 2006	Approx. 154,000 first or consecutive lien prime residential mortgages
FCC Minotaure 2004-1 Class R Notes	France	NR	n.a.	2.3 years	Electricite de France (EDF)	May 2006	Approx. 12,350 housing loans to employees of EDF, GDF, RTE or GRTGaz
Sestante Finance Srl (Sestante 2) Class C of Citrine Finance plc Series 2006-2	Italy	NR	69%	3.2 years	Meliiorbanca SpA (and/or affiliates)	May 2006	Approx. 5,180 first lien prime residential mortgages
Sestante Finance Srl (Sestante 3) Class B of Citrine Finance plc Series 2006-1	Italy	NR	69%	2.5 years	Meliiorbanca SpA (and/or affiliates)	May 2006	Approx. 6,850 first lien prime residential mortgages
Sestante Finance Srl (Sestante 4) Class D Notes ⁽³⁾	Italy	NR	70%	1.6 years	Meliiorbanca SpA (and/or affiliates)	Dec 2006	Approx. 4,750 first lien prime residential mortgages
Ludgate Funding plc (Series 2006-FF1) Residual Certificates and Mortgage Early Repayment Certificates	UK	NR	80 %	1.6 years	Mortgages plc (an affiliate of Merrill Lynch)	Dec 2006	Approx. 2,750 first lien niche prime residential mortgages

Semper 2006-1 plc ⁽⁴⁾	Germany	NR	65%	8.7 years	Eurohypo AG	June 2007	Approx. 647 loans first or second lien multifamily commercial mortgages backing 137,955 flats
IM Pastor 2 ⁽³⁾	Spain	NR	61 %	5 years	Banco Pastor SA	June 2007	Approx. 9,776 first lien prime residential mortgages
IM Pastor 3 ⁽³⁾	Spain	NR	67 %	3 years	Banco Pastor SA	June 2007	Approx. 8,064 first lien prime residential mortgages
IM Pastor 4 ⁽³⁾	Spain	NR	64 %	2 years	Banco Pastor SA	June 2007	Approx. 6,887 first lien prime residential mortgages
Provide Gems	Germany	NR/BB-/Ba1	88 % ⁽⁵⁾	8 years	Eurohypo AG	July 2007	Approx. 19,996 second lien prime residential mortgages

Source: Offering circulars, investor presentations and investment manager.

Notes:

(1) Original Average LTV is the weighted average loan-to-value ratio of the mortgage pools at issuance of the transactions.

(2) Current Portfolio Seasoning is the estimated weighted average seasoning (or age) of the underlying mortgage pools as of 30 July 2007.

(3) These investments are owned by EETI Finance LTD, an Irish Based investment vehicle managed by Ocean Capital Associates LLP, the investment manager.

(4) The investment is structured as a credit-linked note with Commerzbank AG.

(5) Note that for Memphis and Provide Gems the LTV indicated is the current LTV as of the latest reporting date.

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END OF ANNOUNCEMENT