

Manager's Report & Audited Financial Statements For the Year Ended June 30, 2008

MANAGER'S REPORT

We are pleased to present our report for the year ended June 30, 2008.

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. 11,351,033 proceeds were obtained upon maturity of Term Deposits. Rs. 276,000,000 was reinvested with maturity dates ranging from July 2008 to May 2009. Land held by the Trust has been revalued to Rs. 198,000,000 as at June 30, 2008 by the Government valuer. The Manager's course of action is to develop those lands on a phased basis into residential, industrial or commercial areas, which could eventually be sold to prospective buyers. The Management is proceeding with the development of a proposed morcellement of a plot of land of extent 52.7 arpents situated at Rivière Du Rempart - Haute Rive Village and the development of an extent of 178.5 arpents situated at Highlands-Cote D'Or Village.

PERFORMANCE REVIEW

For the year under review, the net assets of Employees Real Estate Investment Trust stood at Rs. 517,642,023 with a Net Asset Value (NAV) per unit of Rs. 1,487.19 as at June 30, 2008 (Rs. 1,380.30 at June 30, 2007). Total revenue generated during the year amounted to Rs. 32,873,455 (2007: Rs. 24,770,978) made up of interest income and rental income whilst fees and expenses totalled Rs. 4,955,887 (2007: Rs. 4,462,202)

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

FEES AND COMMISSION

The Manager of the Trust, receives an annual fee of Rs. 3 million which is adjusted by the annual inflation rate. The adjusted fee for the year ended June 30, 2008 was Rs. 3,474,000 (2007: Rs. 3,153,000). The Trustee retains a monthly fee of Rs 75,000. The fee for the year ended June 30, 2008 was Rs 900,000 (2007: Rs 900,000).

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 year under review.

ASSET ALLOCATION

The table below shows the asset mix of the Trust as at June 30, 2008.

ASSETS	Rs'000	%
Property	198,000	38.24%
Land development expenditure	1,586	0.31%
Held-to-maturity investments	21,037	4.06%
Other receivables	896	0.17%
Term deposit	294,399	56.85%
Cash at bank	1,928	0.37%
TOTAL ASSETS	517,846	100.00%

BALANCE SHEET - JUNE 30, 2008

	2008 RS.	2007 RS.
ASSETS		
Property	198,000,000	191,750,000
Land development expenditure	1,585,725	-
Held-to-maturity investments	21,037,031	280,219,786
Other receivables	896,433	100,000
Term deposit	294,399,190	11,351,033
Cash at bank	1,927,769	663,386
Total assets	RS. 517,846,148	RS. 484,084,205
LIABILITIES		
Other payables	204,125	580,238
Income tax payable	-	3,057,566
	204,125	3,637,804
Net assets attributable to unit holders	517,642,023	480,446,401
Total liabilities and equity	RS. 517,846,148	RS. 484,084,205
Net assets value per unit	RS. 1,487.19	RS. 1,380.30

These financial statements have been approved for issue by the Board of Directors of EREIT Management Ltd, Manager on 29 September 2008
For and on behalf of the Board
R. Ringadoo I. Mallam-Hasham
Chairman Director

INCOME AND DISTRIBUTION STATEMENT - YEAR ENDED JUNE 30, 2008

	2008 RS.	2007 RS.
Revenue		
Interest income	31,998,455	23,770,978
Other income	875,000	1,000,000
	32,873,455	24,770,978
Expenses		
Manager's fees	3,474,000	3,153,000
Trustee's fees	900,000	900,000
General expenses	130,812	219,202
Auditors' remuneration	120,750	115,000
Professional fees	330,325	75,000
	4,955,887	4,462,202
Surplus before taxation	27,917,568	20,308,776
Taxation	3,057,566	(3,057,566)
Net surplus available for distribution to unitholders	RS. 30,975,134	RS. 17,251,210

CASH FLOW STATEMENT - YEAR ENDED JUNE 30, 2008

	2008 RS.	2007 RS.
Operating activities		
Surplus for the year	27,917,568	20,308,776
Adjustments for:		
Interest income	(31,998,455)	(23,770,978)
Changes in working capital:		
- other receivables	(796,433)	200,000
- other payables	(376,113)	(2,042,512)
	(5,253,433)	(5,304,714)
Interest received on bank deposits	791,225	1,716,137
Net cash absorbed in operating activities	(4,462,208)	(3,588,577)
Cash flows from investing activities		
Additions to property	(19,850)	(37,280,000)
Land development expenditure	(1,585,725)	-
Investment in treasury bills	(45,891,962)	(141,031,210)
Proceeds from treasury bills matured	316,900,000	127,100,000
Investment in term deposits	(276,000,000)	(11,000,000)
Proceeds from matured term deposits	12,333,790	-
Net cash from/(used in) investing activities	5,736,253	(62,211,210)
Cash flow from financing activities		
Units redeemed	(9,662)	(59,538)
Net cash used in financing activities	(9,662)	(59,538)
Net increase/(decrease) in cash and cash equivalents	1,264,383	(65,859,325)
Movement in cash and cash equivalents		
At July 1,	663,386	66,522,711
Increase / (decrease)	1,264,383	(65,859,325)
At June 30,	1,927,769	663,386

STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS - YEAR ENDED JUNE 30, 2008

	2008 RS.	2007 RS.
Net assets attributable to unitholders at July 1,	480,446,401	383,829,729
Redemption of units	(9,662)	(59,538)
Surplus on revaluation of land	6,230,150	79,425,000
Increase in net assets attributable to unitholders	30,975,134	17,251,210
At June 30, 2008	RS. 517,642,023	RS. 480,446,401

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
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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 2008.

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, 2008 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