

For the Year Ended June 30, 2013

MANAGER'S REPORT

We are pleased to present our report for the year ended June 30, 2013.

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:

- 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.
- 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

An amount of Rs25Million was invested in term deposit prior to June 2012 which matured in August 2012. Out of the proceeds of Rs25Million, an amount of Rs17Million was re-invested in term deposit which matured in February 2013.

The Manager is considering various development alternatives for the plots of land, as detailed hereunder, belonging to the Trust.

Location	Extent (Arpents)
Rivière du Rempart-Haute Rive Village	46.3
Highlands-Cote D'Or Village	168.9
Trou D'Eau Douce-Beau Rivage	68.8
Rose Belle	200

A portion of land of 6A50P located at Haute Rive was disposed of in July 2012 for Rs.23,725,000. A pre-sale agreement was signed on 13 January 2012 by EREIT whereby the Trust earmarked a portion of land of 133A38P located at Cote D'Or for disposal. However, this sale did not materialise and EREIT is now proposing to develop the property. The Government has acquired compulsorily 36,802.40m² or 8A71P of land at Cote D'Or for which proceeds are still pending. The Trust has granted, to the government, wayleaves of a portion of land of 3,609m² or 0A85P at Cote D'Or for the construction of a feeder canal in connection with the Bagatelle Dam project which is not expected to generate any proceeds.

PERFORMANCE REVIEW

For the year under review, the net assets of Employees Real Estate Investment Trust stood at Rs.966,928,730 with a Net Asset Value (NAV) per unit of Rs.4,483.35 as at June 30, 2013 (Rs.4,032.04 at June 30, 2012).

Total revenue generated during the year amounted to Rs.4,936,502 (2012: Rs.1,489,195) made up of profit on disposal, interest income and rental income whilst fees and expenses totalled Rs.6,119,283 (2012: Rs.5,978,334).

FEES AND COMMISSION

The Manager of the Trust has received a fee of Rs.4,302,000 for the year ended June 30, 2013 (2012: Rs.4,149,000).

The Trustee retains a monthly fee of Rs.75,000. The total fee for the year ended June 30, 2013 was Rs.900,000 (2012: Rs.900,000).

REDEMPTION OF UNITS

As per the provisions of the Trust Deed, the units of the Trust are redeemable since 31 March 2010.

As at 30 June 2013, the Trust has redeemed a total of 136,771 units and the register of unitholders comprised 215,671 unitholders.

For and on behalf of the Board of EREIT Management Ltd, Manager

R.Ringadoo
Chairman

I.Mallam-Hasham
Director

STATEMENT OF COMPREHENSIVE INCOME FOR YEAR ENDED JUNE 30, 2013

	2013 Rs.	2012 Rs.
Net deficit available for distribution to unit holders	(1,863,711)	(5,704,989)
Other comprehensive Income, net of tax:		
Gain on revaluation of property	99,054,597	221,363,007
Total comprehensive Income for the year	Rs 97,190,886	215,658,018

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 St, Port Louis.
Tel: 213 4040

REPORT OF THE AUDITORS TO THE UNITHOLDERS

The above Statements have been extracted from the full set of financial statements of Employees Real Estate Investment Trust for the year ended 30 June 2013. In our opinion, the financial statements give a true and fair view of the financial position of the Trust at June 30, 2013, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and comply with the terms of its Trust Deed.

Emphasis of matter

We draw attention to the increase in revaluation surplus of Rs.99,054,597 arising during the year on revaluation of property impacting on the net asset value per unit from Rs.4,032.04 to Rs.4,483.35 at June 30, 2013. The critical estimate and assumption used to revalue the property as disclosed in the notes to the financial statements is sensitive to market conditions prevailing in real estate transactions. Our opinion is not qualified in this respect.

Port Louis, Mauritius

BDO & CO.
Chartered Accountants

STATEMENT OF FINANCIAL POSITION - YEAR ENDED JUNE 30, 2013

	2013 Rs.	2012 Rs.
ASSETS		
Property	997,100,000	607,200,000
Land development expenditure	3,638,962	2,137,284
Other receivables	1,694,477	3,469,224
Term deposits	-	25,000,000
Cash and cash equivalents	3,935,685	791,051
	1,006,369,124	638,597,559
Non-current assets classified as held for sale	4,408,022	315,170,443
Total assets	Rs. 1,010,777,146	953,768,002
LIABILITIES		
Other payables	3,848,416	60,988,646
Short term loan	40,000,000	16,000,000
	43,848,416	76,988,646
Net assets attributable to unit holders	966,928,730	876,779,356
Total liabilities and equity	Rs. 1,010,777,146	953,768,002
Net assets value per unit	Rs. 4,483.35	4,032.04

These financial statements have been approved by the Board of Directors of EREIT Management Ltd, Manager on 25 September 2013

For and on behalf of the Board

R.Ringadoo
Chairman

I.Mallam-Hasham
Director

INCOME AND DISTRIBUTION STATEMENT - YEAR ENDED JUNE 30, 2013

	2013 Rs.	2012 Rs.
REVENUE		
Net gain on disposal of land	3,385,382	-
Interest income	1,285,651	808,259
Other income	265,469	680,936
	4,936,502	1,489,195
EXPENSES		
Manager's fees	4,302,000	4,149,000
Trustee's fees	900,000	900,000
Publication expenses & awareness programme	78,890	78,890
Professional fees	659,700	640,900
Bank charges	27,629	27,426
Auditors' remuneration	138,590	124,200
Postage	12,474	57,918
	6,119,283	5,978,334
Deficit before finance cost	(1,182,781)	(4,489,139)
Finance cost - interest on short term loan	(680,930)	(1,215,849)
Deficit before taxation	(1,863,711)	(5,704,989)
Taxation	-	-
Net deficit available for distribution to unit holders	Rs. (1,863,711)	(5,704,989)

STATEMENT OF CASH FLOWS - YEAR ENDED JUNE 30, 2013

	2013 Rs.	2012 Rs.
OPERATING ACTIVITIES		
Deficit for the year	(1,863,711)	(5,704,989)
Adjustments for:		
Net gain on disposal of land	(3,385,382)	-
Interest income	(1,285,651)	(808,259)
Interest expense	680,930	1,215,849
Changes in working capital:		
- other receivables	18,906	(1,477,592)
- other payables	280,002	(16,357,147)
	(5,554,906)	(23,132,138)
Interest received	1,851,242	242,667
Interest expense	(110,190)	(1,215,849)
Net cash (used in)/generated from operating activities	(3,813,854)	(24,105,320)
Cash flows from investing activities		
Advance proceeds on disposal of land	-	23,725,000
Deposit (refunded)/received for sale of land	(35,000,000)	35,000,000
Land development expenditure	-	(115,000)
Investment in term deposits	(17,000,000)	(25,000,000)
Proceeds from matured term deposits	42,000,000	-
Net cash flow generated from/(used in) investing activities	(10,000,000)	33,610,000
Cash flow from financing activities		
Units redeemed	(7,041,512)	(25,289,248)
Proceeds from short term loans	40,000,000	35,000,000
Repayment of short term loan	(16,000,000)	(19,000,000)
Net cash flow generated from/(used in) financing activities	16,958,488	(9,289,248)
Net increase in cash and cash equivalents	Rs. 3,144,634	215,432
Movement in cash and cash equivalents		
At July 1,	791,051	575,619
Increase	3,144,634	215,432
At June 30,	3,935,685	791,051

STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS - YEAR ENDED JUNE 30, 2013

	2013 Rs.	2012 Rs.
Net assets attributable to unit holders at July 1,	876,779,356	686,410,586
Redemption of units	(7,041,512)	(25,289,248)
Total comprehensive income for the year	97,190,886	215,658,018
At June 30,	Rs. 966,928,730	876,779,356