

The Establishment Investment Trust plc

Performance Review

The share price rose a further 3.7% during May while the net asset value advanced by 2.4%. In Sterling terms the MSCI World Index rose by 1.8%, the MSCI Japan Index gained 2.8% and the MSCI Asia ex Japan Index declined by 3.1%. The discount narrowed slightly to 12.4%.

Final Results

The final results of the Company were announced on 30th May 2008. The gross income for the year to 31st March 2008 declined slightly to £1,246,000 (2007 £1,345,000) while the net profit after tax fell to £662,000 (2007 £763,000). A final dividend of 1.7p (2007 1.7p) has been declared. The shares will trade ex dividend in early July. The Company's AGM will be held at 4.00pm on Wednesday 16th July at the office of the Investment Manager. The Board of Directors and the Investment Manager will be delighted to meet any shareholders who are able to attend.

Investment Tourists

We travelled to Shanghai and Singapore during May, meeting with a wide variety of companies including four holdings in the portfolio.

Our repurchase of Top Glove has proved a little premature but the world's largest rubber glove manufacturer appears to be coping well despite the increased cost of Latex (55% of COGS) and the stronger Malaysian Ringgit and has successfully pushed through price increases to customers. Growth plans remain solid and the de-rating of the share price to a mere 11.1x Aug 2008 earnings seems unjustified for a Company that has produced nearly 40% annual EPS growth over the past five years and is likely to grow earnings at an annual rate of 20-30% during the next few years.

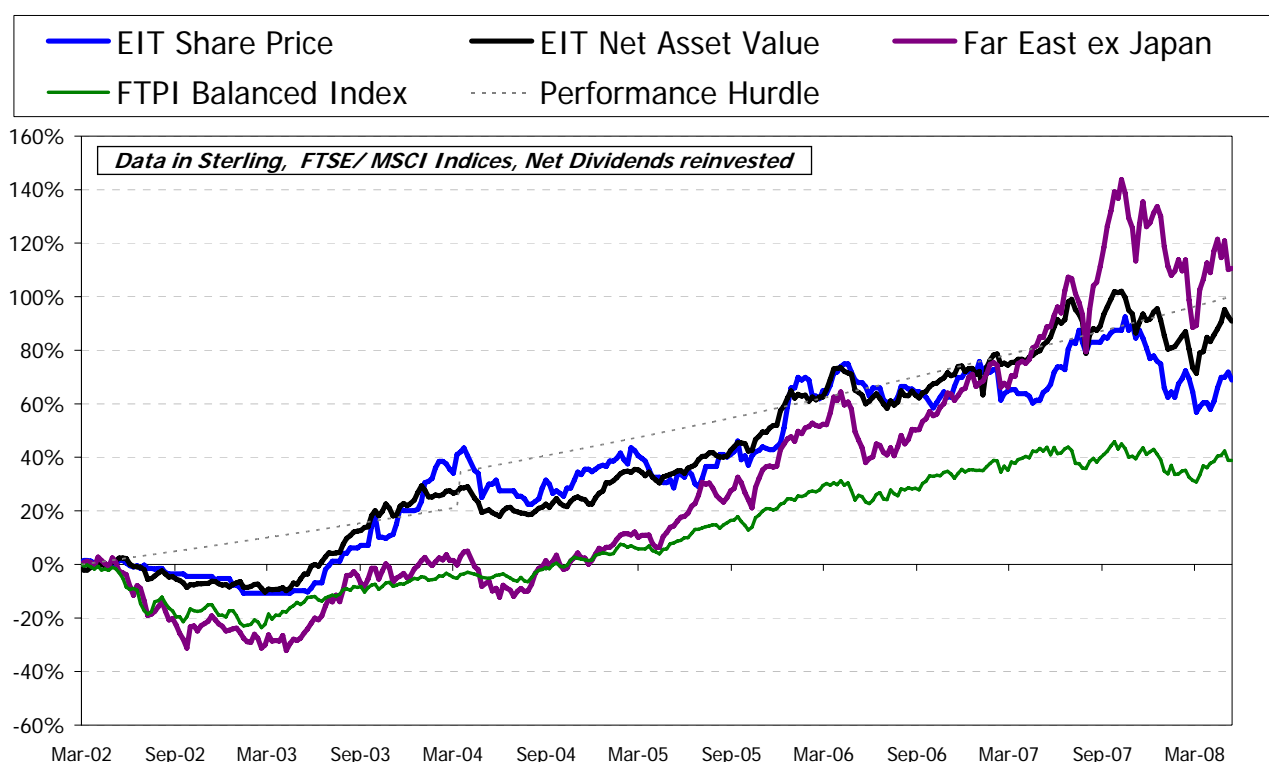
EZRA has performed strongly since our purchase in the first quarter reflecting the buoyant outlook for offshore exploration and production activity. A youthful and rapidly growing fleet continues to benefit from strong charter rates. We also purchased First Ship Leasing Trust earlier this year. Management execution since listing just over a year ago has been exemplary yet the stock trades at half the valuation of contemporaries listed elsewhere. We continue to believe that Rexcapital will reward the patient investor. Our original purchase was poorly timed but we have managed to average down reasonably well in recent months and become more confident of the story every time we meet Management. Involved in the Chinese lottery market, Rexcapital remains on track to deliver quite phenomenal growth over the next three years.

Key Data (as at 30th May 2008)

Share Price	155.00p
Net Asset Value	176.95p
Premium/(Discount)	(12.4%)
Shares Outstanding	20m
Market Capitalisation	£31.0m
Historic Yield	2.0%
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.

Discussing the investment merits of a number of individual stocks seemed a more appealing subject matter than a further review of the quite appalling macroeconomic environment afflicting much of the developed world where the most optimistic sign we can point to are the last two covers of the Economist which have featured the return of inflation and \$135 per barrel oil. The Economist has an excellent track record of ringing the bell! During May we repaid a substantial proportion of the Company's loans and cut exposure to Sterling from over 25% to a little under 10%.

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Led by sharp falls in India and China, most Asian markets fell back in May. As we have mentioned previously, regardless of the underlying strength or resilience of any particular economy or financial system it is understandable why investors are reluctant to commit to a resource starved, export orientated region as commodity prices soar and global growth continues to decelerate. It is certainly true that a number of regional economies are suffering from rising inflationary problems and a weaker external environment. Japan, Singapore, Hong Kong and Taiwan appear to us to be best positioned to ride out the downturn given their relatively sound, unleveraged financial situation while the likes of the Philippines, Indonesia, Vietnam and the

Indian sub continent appear to have the most pressing problems. We are not proponents of the “de-coupling” theory but must confess to being surprised by the strength of personal consumption in China, driven in large part by the rapid growth in employment in the service sector. In time this sets the stage for more balanced, domestically orientated (and thus stable) economic development. First, however, we have to deal with the inevitable consequences of the massive overinvestment in export orientated manufacturing plants in recent years.

BDT Invest LLP
3rd June 2008

Currency Exposure		Asset Type		Direct Equity by Country		Equity by Sector	
US Dollar	14.4%	Listed Equities	57.6%	Taiwan	12.1%	Financials	22.2%
Euro	13.6%	Absolute Return Vehicles	26.5%	Japan	11.4%	Information Technology	7.6%
Taiwan Dollar	13.0%	Sovereign Bonds	8.9%	Hong Kong	10.4%	Materials	5.6%
Japanese Yen	12.3%	Gold Bullion	6.3%	Singapore	9.8%	Consumer Discretionary	4.4%
Hong Kong Dollar	10.4%	Unlisted Equities	4.1%	Thailand	5.5%	Property	3.9%
Sterling	9.0%	Cash	3.0%	Malaysia	4.6%	Industrial	3.3%
Singapore Dollar	6.7%	Derivatives	0.0%	UK	4.1%	Energy	3.1%
Thai Baht	5.8%	Other	0.0%	Korea	2.4%	Health Care	3.0%
Malaysian Ringgit	4.6%	Loan	-6.4%	Other Asian	1.4%	Utilities	2.4%
Korean Won	2.4%			Other non Asian	0.0%	Consumer Staple	1.0%
Other	7.9%					Telecoms	1.0%
Top Ten Equity Holdings		Top Bond & ARV Holdings		Performance	18-Mar-02	30-May-08	+/- %
China Insurance	4.6%	BDT Invest Asia Fund \$ Dist	11.6%	EIT Share Price #	100.0	155.0	55.0%
Farglory Land Development	3.9%	Bundesobligation 3.5% 10/08	8.9%	EIT Net Asset Value #	100.0	177.0	77.0%
Siam Steel	3.6%	BDT Invest Oriental Focus \$	6.1%	Premium/Discount		-12.4%	
First Ship Lease Trust	3.2%	SR European IT	4.7%	UK Equity #	670.2	747.5	11.5%
Ezra Holdings	3.1%	BDT Invest Japan Fund E	2.3%	World Equity #	714.8	771.4	7.9%
BDT Investment Mgmt	2.8%	BDT Invest Japan Small Cos	0.9%	Asia Free ex Japan #	153.8	278.5	81.1%
Samsung F & M Ins	2.4%	Lindsell Train Inv Trust	0.8%				
Taiwan Semi	2.4%						
Sino-Environment	2.4%						
Rexcapital	2.2%						
				# excluding dividends			
				all MSCI indices in Sterling terms			

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