

MANAGER'S REPORT

We are pleased to present our report for the year ended June 30, 2016.

OBJECTS OF THE EMPLOYEES REAL ESTATE INVESTMENT TRUST

The 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 objects 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 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)
Riviere du Rempart - Haute Rive Village	46.30
Highlands - Cote D'or Village	169.75
Trou D'Eau Douce - Beau Rivage	68.75
Rose Belle	199.61

No disposal of land was effected during the year under review (2015: None).

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

Riviere du Rempart - Haute Rive Village
- Following the request made by the Trust to the Ministry of Housing and Lands for the subdivision of the plot of land of an extent of 129, 829m² at Haute Rive, Riviere du Rempart, the necessary letter of intent has been received for infrastructure works to be carried out to the satisfaction of the Morcellement Board.

- On reception of same, open bids were invited for infrastructure works, which are currently being evaluated by the Consultants.

- Contract for infrastructural works will be awarded once the recommendations of the Consultants are received.

Highlands - Cote D'Or Village

- An offer was received for the acquisition of 169.75 Arpents at Cote D'or during the year ended 30 June 2015 from The State Investment Corporation Ltd (SIC). On the basis of a valuation of land carried out by an independent valuer, the Trust's manager and the trustee have given their consent for the sale at Rs 550m to which SIC has confirmed its agreement. On obtention of the land conversion permit, the sale deed will be finalised. An amount of Rs 98.8m was received during the year from SIC as down payment.

- In the meanwhile, 135.7 Arpents are actually being leased to planters for agricultural cultivation to ensure that the land is put to productive use while at the same time, it discourages dumping.

Trou D'Eau Douce - Beau Rivage

The project manager has been requested to work out a project for the development of these land, pending which, part of the land is being leased for agricultural cultivation.

Rose Belle

The project manager has been requested to work out a project for the development of these land, pending which, part of the land is being leased for agricultural cultivation.

Compulsory acquisitions

The Government has acquired compulsorily the following land, for which proceeds are still pending:
- 3ha5802m² 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. 1,060,891,351 with a Net Asset Value (NAV) per unit of Rs. 5,146.88 as at June 30, 2016 (Rs.5,174.58 at June 30, 2015).

Total revenue generated during the year amounted to Rs. 1,415,440 (2015: Rs.1,613,576) made up of rental income and sundry income whilst fees and expenses totalled Rs. 6,223,639 (2015: Rs. 6,121,508).

FEES AND COMMISSION

Fees payable to the Manager of the Trust for the year ended June 30, 2016 amounted to Rs. 4,581,000 (2015: Rs.4,530,000). The Trustee retains a monthly fee of Rs. 75,000. The total fee for the year ended June 30, 2016 was Rs.900,000 (2015: 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 2016, the Trust has redeemed a total of 146,216 units and the register of unitholders comprised 206,119 unitholders, 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

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 Street, Port Louis. Tel: 213 4040

REPORT OF THE AUDITORS TO THE UNIT HOLDERS

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 2016. In our opinion, the financial statements give a true and fair view of the financial position of the Trust at June 30, 2016, 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 notes to the financial statements as to the critical accounting estimate and assumptions used to determine the fair value of the Trust's property which is carried at Rs. 694,315,000 in the statement of financial position at June 30, 2016. The critical estimate and assumption used to revalue 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, 2016

	2016	2015
	Rs.	Rs.
ASSETS		
Property	694,315,000	694,315,000
Land development expenditure	4,144,139	4,018,216
Other receivables	1,746,942	1,104,715
Cash and cash equivalents	2,465,846	221,248
	702,672,927	699,659,179
Non-current assets classified as held for sale	470,979,022	470,979,022
Total assets	Rs. 1,173,651,649	1,170,641,201
LIABILITIES		
Other payables	112,760,298	12,164,774
Short term loan	-	73,000,000
	112,760,298	85,164,774
Net assets attributable to unit holders	1,060,891,351	1,085,486,427
Total liabilities and equity	Rs. 1,173,651,649	1,170,641,201
Net assets value per unit	Rs. 5,146.88	5,174.58

These financial statements have been approved for issue by the Manager on 28 September 2016.

For and on behalf of the Board,

A. H. Nakhuda

Chairman

B. Veerasamy (Mrs)

Director

INCOME AND DISTRIBUTION STATEMENT - YEAR ENDED JUNE 30, 2016

	2016	2015
	Rs.	Rs.
REVENUE		
Rental income	1,436,819	1,990,769
Other income	276,393	375,000
Interest income	228	147,816
	1,415,440	1,513,576
EXPENSES		
Manager's fees	4,581,000	4,530,000
Trustee's fees	900,000	900,000
Professional fees	342,000	424,867
Bank charges	2,142	2,667
Audit and taxation fees	155,155	161,020
Publication expenses	204,528	68,336
Postage	38,814	16,618
	6,223,639	6,121,508
Deficit before finance cost	(4,808,199)	(4,607,932)
Finance cost - Interest on short term loans	(972,747)	(5,707,509)
Deficit before taxation	(5,780,946)	(10,315,441)
Taxation	-	-
Net deficit attributable to unit holders	Rs. (5,780,946)	(10,315,441)

STATEMENT OF CASH FLOWS - YEAR ENDED JUNE 30, 2016

	2016	2015
	Rs.	Rs.
OPERATING ACTIVITIES		
Deficit for the year	(5,780,946)	(10,215,441)
Adjustments for:		
Interest income	(228)	(147,816)
Interest expense	972,747	5,707,509
Changes in working capital:		
- other receivables	(639,827)	79,591
- other payables	4,302,646	(1,634,387)
	(1,145,708)	(2,100,842)
Interest received	228	147,816
Interest paid	(5,169,699)	(3,506,159)
Net cash used in operating activities	(4,315,349)	(3,588,083)
Cash flows from investing activities		
Down payment on non-current asset classified as held for sale	99,509,000	-
Land development expenditure	(125,823)	(213,761)
Net cash flow from / (used in) investing activities	98,374,077	(213,761)
Cash flow from financing activities		
Units redeemed	(18,814,130)	(10,822,809)
Repayment of short term loans	(73,000,000)	-
Net cash flow used in financing activities	(91,814,130)	(10,822,809)
Net increase/(decrease) in cash and cash equivalents	Rs. 2,244,598	(20,605,453)
Movement in cash and cash equivalents		
At July 1,	221,248	20,826,701
Increase/(decrease)	2,244,598	(20,605,453)
At June 30,	Rs. 2,465,846	221,248

STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS - YEAR ENDED JUNE 30, 2016

	2016	2015
	Rs.	Rs.
Net assets attributable to unitholders at July 1,	1,085,486,427	971,609,677
Redemption of units	(18,814,130)	(10,822,809)
Total comprehensive income for the year	(5,780,946)	(124,499,559)
At June 30,	1,060,891,351	1,085,486,427

STATEMENT OF COMPREHENSIVE INCOME FOR YEAR ENDED JUNE 30, 2016

	2016	2015
	Rs.	Rs.
Net deficit attributable to unit holders	(5,780,946)	(10,315,441)
Other comprehensive income, net of tax:		
Gain on revaluation of property	-	134,715,000
Total comprehensive income for the year	Rs. (5,780,946)	124,499,559

