EMPLOYEES' REAL ESTATE INVESTMENT TRUST

FINANCIAL STATEMENTS – YEAR ENDED

JUNE 30, 2013

EMPLOYEES' REAL ESTATE INVESTMENT TRUST

MANAGEMENT AND ADMINISTRATION

MANAGER	**EREIT MANAGEMENT LTD** 15th Floor, Air Mauritius Centre 6, President John Kennedy Street Port Louis.
TRUSTEE	**STATE INSURANCE COMPANY OF MAURITIUS LTD** Sir Celicourt Antelme Street Port Louis
AUDITORS	**BDO & CO** Chartered Accountants 10, Frère Félix de Valois Street Champ de Mars Port Louis

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:

(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

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)
Riviere 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 Rs23,725,000.
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.

MANAGER'S REPORT

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 behaf of the Board of EREIT Management Ltd, Manager

R.Ringadoo
Chairman

I.Mallam-Hasham
Director

Date: 25 SEP 2013

BDO

Tel : +230 202 3000
Fax: +230 202 9993
www.bdo.mu

BDO & Co Ltd
10, Frère Félix de Valois Street
Port Louis, Mauritius
P.O. Box 799

INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS

This report is made solely to the Unit holders of Employees' Real Estate Investment Trust, as a body, in accordance with the terms of the Trust Deed. Our audit work has been undertaken so that we might state to the Unit holders those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Trust and the Unit holders as a body, for our audit work, for this report, or for the opinions we have formed.

Report on the Financial Statements

We have audited the financial statements of Employees' Real Estate Investment Trust on pages 4 to 22 which comprise the statement of financial position at June 30, 2013, the income and distribution statement, statement of comprehensive income attributable to unit holders, statement of changes in net assets attributable to unit holders and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Respective Responsibilities of Manager & Trustee

The Manager and the Trustee are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and with the terms of the Trust Deed, and for such internal control as they determine is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Trust's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Trust's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Manager and the Trustee as well as evaluating the overall presentation of the financial statements.

BDO

EMPLOYEES' REAL ESTATE INVESTMENT TRUST

INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS

Report on the Financial Statements (Continued)

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements on pages 4 to 22 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 propety as disclosed in notes 3 and 4 is sensitive to market conditions prevailing in real estate transactions. Our opinion is not qualified in this respect.

BDO & Co
Chartered Accountants

Abdullah Ramtoola, FCCA
Licensed by FRC

Port Louis,
Mauritius.

25 SEP 2013

EMPLOYEES' REAL ESTATE INVESTMENT TRUST

STATEMENT OF FINANCIAL POSITION - YEAR ENDED JUNE 30, 2013

	Notes		2013	2012
			Rs.	Rs.
ASSETS				
Property	4		**997,100,000**	607,200,000
Land development expenditure	5		**3,638,962**	2,137,284
Other receivables	6		**1,694,477**	3,469,224
Term deposits	7		-	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	8		**4,408,022**	315,170,443
Total assets		Rs.	**1,010,777,146**	953,768,002
LIABILITIES				
Other payables	9		**3,848,416**	60,988,646
Short term loan	10		**40,000,000**	16,000,000
			43,848,416	76,988,646
Net assets attributable to unit holders	11		**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 for issue by the Manager on: **25 SEP 2013**

) MANAGER

The notes on pages 8 to 22 form an integral part of these financial statements.

Auditors' report on pages 3 and 3(a).

INCOME AND DISTRIBUTION STATEMENT - YEAR ENDED JUNE 30, 2013

	Notes	2013	2012
		Rs.	Rs.
Revenue			
Net gain on disposal of land		**3,385,382**	-
Interest income	2(f)	**1,285,651**	808,259
Other income		**265,469**	680,936
		4,936,502	1,489,195
Expenses			
Manager's fees	12	**4,302,000**	4,149,000
Trustee's fees	13	**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	14	**-**	-
Net deficit available for distribution to unit holders	Rs.	**(1,863,711)**	(5,704,989)

The notes on pages 8 to 22 form an integral part of these financial statements.
Auditors' report on pages 3 and 3(a).

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED JUNE 30, 2013

	Notes		2013	2012
			Rs.	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	4		**99,054,597**	221,363,007
Total comprehensive income for the year		Rs.	**97,190,886**	215,658,018

The notes on pages 8 to 22 form an integral part of these financial statements.
Auditors' report on pages 3 and 3(a).

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

		2013	2012
		Rs.	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

The notes on pages 8 to 22 form an integral part of these financial statements.

Auditors' report on pages 3 and 3(a).

STATEMENT OF CASH FLOWS - YEAR ENDED JUNE 30, 2013

	Notes	2013	2012
		Rs.	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 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	7	**(17,000,000)**	(25,000,000)
Proceeds from matured term deposits	7	**42,000,000**	-
Net cash flow (used in)/generated from 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,	15	**3,935,685**	791,051

The notes on pages 8 to 22 form an integral part of these financial statements.

Auditors' report on pages 3 and 3(a).

1. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these financial statements are set out below.

1.1 Basis of preparation

The financial statements of EMPLOYEES REAL ESTATE INVESTMENT TRUST have been prepared in accordance with International Financial Reporting Standards (IFRS) and under the historical cost convention, except that land is carried at revalued amount.

These financial statements will be submitted for consideration and approval at the forthcoming Annual Meeting of unitholders.

Standards, Amendments to published Standards and Interpretations effective in the reporting period

Deferred Tax: Recovery of Underlying Assets (Amendments to IAS 12), introduces a presumption that investment properties that are measured using the fair value model in accordance with IAS 40 Investment Property are recovered entirely through sale for the purposes of measuring deferred taxes. This presumption is rebutted if the investment property is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. This amendment is unlikely to have an impact on the Trust's financial statements.

Amendment to IAS 1, 'Financial statement presentation' regarding other comprehensive income. The main change resulting from these amendments is a requirement for entities to group items presented in 'other comprehensive income'(OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments).

Standards, Amendments to published Standards and Interpretations issued but not yet effective

Certain standards, amendments to published standards and interpretations have been issued that are mandatory for accounting periods beginning on or after 1 January 2013 or later periods, but which the Trust has not early adopted.

1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

1.1 Basis of preparation (cont'd)

Standards, Amendments to published Standards and Interpretations issued but not yet effective

At the reporting date of these financial statements, the following were in issue but not yet effective:

IFRS 9 Financial Instruments
IAS 27 Separate Financial Statements
IAS 28 Investments in Associates and Joint Ventures
IFRS 10 Consolidated Financial Statements
IFRS 11 Joint Arrangements
IFRS 12 Disclosure of Interests in Other Entities
IFRS 13 Fair Value Measurement
IAS 19 Employee Benefits (Revised 2011)
IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine
Disclosures - Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS 7)
IAS 32 Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32)
Amendment to IFRS 1 (Government Loans)
Annual Improvements to IFRSs 2009-2011 Cycle
Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance
Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27)
IFRIC 21: Levies
Recoverable Amount Disclosures for Non- financial Assets (Amendments to IAS 36)
Novation of Derivatives and Continuation of Hedge Accounting (Amendments to IAS 39)

Where relevant, the Trust is still evaluating the effect of these Standards, amendments to published Standards and Interpretations issued but not yet effective, on the presentation of its financial statements.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Trust's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed hereunder.

1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

1.2 Property

Land is stated at fair value based on valuation by external independent valuers.

Land is not depreciated.

Increases in the carrying amount arising on revaluation are credited to revaluation surplus in net assets attributable to unit holders. Decreases that offset previous increases of the same asset are charged against revaluation reserve directly in equity, all the decreases are charged to the income and distribution statement.

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

Gains and losses on disposal of property are determined by comparing proceeds with carrying amount and are included in the income and distribution statement. On disposal of revalued assets the amounts included in revaluation surplus are transferred to net surplus available for distribution to unit holders.

1.3 Impairment of assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

1.4 Financial assets

(a) *Categories of financial assets*
The Trust classifies its financial assets principally into loans and receivables.

The classification depends on the purpose for which the investments were acquired. Management determines the classification of its financial assets at initial recognition.

1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

1.4 Financial assets (cont'd)

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are recognised initially at fair value plus any directly attributable transactions costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment. The Trust's loans and receivables comprise cash and cash equivalents and trade and other receivables.

(b) Recognition and measurement

Purchases and sales of financial assets are recognised on trade date, i.e. the date on which the Trust commits to purchase or sell the assets.

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Trust has transferred substantially all risks and rewards of ownership.

Loans and receivable are carried subsequently at amortised cost using effective interest method.

(c) Impairment of financial assets

The Trust assesses at the end of each reporting period whether that is objective evidence that a financial asset or a group of financial assets is impaired.

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and, the amount of the loss is recognised in the income and distribution statement. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

1.5 Other receivables

Other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of other receivables is established when there is objective evidence that the Trust will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of provision is recognised in the income and distribution statement.

1.6 Other payables and accruals

Other payables and accruals are stated at fair value and subsequently measured at amortised cost using the effective interest method.

1.7 Cash and cash equivalents

Cash and cash equivalents include cash in hand and deposits held at call with banks and other short term highly liquid investments.

1.8 Capital account

Capital account has been classified as equity.

1.9 Non-current assets held for sale

Non-current assets classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell if their carrying amount is recovered principally through a sale transaction rather than through a continuing use. This condition is regarded as met only, when the sale is highly probable and the asset is available for immediate sale in its present condition.

1.10 Revenue recognition

Revenue earned by the Trust is recognised as follows:

- Interest income - on a time-proportion basis using the effective interest method. When a receivable is impaired, the Trust reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at original effective interest rate, and continues unwinding the discount as interest income. Interest income on impaired receivables is recognised either as cash is collected or on a cost-recovery basis as conditions warrant.
- Other income- on an accrual basis.

1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

1.11 Provisions

Provisions are recognised when the Trust has a present or constructive obligation as a result of past events, and when it is probable that this obligation will result in an outflow of economic benefits that can be reasonably estimated.

1.12 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 is expected to be redeemable only after five years of operation of the Trust.

2. FINANCIAL RISK MANAGEMENT

2.1 Financial risk factors

The Trust's activities expose it to a variety of financial risks, including:
- Liquidity risk;
- Interest rate risk.

A description of the significant risk factors is given below:

(i) *Liquidity risk*
Liquidity risk is the risk that operations cannot be funded and financial commitments cannot be met cost effectively. The risk arises from both the difference between the magnitude of assets and liabilities and the disproportion in their maturities.

Liquidity risk management deals with overall profile of the statement of assets and liabilities, the funding requirements of the Trust and cash flows.

The table below analyses the Trust's financial liabilities into relevant maturity groupings based on the remaining period at the end of the reporting period to the contractual maturity date.

	Less than one year
	Rs.
At June 30, 2013	
Other payables	**3,848,416**
At June 30, 2012	
Other payables	60,988,646

(ii) *Cash flow and fair value interest rate risk*
The Trust's interest rate risk arises from term deposit and short term loan. Term deposit and short term loan held at variable rates expose the Trust to cash flow interest rate risk. Term deposits and short term loan held at fixed rates expose the Trust to fair value interest-rate risk.

(a) *Cash flow interest rate risk*

(i) At end of reporting period, if interest rates on rupee-denominated variable rate savings account had been 50 basis point higher/lower with all variables held constant, the net surplus available for distribution would have been **Rs. 19,678** (2012: Rs. 3,955) lower/higher, mainly as a result of higher/lower interest income on variable interest rate deposits.

(ii) At end of reporting period, if interest rates on rupee-denominated variable rate short term loan had been 50 basis point higher/lower with all variables held constant, the net surplus available for distribution would have been **Rs.200,000** (2012: Rs.Nil) lower/higher, mainly as a result of higher/lower interest income on variable interest rate deposits.

2. FINANCIAL RISK MANAGEMENT (CONT'D)

2.1 Financial risk factors (cont'd)

(b) *Fair value interest rate risk (cont'd)*

(i) At the end of the reporting date, if interest rates on rupee denominated fixed rate term deposit had been 50 basis points higher/lower with all variables held constant,the net surplus available for distribution to unitholders for the year would have been as shown below:

	2013	2012
	Rs.	Rs.
	+/-	+/-
Impact on net surplus available for distribution to unitholders	-	14,727

(ii) At the end of the reporting date, if interest rates on rupee denominated fixed rate short term loan had been 50 basis points higher/lower with all variables held constant,the net surplus available for distribution to unitholders for the year would have been as shown below:

	2013	2012
	Rs.	Rs.
	+/-	+/-
Impact on net surplus available for distribution to unitholders	-	5,926

2.2 Capital risk management

The Trust's objectives when managing capital are:

- to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for unitholders and benefits for other stakeholders and
- to provide an adequate return to unitholders.

The Trust has no long-term borrowings at the end of the reporting period and as such is not geared.

3. CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

Estimates and judgements are continuously evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Trust makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The major estimate and assumption that has a significant risk of a material adjustment to the carrying amount of property and the net asset value attributable to unit holders within the next financial year is discussed below.

(i) Revaluation of property

Property is measured at revalued amounts with changes in fair value recognised in other comprehensive income. The Trust used an independent valuation specialist to determine fair values at June 30, 2013. The method of valuation used by the valuer is the 'comparable method' based on comparison of sales of similar properties within the same locality at the relevant date.

The basis for the valuation carried out to ascertain the 'open market value' of the property is in accordance with the 8th edition of the Royal Institution of Chartered Valuation Surveyors (RICS) Valuation Standards.

The determined fair value of the property is sensitive to demand and supply within the same localities and depend on market conditions prevailing in real estate transactions. The key assumptions used to determine the fair value of the property is further explained in Note 4.

4. PROPERTY

		Land	
		2013	2012
VALUATION		**Rs.**	Rs.
At July 1,		**607,200,000**	695,550,000
Property reclassified (from)/to non-current assets held for sale (note 8)		**291,211,615**	(309,713,007)
Revaluation surplus		**99,054,597**	221,363,007
Disposal (note 8d)		**(366,212)**	-
At June 30,	Rs.	**997,100,000**	607,200,000

(a) If the property was stated on the historical cost basis, the amount would be as follows:

		2013	2012
		Rs.	Rs.
Cost	Rs.	**90,207,633**	65,507,262

(b) The property has been revalued at June 30, 2013 by a Chartered Valuation Surveyor. The valuation was made on the basis of open market value defined as the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

The revaluation surplus amounting to Rs99,054,597 was credited to other comprehensive income.

5. LAND DEVELOPMENT EXPENDITURE

		2013	2012
		Rs.	Rs.
At July 1,		2,137,284	3,119,720
Addition during the year		734,028	115,000
Development expenditure reclassified from/(to) non-current assets held for sale (note 8)		772,359	(1,097,436)
Disposal (note 8(ii))		(4,709)	-
At June 30,	Rs.	3,638,962	2,137,284

Land development expenditure will be released to income and distribution statement as expenses upon disposal of plots to match with proceeds.

6. OTHER RECEIVABLES

		2013	2012
		Rs.	Rs.
Rental income receivable		980,936	715,468
Interest receivable		-	565,591
Sundry receivable		713,541	2,188,165
	Rs.	1,694,477	3,469,224

The carrying amounts of other receivables approximate their fair value and are denominated in Mauritian Rupees.

Sundry receivable is past due but not impaired. None of the other receivables are impaired.

7. TERM DEPOSITS

		2013	2012
		Rs.	Rs.
At July 1,		25,000,000	-
Additions		17,000,000	25,000,000
Matured		(42,000,000)	-
At June 30,	Rs.	-	25,000,000

(a) Addition during the year is as follows:

Name of Financial Institutions			
Bramer Banking Corporation	Rs.	17,000,000	25,000,000

(b) Maturity effected are as follows:

		2013	2012
Name of Financial Institutions		Rs.	Rs.
Bramer Banking Corporation	Rs.	42,000,000	-

Interest rates on term deposits of Rs25m and Rs17m are 6.10% p.a. with maturity date on August 2012 and 5.60% p.a. with maturity date on February 2013 respectively.

Term deposits are denominated in Mauritian Rupees.

8. NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE

		2013	2012
		Rs.	Rs.
At July 1,		315,170,443	4,360,000
Reclassified (to)/from property (note 4)		(291,211,615)	309,713,007
Reclassified (to)/from land Development Expenditure (note 5)		(772,359)	1,097,436
Disposal (note 8b)		(18,778,447)	-
At June 30,	Rs.	4,408,022	315,170,443

8. NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE (CONT'D)

Non-current assets classified as held for sale represents:

(i) Land earmarked for sale

(a) 3ha6802m2 of land at carrying amount at Cote D'Or which the Government has compulsorily acquired in relation to the construction of the Terre Rouge-Verdun-Trianon link road. The compensation for the land acquired proposed by the Government at Rs 4,360,000.

(b) 2ha7414.05m2 of land at carrying amount at Haut Rive which was disposed during the year for an amount of Rs.23.5m.

(c) 56ha2979m2 of land at carrying amount at Cote D'Or had been earmarked for sale for an expected consideration of Rs.391 on 13 January 2012. However, the sale did not materialise as the permits pertaining to the development of this portion of land could not be obtained and no further extention to the pre-sale agreement was granted.
The carrying amount has therefore been reclassified out of non current assets held for sale to property, plant and equipment.

(d) 0ha3609m2 of land at carrying amount at Cote D'Or was acquired by the Government for Rs. nil consideration for the construction of a feeder canal in connection with the Bagatelle Dam project.

(ii) Development expenditure incurred on the above plots earmarked for sale/acquired by the Government.

9. OTHER PAYABLES

		2013	2012
		Rs.	Rs.
Deposits on sale of land		-	35,000,000
Advance proceeds on disposal of land		-	23,725,000
Manager's fees		**717,000**	345,750
Professional fees accrued		**1,648,368**	921,600
Payable on redeemed units		**912,308**	996,296
Loan interest accrued		**570,740**	-
	Rs.	**3,848,416**	60,988,646

The carrying amounts of other payables approximate their fair value and are denominated in Mauritian Rupees.

10. SHORT TERM LOAN

		2013	2012
		Rs.	Rs.
Short term loan	Rs.	**40,000,000**	16,000,000

(a) The loan is secured by floating charges on the assets of the Trust. The interest rate payable on the bank loan is 0.5% plus the bank's PLR, presently 7.9% p.a. (2012: Interest rate was fixed at 8% p.a)

11. NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS

(a) The net assets attributable to unit holders is analysed as follows:

		2013	2012
		Rs.	Rs.
Capital account		**217,453,000**	223,333,000
Redemption		**(1,782,000)**	(5,880,000)
		215,671,000	217,453,000
Revaluation surplus (note 11d)		**909,627,284**	828,070,407
Revenue deficit (note 11e)		**(158,369,554)**	(168,744,051)
	Rs.	**966,928,730**	876,779,356

(b) Movement in units during the year

	2013	2012
	Units	Units
At July 1,	**217,453**	221,462
Adjustments to initial number of units (note 11f)	**-**	4,300
Units redeemed	**(1,782)**	(8,309)
At June 30,	**215,671**	217,453

		2013	2012
		Rs.	Rs.
(c) Net asset value per unit at June 30,	Rs.	4,483.35	4,032.04

(d) Revaluation surplus

		2013	2012
		Rs.	Rs.
At July 1,		**828,070,407**	606,707,400
Gain on revaluation during the year		**99,054,597**	221,363,007
Release on disposal of land (note 11e)		(17,497,720)	-
At June 30,	Rs.	**909,627,284**	828,070,407

(e) Revenue deficit

		2013	2012
		Rs.	Rs.
At July 1,		**(168,744,051)**	(143,629,814)
Deficit during the year		(1,863,711)	(5,704,989)
Redemption		(5,259,512)	(19,409,248)
Release from revaluation surplus (note 11d)		17,497,720	-
At June 30,	Rs.	(158,369,554)	(168,744,051)

(f) On October 6, 2011, additional 4,300 units have been added to the initial list of unit holders further to a letter from the Ministry of Social Security and National Pension Fund.

12. MANAGER'S FEES

EREIT MANAGEMENT Ltd, the Manager of the Trust, receives an annual base fee of Rs.3 million which is adjusted by the annual inflation rate. The adjusted fee for the year ended June 30, 2013 is **Rs.4,302,000** (2012: Rs.4,149,000).

13. TRUSTEE'S FEES

State Insurance Company of Mauritius, the Trustee, receives a fee of Rs.75,000 per month (2012: Rs.75,000).

14. TAXATION

The trust is exempt from income tax.

15. CASH AND CAH EQUIVALENTS

		2013	2012
		Rs.	Rs.
Cash at bank	Rs.	**3,935,685**	791,051

16. CAPITAL ACCOUNT

The Trust was created under the Unit Trust Act 1989 with an initial fund of Rs350M transferred from the Employees' Welfare Fund pursuant to section 10A (3) of the Employees' Welfare Fund Act 1995.

17. RELATED PARTY TRANSACTIONS

	2013	2012
	Rs.	Rs.
Manager		
-Fees	**4,302,000**	4,149,000
Trustee		
-Fees	**900,000**	900,000
Payables at end of reporting period:		
Manager-accrued fee	**717,000**	345,750