

MANAGER'S REPORT

We are pleased to present our report for the year ended June 30, 2007.

PRINCIPAL FUNCTIONS OF THE MANAGER

The manager is responsible for:
-The provision of management and administrative services of the Employees Real Estate Investment Trust (the Trust).
-The purchase, sale, transfer, exchange or alteration of any assets of the Trust.

INVESTMENT

During the year Rs.141,031,210 were invested in Government Treasury Bills with maturity dates ranging from July 2007 to June 2008.
The Trust acquired 200 arpents of land during the year at a cost of Rs.37,000,000 bringing the total of land held at 500 arpents. Land held by the Trust has been subsequently revalued to Rs.191,750,000 as at June 30, 2007 by the Government valuer.
The Manager's course of action is to develop those lands on a phased basis as shown below, into residential, industrial or commercial areas, which could eventually be sold to prospective buyers:-

	Development Percentage	Expected Completion Timeline
Phase One	40%	First three years of operation
Phase Two	30%	4th and 5th year
Phase Three	30%	Another two years thereafter

The Manager is proceeding with the development of a proposed morcellement of a plot of land of extent 52.7 arpents situated at Riviere Du Rempart - Haute Rive Village.

For and on behalf of the Board of EREIT Management Ltd, Manager
R. Ringadoo I. Mallam-Hasham
Chairman Director

BALANCE SHEET - JUNE 30, 2007

	2007 RS.	2006 RS.
ASSETS		
Property	191,750,000	75,045,000
Held-to-maturity investments	280,219,786	244,584,768
Other receivables	100,000	300,000
Term deposit	11,351,033	-
Cash at bank	663,386	66,522,711
Total assets	RS. 484,084,205	RS. 386,452,479
LIABILITIES		
Other payables	580,238	2,622,750
Income tax payable	3,057,566	-
	3,637,804	2,622,750
Net assets attributable to unit holders	480,446,401	383,829,729
Total liabilities and equity	RS. 484,084,205	RS. 386,452,479
Net assets value per unit	RS. 1,380.30	RS. 1,102.55

These financial statements have been approved for issue by the Board of Directors of EREIT Management Ltd, Manager on 21 September 2007

For and on behalf of the Board
R. Ringadoo I. Mallam-Hasham
Chairman Director

STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS - YEAR ENDED JUNE 30, 2007

	2007 RS.	2006 RS.
Net assets attributable to unitholders at July 1,	383,829,729	-
Initial fund	-	350,000,000
Redemption of units	(59,538)	-
Surplus on revaluation of land	79,425,000	19,142,250
Increase in net assets attributable to unitholders	17,251,210	14,687,479
At June 30, 2007	RS. 480,446,401	383,829,729

PERFORMANCE REVIEW

For the year under review, the net assets of Employees Real Estate Investment Trust stood at Rs.480,446,401 with a Net Asset Value (NAV) per unit of Rs.1,380.30 as at June 30, 2007.
Total revenue generated during the year amounted to Rs.24,770,978 made up of interest income and rental income whilst fees and expenses totalled Rs.4,462,202. Furthermore, the Trust has a tax liability of Rs.3,057,566 leaving a net surplus of Rs.17,251,210 as available for distribution.

FEES AND COMMISSION

The Manager of the Trust receives an annual fee of Rs3.2 million per annum adjusted with the inflation rate.

DISTRIBUTION POLICY

Net income of the Trust
The distribution policy of the Trust is to issue to the Unit Holders, Bonus Units instead of cash dividends, which will be equivalent to the Net Income of the Trust after deducting amounts distributed upon redemption of units and associated distribution charges.
Realised gains capitalised through completion of real estate projects
This appreciation will be distributed to the unit holders in form of bonus units. The units will be redeemable only after five years of operation of the Trust, time when the Trust is projected to have achieved a development percentage of about 70% of the land acquired.
No distribution of any form has been recommended during the period under review.

ASSET ALLOCATION

The table below shows the asset mix of the Trust as at June 30, 2007.

ASSETS	Rs000	%
Property	191,750	39.61%
Held-to-maturity investments	280,220	57.89%
Term deposit	11,351	2.34%
Other receivables	100	0.02%
Cash at bank	663	0.14%
TOTAL ASSETS	484,084	100.00%

INCOME AND DISTRIBUTION STATEMENT - YEAR ENDED JUNE 30, 2007

	Year ended June 30, 2007 RS.	Period from April 26,2005 to June 30,2006 RS.
Revenue		
Interest income	23,770,978	24,031,388
Other income	1,000,000	300,000
	24,770,978	24,331,388
Expenses		
Manager's fees	3,153,000	2,400,000
Trustee's fees	900,000	565,333
General expenses	219,202	826
Auditors' remuneration	115,000	97,750
Professional fees	75,000	280,000
Preliminary expenses	-	6,300,000
	4,462,202	9,643,909
Surplus before taxation	20,308,776	14,687,479
Taxation	(3,057,566)	-
Net surplus available for distribution to unitholders	RS. 17,251,210	RS. 14,687,479

CASH FLOW STATEMENT - YEAR ENDED JUNE 30, 2007

	Year ended June 30, 2007 RS.	Period from April 26,2005 to June 30,2006 RS.
Operating activities		
Surplus for the year/period	20,308,776	14,687,479
Adjustments for:		
Interest income	(23,770,978)	(24,031,388)
Changes in working capital:		
- other receivables	200,000	(300,000)
- other payables	(2,042,512)	2,622,750
	(5,304,714)	(7,021,159)
Interest received on bank deposits	1,716,137	13,155,200
Net cash (absorbed in)/generated from operating activities	(3,588,577)	6,134,041
Cash flows from investing activities		
Purchase of property	(37,280,000)	(55,902,750)
Investment in treasury bills	(141,031,210)	(233,708,580)
Proceeds from treasury bills matured	127,100,000	-
Investment in term deposit	(11,000,000)	-
Net cash used in investing activities	(62,211,210)	(289,611,330)
Cash flow from financing activities		
Initial fund	-	350,000,000
Units redeemed	(59,538)	-
Net cash used in financing activities	(59,538)	350,000,000
Net (decrease)/increase in cash and cash equivalents	(65,859,325)	66,522,711
Movement in cash and cash equivalents		
At July 1,	66,522,711	-
(Decrease)/increase	(65,859,325)	66,522,711
At June 30,2007	663,386	66,522,711

The above statements are audited and are issued pursuant to the provisions of the Trust Deed.

The Manager, EREIT Management Ltd, accepts full responsibility for the accuracy of the information contained in these financial statements.

Copies of the report are available to unit holders, free of charge, at the Registrar and Transfer Office, Slot 18, Ground Floor, Air Mauritius Centre, 6, President John Kennedy Street, Port Louis.

EREIT Management Ltd
15th floor Air Mauritius Centre, 6, President John Kennedy Street, Port Louis.

REPORT OF THE AUDITORS TO THE UNITHOLDERS

The above Balance Sheet, Income and Distribution Statement, Statement of Changes in Net Assets Attributable to Unit holders and Cash Flow Statement have been extracted from the full set of financial statements of Employees Real Estate Investment Trust for the year ended 30 June 2007.

In our opinion, the full set of the financial statements give a true and fair view of the state of affairs of the Trust as at June 30, 2007 and of its profit and cash flows for the year then ended, comply with the terms of its Trust Deed and have been prepared in accordance with International Financial Reporting Standards.

Port Louis,
Mauritius.

BDO DE CHAZAL DU MEE
Chartered Accountants