

The Establishment Investment Trust plc

Interim Management Statement covering the period 1st April 2008 to 31st July 2008

Material Events

There are no material events to report in the period under review.

Material Transactions

There has been no significant or strategic alteration to the portfolio or investment strategy in the period under review. The top ten equity holdings, the top ten absolute return vehicles and bond holdings and the Company's currency, market and sector exposure are detailed on the BDT Invest website. A dividend of 1.7p per share was paid to shareholders on 23rd July 2008.

General description of financial position

The gross assets of the Company stood at £33.8mn at the end of July, the net assets stood at £30.2mn. This represents a decrease of 13.1% and 8.1% respectively from 31st March 2008. Gearing stood at 11.9% at the end of July compared to 18.4% at 31st March 2008.

General description of financial performance

The share price fell from 145.0p at 31st March 2008 to 134.0p at 31st July 2008, a decrease of 7.6%. The net asset value fell from 164.39p to 151.11, a decrease of 8.0%. Including dividends paid the total return of the share price and the net asset value was -6.4% and -7.0% respectively. The discount thus narrowed from 11.8% to 11.6%. For comparative purposes the FTSE APCIMS Private Investor Series Balanced Portfolio Total Return Index fell 3.5% over the period.

Performance Review

The share price fell 5.6% during July while the net asset value suffered a decline of 7.4%. In Sterling terms the MSCI World Index fell 2.0%, MSCI Japan Index declined 3.0% and the MSCI Asia ex Japan Index dropped 0.5%. In addition a dividend of 1.7p was paid to shareholders during the month.

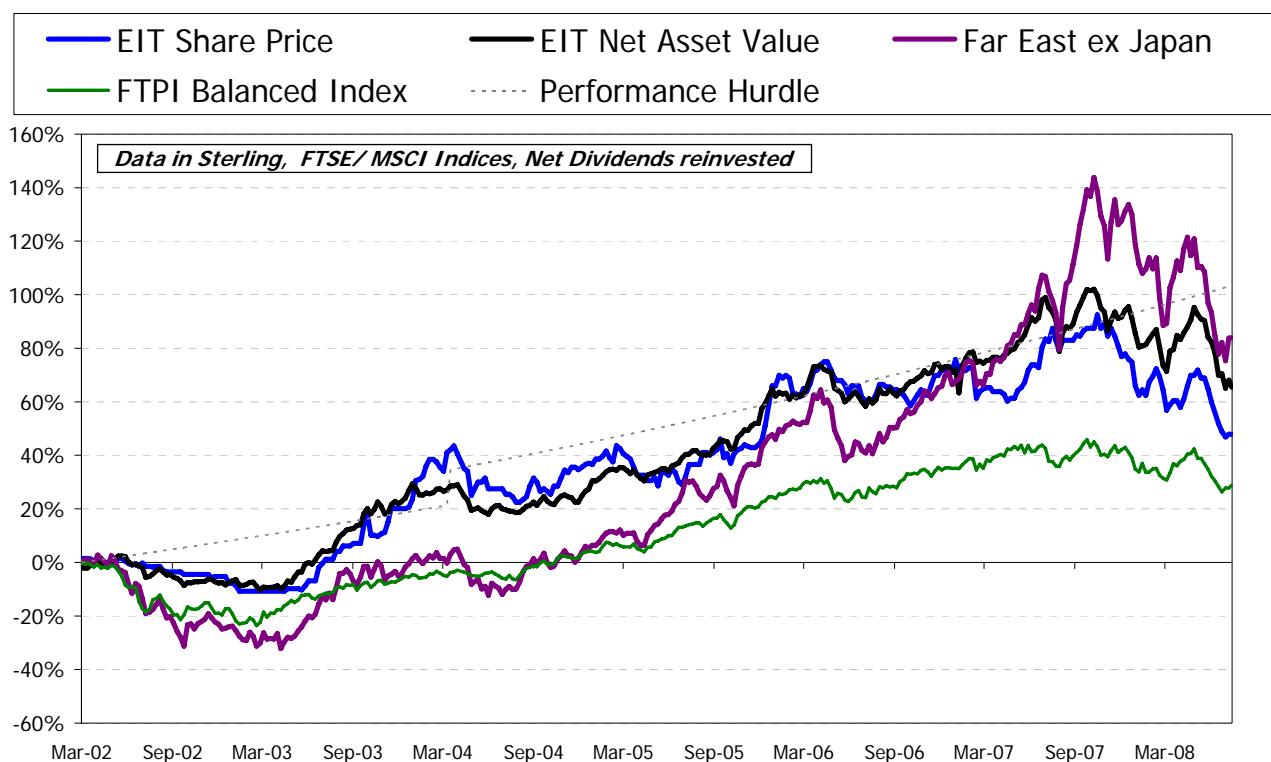
Exposure to Japanese manufacturing concerns and Taiwanese financials hurt the portfolio considerably last month. Elsewhere our proclivity for high growth mid cap stocks proved unhelpful in an environment where one aggressive seller is capable of taking a stock down 10-20% with ease, portfolio holding EZRA (-22% during the month) being a case in point. Unsurprisingly some Japanese companies are reporting weaker overseas demand. While we believe that share prices generally reflect the gloomy outlook, the snap reaction of investors at present is to shoot first.

Key Data (as at 31st July 2008)

Share Price	134.00p
Net Asset Value	151.56p
Premium/(Discount)	(11.6%)
Shares Outstanding	20m
Market Capitalisation	£26.8m
Historic Yield	2.3%
Listed	London Stock Exchange
Bloomberg Ticker	ET/ LN <Equity>
ISIN	GB0031336919
Website	www.bdtinvest.com
Manager	BDT Invest LLP 4 th Floor, 52 Jermyn St London, SW1Y 6LX +44 (020) 7659 1300 www.bdtinvest.com
Investor Relations Administrator	Ian Furtado (020) 7659 1305 Phoenix Administration Services
Sponsor	JPMorgan Cazenove
Directors	Dr James King (Chairman) Sir David Cooksey Henry Thornton Richard Thornton Harry Wells Thomas Waring
Investment Objective	To achieve long-term capital growth from a managed international portfolio of securities. The preservation of capital will be of primary importance to the investment objective.
Management Fee	One per cent of the market capitalisation of the Company annually.
Performance Fee	10% of any gain in the market capitalisation of the company that exceeds the 10% performance hurdle annually.
Financial Year	31 st March
Net Asset Value	Calculated weekly on Friday's closing prices and published the following Monday or Tuesday.

Taiwanese Banks do have exposure to SME's, and one would expect provisions to rise in a slowdown, but given loan growth across the system of just 6% over the past two years we believe the market is overreacting. As with the rest of Asia, leverage has been, and remains, a dirty word since the 1997 crisis. For example the net debt to equity ratio of the local market stands at just 22% - half the level of a decade ago. More importantly the charter flights with the Mainland are up and running. The direct links story remains a huge long term structural positive.

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A declining oil price is fundamentally good news for any industrialised country and especially resource starved Asia. It will reduce the pressure on trade accounts that are currently suffering from weaker export demand and in a number of economies it will quickly begin to undermine the recent surge in inflationary expectations. Falling oil prices, however, come at a price in so far as they reflect the deteriorating global growth outlook. As the Merrill Lynch CDO disposal and capital raising illustrates, deleveraging continues apace. The Federal Reserve is now officially on hold at 2%. The energy and commodity markets appear to have finally got the message, as has the shipping market. Spot bulk shipping rates have fallen by a third since May and our

understanding is that container rates on the Asia-Europe route have fallen by something approaching two thirds since the start of the year. We will be surprised if oil does not fall significantly from current levels over the remainder of this year. Markets are likely to remain volatile. Some gold, a degree of liquidity, measured exposure to slow but safe Japan and meaningful exposure to Asian equities remains, in our mind, the best way to navigate the Company through today's testing environment. Sterling looks horrible.

BDT Invest LLP
7th August 2008

Currency Exposure Taiwan Dollar 14.5% Sterling 13.8% US Dollar 13.8% Japanese Yen 12.4% Singapore Dollar 10.9% Euro 10.7% Hong Kong Dollar 9.8% Thai Baht 5.6% Malaysian Ringgit 4.5% Korean Won 2.1% Other 2.0%	Asset Type Listed Equities 57.5% Absolute Return Vehicles 27.1% Sovereign Bonds 10.7% Gold Bullion 7.5% Unlisted Equities 4.5% Cash 4.5% Derivatives 0.0% Other 0.0% Loan -11.7%	Direct Equity by Country Japan 11.7% Taiwan 11.1% Singapore 10.8% Hong Kong 9.8% Thailand 5.6% UK 4.5% Malaysia 4.5% Korea 2.1% Other Asian 2.0% Other non Asian 0.0%	Equity by Sector Financials 22.3% Materials 6.1% Information Technology 6.0% Property 4.8% Energy 4.8% Consumer Discretionary 3.6% Health Care 3.5% Industrial 3.0% Utilities 1.8% Telecoms 1.2% Consumer Staple 0.6%
Top Ten Equity Holdings First Ship Lease Trust 5.5% China Insurance 4.3% Siam Steel 3.8% BDT Investment Mgmt 2.9% Farglory Land Development 2.6% Ezra Holdings 2.4% Taiwan Semi 2.4% Petrochina Co Ltd - ADR's 2.3% Lafarge Malayan Cement 2.3% Hung Sheng Const 2.2%	Top Bond & ARV Holdings BDT Invest Asia Fund \$ Dist 12.0% Bundesobligation 3.5% 10/08 10.7% BDT Invest Oriental Focus \$ 6.0% SR European IT 4.7% BDT Invest Japan Fund E 2.6% BDT Invest Japan Small Cos 1.0% Lindsell Train Inv Trust 0.9%	Performance 18-Mar-02 31-Jul-08 +/- % EIT Share Price # 100.0 134.0 34.0% EIT Net Asset Value # 100.0 151.6 51.6% Premium/Discount -11.6% UK Equity # 670.2 667.8 -0.4% World Equity # 714.8 689.7 -3.5% Asia Free ex Japan # 153.8 240.9 56.6% <i># excluding dividends all MSCI indices in Sterling terms</i>	

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