

Manager's Report & Audited Financial Statements For the Year Ended June 30, 2009

MANAGER'S REPORT

We are pleased to present our report for the year ended June 30, 2009.

OBJECTS OF THE EMPLOYEES REAL ESTATE INVESTMENT TRUST

The Employees Real Estate Investment Trust was set up in 2005.

The objects of the Employees Real Estate Investment Trust (the Trust) are as follows:

- (i) To directly or through such a body controlled by it, purchase, lease or otherwise acquire land, manage, develop, sell, transfer or otherwise dispose of such land.
(ii) To do such things as are incidental thereto and connected therewith, for the promotion of the welfare and benefit of unitholders.

PRINCIPAL FUNCTIONS OF THE MANAGER

The Manager is responsible for:

- The provision of management and administrative services to the Trust.
- The purchase, sale, transfer, exchange or alteration of any assets of the Trust.

INVESTMENT

During the year Rs.329,499,190 proceeds were obtained upon maturity of Treasury Bills and Term Deposits. Rs.319,000,000 were reinvested in term deposits with maturity dates ranging from July 2009 to April 2010. At close of year, there were no investment in treasury bills. The 500 Arpents of land held by the Trust has been revalued to Rs.622,098,600 as at June 30, 2009 by the Government valuer with the resulting surplus of Rs.424,098,600 credited to revaluation reserve. The plots of land, as detailed hereunder, were purchased for a sum of Rs.185,000/-per Arpent:

Location	Extent (Arpents)
Riviere du Rempart Haute Rive Village	52.7
Highlands-Cote D'Or Village	178.5
Trou D'Eau Douce Beau Rivage	68.8
Rose Belle	200

At present, the Manager is developing the 52.7 Arpents at Riviere du Rempart-Haute Rive Village. The development is being undertaken in two phases. Phase I consists of the development of a commercial/residential morcellement on an extent of land of 37.7 arpents. Phase II will consist of the development of the remaining 15 Arpents bordering the river "Riviere du Rempart". With regard to the 178.5 Arpents at Highlands-Cote D'Or, Management is considering various development alternatives, including the outright sale of the land to potential buyers. The land situated at Trou D'Eau Douce-Beau Rivage and Rose Belle will be developed subsequently.

PERFORMANCE REVIEW

For the year under review, the net assets of Employees Real Estate Investment Trust stood at Rs.966,381,901 with a Net Asset Value (NAV) per unit of Rs.2,776.53 as at June 30, 2009 (Rs.1,487.19 at June 30, 2008). Total revenue generated during the year amounted to Rs.29,900,914 (2008: Rs.32,873,455) made up of interest income and rental income whilst fees and expenses totalled Rs.5,238,815 (2008: Rs.4,955,887).

FEES AND COMMISSION

The Manager of the Trust has received a fee of Rs.3,738,000 for the year ended June 30, 2009 (2008: Rs.3,474,000). The Trustee retains a monthly fee of Rs.75,000. The fee for the year ended June 30, 2009 was Rs.900,000 (2008: 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, 2009.

ASSETS	Rs'000	%
Property	622,099	64.32%
Land development expenditure	2,639	0.27%
Other receivables	771	0.08%
Term deposit	336,857	34.82%
Cash at bank	5,072	0.51%
TOTAL ASSETS	967,438	100.00%

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

EREIT Management Ltd

15th floor Air Mauritius Centre, 6, President John Kennedy Street, Port Louis. Tel: 213 4040

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 2009. 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, 2009 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

BALANCE SHEET - JUNE 30, 2009

	2009 RS.	2008 RS.
ASSETS		
Property	622,098,600	198,000,000
Land development expenditure	2,639,240	1,585,725
Held-to-maturity investments	-	21,037,031
Other receivables	771,433	896,433
Term deposit	336,856,615	294,399,190
Cash at bank	5,071,888	1,927,769
Total assets	RS. 967,437,776	RS. 517,846,148
LIABILITIES		
Other payables	1,055,875	204,125
Net assets attributable to unit holders	966,381,901	517,642,023
Total liabilities and equity	RS. 967,437,776	RS. 517,846,148
Net assets value per unit	RS. 2,776.53	RS. 1,487.19

These financial statements have been approved for issue by the Board of Directors of EREIT Management Ltd, Manager on 25 September 2009

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, 2009

	2009 RS.	2008 RS.
Net assets attributable to unitholders at July 1,	517,642,023	480,446,401
Redemption of units	(20,821)	(9,662)
Surplus on revaluation of land	424,098,600	6,230,150
Increase in net assets attributable to unitholders	24,662,099	30,975,134
At June 30, 2009	RS. 966,381,901	RS. 517,642,023

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.

INCOME AND DISTRIBUTION STATEMENT - YEAR ENDED JUNE 30, 2009

	2009 RS.	2008 RS.
Revenue		
Interest income	29,150,914	31,998,455
Other income	750,000	875,000
	29,900,914	32,873,455
Expenses		
Manager's fees	3,738,000	3,474,000
Trustee's fees	900,000	900,000
General expenses	82,510	130,812
Auditors' remuneration	118,105	120,750
Professional fees	400,200	330,325
	5,238,815	4,955,887
Surplus before taxation	24,662,099	27,917,568
Taxation	-	3,057,566
Net surplus available for distribution to unitholders	RS. 24,662,099	RS. 30,975,134

CASH FLOW STATEMENT - YEAR ENDED JUNE 30, 2009

	2009 RS.	2008 RS.
Operating activities		
Surplus for the year	24,662,099	27,917,568
Adjustments for:		
Interest income	(29,150,914)	(31,998,455)
Changes in working capital:		
- other receivables	125,000	(796,433)
- other payables	851,750	(376,113)
	(3,512,065)	(5,253,433)
Interest received	10,987,770	1,773,982
Net cash absorbed in operating activities	7,475,705	(3,479,451)
Cash flows from investing activities		
Additions to property	-	(19,850)
Land development expenditure	(1,053,515)	(1,585,725)
Investment in treasury bills	(13,756,440)	(45,891,962)
Proceeds from treasury bills matured	35,100,000	316,900,000
Investment in term deposits	(319,000,000)	(276,000,000)
Proceeds from matured term deposits	294,399,190	11,351,033
Net cash from investing activities	(4,310,765)	4,753,496
Cash flow from financing activities		
Units redeemed	(20,821)	(9,662)
Net increase in cash and cash equivalents	3,144,119	1,264,383
Movement in cash and cash equivalents		
At July 1,	1,927,769	663,386
Increase	3,144,119	1,264,383
At June 30,	5,071,888	1,927,769