

MANAGER'S REPORT - JUNE 30, 2017

We are pleased to present our report for the year ended June 30, 2017.

OBJECTS OF THE EMPLOYEES REAL ESTATE INVESTMENT TRUST
Employees Real Estate Investment Trust (the Trust) was set up in 2005 to democratise land ownership by giving Mauritian citizens a direct stake in the productive resources of the economy.

The objectives of 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 unit holders.

PRINCIPAL FUNCTIONS OF THE MANAGER

The Manager is responsible for:
- the provision of management and administrative services to the Trust; and
- the purchase, sale, transfer, exchange or alteration of any assets of the Trust.

PROPERTY

The plots of land owned by the Trust as at 30th June 2017 were as follows

Location	Extent (Arpents)
Riviere du Rempart - Haute Rive Village	46.30
Highlands - Cote D'Or Village	169.74
Trou D'eau Douce - Beau Rivage	68.75
Rose Belle	199.61

Highlands - Cote D'Or Village
On 19th July 2017, 169.74 Arpents of land at Cote D'Or were disposed to The State Investment Corporation Ltd (SIC) for a consideration of Rs 990M.

Remaining land bank (approximately 315 Arpents) excluding Cote D'Or plot of land Management will be looking into options for development of the remaining land bank of approximately 315 Arpents belonging to the Trust.

The Trust has invited Expressions of Interest for procurement of services of project management consultants to help the Trust develop the remaining land bank either on its own or in partnership with private promoters.

The Project Management Consultants will be required to:-

- (i) advise EREIT Management Ltd on property development on the remaining land of the Trust;
 - (ii) collaborate in the elaboration of Master Plans for land at Riviere du Rempart, Trou d'eau Douce and Rose Belle; and
 - (iii) act as Technical Coordinator with other stakeholders for projects approved by the Board of EREIT Management Ltd.
- Compulsory acquisitions**
The Government has acquired compulsorily the following portions of land:
- 3ha880m² or 8A71P of land at Cote D'Or in relation to the construction of Terre Rouge-Verdun-Trianon link Road. An interim payment of Rs 588m together with interests was received during the year, pending the compensation decision by the Board of Assessment.
 - 1800m² of land at Rose Belle for the setting up of a Gas/Electricity Incinerator. No compensation or interim payment received as at date.

PERFORMANCE REVIEW

For the year under review, the net assets of Employees Real Estate Investment Trust stood at Rs. 1,017,766,808 with a Net Asset Value (NAV) per unit of Rs. 5,130.88 as at June 30, 2017 (Rs. 5,146.98 at June 30, 2016).

Total revenue generated during the year amounted to Rs. 2,671,737 (2016: Rs. 1,415,440) made up of rental income, interest income and sundry income whilst fees and expenses totalled Rs. 5,904,708 (2016: Rs. 6,223,639).

FEES AND COMMISSION
Fees payable to the Manager of the Trust for the year ended June 30, 2017 amounted to Rs. 4,608,000 (2016: Rs. 4,581,000).

The Trustee retains a monthly fee of Rs. 75,000. The total fee for the year ended June 30, 2017 was Rs. 900,000 (2016: Rs. 900,000).

REDEMPTION OF UNITS

As per the provisions of the Trust Deed, the units of the Trust are redeemable since March 31, 2010.
As at June 30, 2017, the Trust has processed a total of 153,973 units for redemption and the register of unit holders comprised 198,362 unit holders, at that date.

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

A. H. Nakhuda
Chairman

B. Veerasamy (Mrs)
Director

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED JUNE 30, 2017		
	2017	2016
Net deficit attributable to unit holders	Rs. (3,232,971)	Rs. (5,780,346)
Other comprehensive income, net of tax:		
Surplus on revaluation of property		(5,780,346)
Total comprehensive income for the year	Rs. (3,232,971)	Rs. (11,560,692)

The accompanying statements have been extracted from the full set of audited financial statements of Employees Real Estate Investment Trust for the year ended 30 June 2017, namely statement of financial position, income statement, statement of comprehensive income, statement of cash flows, statement of comprehensive income and statement of changes in net assets attributable to unit holders.

EXTRACT FROM AUDITOR'S REPORT TO THE UNIT HOLDERS

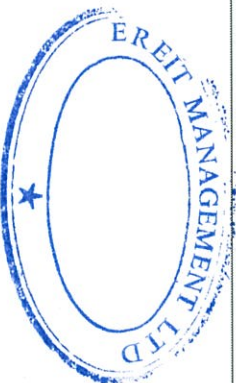
In our opinion, the financial statements give a true and fair view of the financial position of the Trust at June 30, 2017, and of its performance for the year then ended in accordance with International Financial Reporting Standards and comply with the terms of its Trust Deed.

Property valuation

We draw attention to the notes to the financial statements as to the critical accounting estimate and assumptions used to determine the fair value of the land and buildings. The critical estimate and assumption used to value the property 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, 2017

	2017	2016
ASSETS		
Non-current assets		
Property	694,315,000	694,315,000
Land development expenditure	4,144,139	4,144,139
Land development expenditure	699,459,139	699,459,139
Current assets		
Other receivables	999,592	1,726,642
Cash and cash equivalents	725,597	2,465,546
	1,725,179	4,214,488
Non-current assets classified as held for sale	470,979,022	470,979,022
	Rs. 1,171,153,340	1,173,651,619

CURRENT LIABILITIES

Other payables

153,396,532

112,790,299

NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS

1,017,766,808

1,060,891,351

NET ASSETS VALUE PER UNIT

Rs. 1,171,153,340

1,173,651,619

These financial statements have been approved for issue by the Manager on 21 September 2017

For and on behalf of the Board

A. H. Nakhuda
Chairman

B. Veerasamy (Mrs)
Director

INCOME AND DISTRIBUTION STATEMENT - YEAR ENDED JUNE 30, 2017

	2017	2016
Revenue	Rs. 1,148,320	Rs. 1,136,419
Rental income	1,148,320	1,136,419
Other income	1,525,417	278,393
Interest income	2,671,737	1,415,440

Expenses

Manager's fees

4,608,000

4,581,000

Trustee's fees

900,000

900,000

Audit and taxation fees

147,780

165,155

Professional fees

117,500

342,000

Postage

77,570

38,814

Publication expenses

52,280

204,428

Bank charges

1,578

2,142

5,904,708

6,223,639

Deficit before finance cost

(3,232,971)

(4,908,199)

Finance cost - interest on short term loans

(3,232,971)

(9,727,471)

Taxation

(3,232,971)

(5,780,346)

Net deficit attributable to unit holders

Rs. (3,232,971)

Rs. (5,780,346)

STATEMENT OF CASH FLOWS - YEAR ENDED JUNE 30, 2017

	2017	2016
Operating activities		
Deficit for the year	(3,232,971)	(5,780,346)
Adjustments for:		
Interest income	(1,525,417)	(278,393)
Interest expense	972,747	972,747
Changes in working capital:		
- other receivables	768,050	(639,927)
- other payables	12,380,234	4,302,846
- interest received	1,525,417	1,145,709
- interest paid	(3,169,669)	(4,315,349)
Net cash generated from/used in operating activities	13,891,131	(4,315,349)

Cash flows from investing activities

Down payment and financing cost on land development expenditure incurred

24,280,000

98,500,000

Land development expenditure incurred

24,280,000

(125,923)

Net cash flow from investing activities

(98,327,477)

Cash flow from financing activities

Units redeemed

(39,891,572)

(18,814,130)

Repayment of short term loans

(73,000,000)

(73,000,000)

Net cash flow used in financing activities

(99,891,572)

(91,814,130)

Net (decrease)/increase in cash and cash equivalents

Rs. (1,740,259)

2,244,598

Movement in cash and cash equivalents

At July 1,

2,405,846

221,248

(Decrease)/increase

(1,740,259)

2,244,598

At June 30,

725,597

2,465,846

STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS - YEAR ENDED JUNE 30, 2017

	2017	2016
Net assets attributable to unit holders at July 1,	1,060,891,351	1,065,486,427
Redemption of units	(99,891,572)	(18,814,130)
Total comprehensive income for the year	(3,232,971)	(5,780,346)
	Rs. 1,017,766,808	1,060,891,351

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, 5th, 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, Tel: 213 4040

