



Manager's Report & Audited Financial Statements

For the Year Ended June 30, 2014

MANAGER'S REPORT

We are pleased to present our report for the year ended June 30, 2014.

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.

PROPERTY

The plots of land owned by the Trust are as follows:

Location	Extent (Arpents)
Rivière du Rempart-Haute Rive Village	46.3
Highlands-Cote D'Or Village	169.8
Trou D'Eau Douce-Beau Rivage	68.8
Rose Belle	199.6

No disposal of land was effected during the year under review (2013: Disposal of land of 6A50P located at Haute Rive in July 2012 for Rs.23,725,000).

The Manager is considering various development alternatives for the plots of land, as detailed hereunder:-

Rivière du Rempart-Haute Rive Village

A morcellement plan has been worked out for development of residential/commercial morcellement at Haute Rive. Approval of the morcellement board is being awaited before proceeding with infrastructural works on site.

Highlands-Cote D'Or Village and Rose Belle

A tender exercise is being carried out for the appointment of a consultancy firm to assist in the development of these land.

Trou D'Eau Douce-Beau Rivage

The development of the land at Trou D'eau Douce - Beau Rivage will be taken at a later stage. In the meantime, the land is being leased for agricultural cultivation.

Compulsory acquisitions

The Government has acquired compulsorily the following land, for which proceeds are still pending:

- 3ha6802m² or 8A71P of land at Cote D'Or in relation to the construction of Terre Rouge-Verdun-Trianon link road.
- 1600m² of land at Rose Belle for the setting up of a Gas/Electricity Incinerator.

PERFORMANCE REVIEW

For the year under review, the net assets of Employees Real Estate Investment Trust stood at Rs.971,809,677 with a Net Asset Value (NAV) per unit of Rs.4,580.83 as at June 30, 2014 (Rs.4,483.35 at June 30, 2013).

Total revenue generated during the year amounted to Rs.1,056,777 (2013: Rs.4,936,502) made up of interest income and rental income whilst fees and expenses totalled Rs.6,432,994 (2013: Rs.6,119,283).

FEES AND COMMISSION

The Manager of the Trust has received a fee of Rs.4,410,000 for the year ended June 30, 2014 (2013: Rs.4,302,000).

The Trustee retains a monthly fee of Rs.75,000. The total fee for the year ended June 30, 2014 was Rs.900,000 (2013: 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 2014, the Trust has redeemed a total of 140,188 units and the register of unitholders comprised 212,147 unitholders, at that date.

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

R.Ringadoo
Chairman

I.Mallam-Hasham
Director

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED JUNE 30, 2014

	2014 Rs.	2013 Rs.
Net deficit attributable to unit holders	(8,594,615)	(1,863,711)
Other comprehensive income, net of tax: Gain on revaluation of property	29,070,000	99,054,597
Total comprehensive income for the year	Rs. 20,475,385	97,190,886

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 2014. In our opinion, the financial statements give a true and fair view of the financial position of the Trust at June 30, 2014, 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.29,070,000 arising during the year on revaluation of property impacting on the net asset value per unit from Rs.4,483.35 to Rs.4,580.83 at June 30, 2014. 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, 2014

	2014 Rs.	2013 Rs.
ASSETS		
Property	1,025,600,000	997,100,000
Land development expenditure	3,804,455	3,638,962
Other receivables	1,188,306	1,694,477
Term deposits	-	-
Cash and cash equivalents	20,826,701	3,935,685
	1,051,419,462	1,006,369,124
Non-current assets classified as held for sale	4,978,022	4,408,022
Total assets	Rs. 1,056,397,484	1,010,777,146
LIABILITIES		
Other payables	11,587,807	3,848,416
Short term loans	73,000,000	40,000,000
	84,587,807	43,848,416
Net assets attributable to unit holders	971,809,677	966,928,730
Total liabilities and equity	Rs. 1,056,397,484	1,010,777,146
Net assets value per unit	Rs. 4,580.83	4,483.35

These financial statements have been approved by the Board of Directors of EREIT Management Ltd, Manager on 26 September 2014

For and on behalf of the Board

R.Ringadoo
Chairman

I.Mallam-Hasham
Director

INCOME AND DISTRIBUTION STATEMENT - YEAR ENDED JUNE 30, 2014

	2014 Rs.	2013 Rs.
REVENUE		
Rental and other income	1,003,625	265,469
Interest income	53,152	1,285,651
Net gain on disposal of land	-	3,385,382
	1,056,777	4,936,502
EXPENSES		
Manager's fees	4,410,000	4,302,000
Trustee's fees	900,000	900,000
Professional fees	769,533	659,700
Bank charges	112,422	27,629
Auditors' remuneration	137,885	138,590
Publication expenses	78,890	78,890
Postage	24,264	12,474
	6,432,994	6,119,283
Deficit before finance cost	(5,376,217)	(1,182,781)
Finance cost - interest on short term loans	(3,218,398)	(680,930)
Deficit before taxation	(8,594,615)	(1,863,711)
Taxation	-	-
Net deficit attributable to unit holders	Rs. (8,594,615)	(1,863,711)

STATEMENT OF CASH FLOWS - YEAR ENDED JUNE 30, 2014

	2014 Rs.	2013 Rs.
OPERATING ACTIVITIES		
Deficit for the year	(8,594,615)	(1,863,711)
Adjustments for:		
Net gain on disposal of land	-	(3,385,382)
Interest income	(53,152)	(1,285,651)
Interest expense	3,218,398	680,930
Changes in working capital:		
- other receivables	506,171	18,906
- other payables	8,260,363	1,014,030
	3,337,165	(4,820,878)
Interest received	53,152	1,851,242
Interest paid	(3,739,370)	(110,190)
Net cash used in operating activities	(349,053)	(3,079,826)
Cash flows from investing activities		
Land development expenditure	(165,493)	(734,028)
Deposit refunded for sale of land	-	(35,000,000)
Investment in term deposits	-	(17,000,000)
Proceeds from matured term deposits	-	42,000,000
Net cash flow used in investing activities	(165,493)	(10,734,028)
Cash flow from financing activities		
Units redeemed	(15,594,438)	(7,041,512)
Proceeds from short term loans	33,000,000	40,000,000
Repayment of short term loan	-	(16,000,000)
Net cash flow from financing activities	17,405,562	16,958,488
Net increase in cash and cash equivalents	Rs. 16,891,016	3,144,634
Movement in cash and cash equivalents		
At July 1,	3,935,685	791,051
Increase	16,891,016	3,144,634
At June 30,	20,826,701	3,935,685

STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS - YEAR ENDED JUNE 30, 2014

	2014 Rs.	2013 Rs.
Net assets attributable to unit holders at July 1,	966,928,730	876,779,356
Redemption of units	(15,594,438)	(7,041,512)
Total comprehensive income for the year	20,475,385	97,190,886
At June 30,	Rs. 971,809,677	966,928,730