



MANAGER'S REPORT

We are pleased to present our report for the year ended June 30, 2011.

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

During the year Rs.343,000,000 proceeds were obtained upon maturity of Term Deposits.

At close of year, there were no investment in Term Deposits.

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

Location	Extent (Arpents)
Rivières du Rempart-Haute Rive Village	52.7
Highlands-Cote D'Or Village	169.8
Trou D'Eau Douca-Beau Rivage	68.8
Rosa Belle	200

PERFORMANCE REVIEW

For the year under review, the net assets of Employees Real Estate Investment Trust stood at Rs.666,410,586 with a Net Asset Value (NAV) per unit of Rs. 3,099.45 as at June 30, 2011 (Rs.2,973.92 at June 30, 2010).

Total revenue generated during the year amounted to Rs.10,111,511 (2010: Rs.24,672,891) made up of interest income and rental income whilst fees and expenses totalled Rs.7,296,172 (2010: Rs.6,236,259).

FEES AND COMMISSION

The Manager of the Trust has received a fee of Rs.3,998,000 for the year ended June 30, 2011 (2010: Rs.3,945,000).

The Trustee retains a monthly fee of Rs.75,000. The fee for the year ended June 30, 2011 was Rs.900,000 (2010: 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 2011, the Trust has redeemed 126,583 units and the register of unitholders comprised 221,462 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 THE YEAR ENDED JUNE 30, 2011**

	2011 Rs.	2010 Rs.
Net surplus available for distribution to unit holders	2,815,339	18,433,632
Other comprehensive income, net of tax		
Gain on revaluation of property	27,546,000	50,266,400
Total comprehensive income for the year	Rs 30,360,339	68,700,032

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

INDEPENDENT AUDITORS' REPORT 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 2011. In our opinion, the financial statements give a true and fair view of the financial position of the Trust at June 30, 2011, 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 the Trust Deed.

STATEMENT OF FINANCIAL POSITION - JUNE 30, 2011

	2011 Rs.	2010 Rs.
ASSETS		
Property	695,550,000	672,365,000
Land development expenditure	3,119,720	2,840,490
Other receivables	1,428,040	1,201,040
Term deposits	-	356,504,045
Cash at bank	575,619	2,913,745
	<u>700,671,379</u>	<u>1,035,824,320</u>
Non-current assets classified as held for sale	4,360,000	-
Total assets	Rs 705,031,379	1,035,824,320
LIABILITIES		
Other payables	18,620,793	767,376
Net assets attributable to unit holders	<u>686,410,586</u>	<u>1,035,056,944</u>
Total liabilities and equity	Rs 705,031,379	1,035,824,320
Net assets value per unit	<u>Rs 3,099.45</u>	<u>2,973.92</u>

These financial statements have been approved by the Board of Directors of EREIT Management Ltd, Manager on 28 September 2011

For and on behalf of the Board R. Ringadoo I. Mallam-Hasham
Chairman Director

INCOME AND DISTRIBUTION STATEMENT - YEAR ENDED JUNE 30, 2011

	2011 Rs.	2010 Rs.
REVENUE		
Interest income	9,361,511	23,922,891
Other income	780,000	760,000
	<u>10,141,511</u>	<u>24,672,891</u>
EXPENSES		
Manager's fees	3,998,000	3,945,000
Trustee's fees	900,000	900,000
Publication expenses and awareness programme	397,786	854,439
Professional fee	618,176	426,650
Bank charges	376,191	1,045
Auditors' remuneration	122,000	112,125
Postage fees	886,081	-
	<u>7,296,172</u>	<u>6,236,259</u>
Surplus before taxation	2,815,339	18,433,632
Taxation	-	-
Net surplus available for distribution to unit holders	<u>2,815,339</u>	<u>18,433,632</u>

STATEMENT OF CASH FLOWS - YEAR ENDED JUNE 30, 2011

	2011 Rs.	2010 Rs.
OPERATING ACTIVITIES		
Surplus for the year	2,815,339	18,433,632
Adjustments for:		
Interest income	(9,361,511)	(23,922,891)
Changes in working capital:		
- other receivables	(225,000)	(429,607)
- other payables	7,585,477	(286,499)
	814,305	(6,207,365)
Interest received	9,361,511	10,418,846
Net cash generated from operating activities	10,175,616	4,211,461
Cash flows from investing activities		
Land development expenditure	(279,230)	(201,250)
Investment in term deposits	-	(343,000,000)
Proceeds from matured term deposits	356,504,045	336,556,615
Net cash flow from investing activities	356,224,815	(6,344,635)
Cash flow from financing activities		
Units redeemed	(386,738,757)	(24,969)
Net decrease in cash and cash equivalents	Rs (2,336,126)	(2,158,143)
Movement in cash and cash equivalents		
At July 1,	2,913,746	5,071,688
Decrease	(2,336,126)	(2,158,143)
At June 30,	Rs 575,619	2,913,745

**STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE
TO UNIT HOLDERS - YEAR ENDED JUNE 30, 2011**

	2011 Rs.	2010 Rs.
Net assets attributable to unit holders at July 1,	1,035,056,944	988,381,901
Redemption of units	(379,006,607)	(24,989)
Total comprehensive income for the year	30,360,339	68,700,032
At June 30,	Rs 686,410,586	1,035,056,944