

EII Global Property Fund

# **Interim Report and Condensed Unaudited Financial Statements**

For the financial period ended 30 June 2017

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## General information

<b>Directors of the Manager</b>	<p>Mary Broughan (Irish) (Independent)          Declan McCourt (Irish) (Independent)          Christian A. Lange (American)          Andrew Cox (British) (Resigned 1 July 2017)</p> <p>(All Directors are non-executive)</p>
<b>Manager</b>	<p>EII Real Estate Securities Advisors Limited          25/28 North Wall Quay          International Financial Services Centre          Dublin 1          Ireland</p>
<b>Investment Manager and Distributor</b>	<p>EII Capital Management, Inc.          640 Fifth Avenue, 8<sup>th</sup> Floor          New York 10019          USA</p>
<b>Administrator and Transfer Agent</b>	<p>Capita Financial Administrators (Ireland) Limited          2<sup>nd</sup> Floor, 2 Grand Canal Square          Grand Canal Harbour          Dublin 2          Ireland</p>
<b>Independent Auditor</b>	<p>KPMG          1 Harbourmaster Place          International Financial Services Centre          Dublin 1          Ireland</p>
<b>Irish Legal Advisers &amp; Secretary</b>	<p>A &amp; L Goodbody          25/28 North Wall Quay          International Financial Services Centre          Dublin 1          Ireland</p>
<b>Trustee and Depositary</b>	<p>BNY Mellon Trust Company (Ireland) Limited          Guild House          Guild Street          International Financial Services Centre          Dublin 1          Ireland</p>

# Investment Manager's Report

For the financial period ended 30 June 2017

EII Global Property Fund

## Fund Performance & Market Analysis

For the YTD period ending 30 June 2017, the EII Global Property Fund's (the "Fund") I and A share classes declined -5.18% and -5.53% (in Euros) respectively (up 2.12% for A-USD shares). The FTSE EPRA/NAREIT Developed Index Net TRI (benchmark) declined -3.05% in Euros. Regionally, based in USD terms, Europe was the strongest market, up 14.26% for the first half year of 2017. Asia followed, gaining 7.84%, while North America gained 1.81% during the period. In Asia, the fund's investments in Australia and Hong Kong detracted from relative performance. In North America, investments in Canada, coupled with an underweight to the US Free Standing sector (it outperformed) and no exposure to Data Centers, further detracted from the index performance. Meanwhile, investments in US Shopping Centers coupled with no exposure to the Diversified sector benefited relative performance. In Europe, an underweight to Germany (it outperformed) coupled with no exposure to Switzerland and Austria detracted, while gaining exposure to Spain and the UK benefited performance.

## Semi-Annual Overview

### North America

Ancillary sectors such as Data Centers, Single Family Housing and Manufactured Homes were the top performers for the first half of 2017. While supply of data center product has increased exponentially over the past several years, the industry overall has benefited from an even larger "secular" increase in demand for cloud storage and usage, as both individual and business consumer appetite and needs evolve.

Apartment/Housing related REIT sectors overall were also a lucrative place to invest in the first half of the year. With supply growth in the Multi-Family Housing sector being a well-documented concern over the past 12-18 months, investors have gravitated towards more niche opportunities within the broader housing theme, such as Single Family Housing and Manufactured Homes. As a result, Single Family Housing rentals and Manufactured Housing were two successful ways to exploit the scarcity value for housing that has underpinned the US economic recovery.

Within the more traditional REIT sectors, Health Care was also a top performer. While fundamentals within the healthcare sector remained bifurcated, with strong demand for medical office buildings being somewhat offset by overbuilding concerns in the private-pay, Senior Housing sector, the group was "oversold" coming into 2017. However, a subsequent constructive debate on the legislative process to "repeal/replace" the Affordable Care Act (ACA), coupled with a benign interest rate environment, created an opportunity for the group to gain ground relative to the overall REIT sector.

The Retail sector and Shopping Centers in particular, were among the worst performers during the first half of 2017. Retail anxiety remains a broad based issue, and concerns surrounding the health of brick and mortar stores increased materially in late 2016 and have continued to grow during 2017. Recently, the Shopping Center sector has experienced more pain than the Mall sector; Shopping Center fundamentals remain relatively stable, but the recent international shopping center conference (ICSC) illustrated that concerns regarding the financial health of power center anchor tenants have risen. Replacing bankrupt tenants could grow more difficult and require more capital than in the past, and the investment market for power centers, particularly in secondary and tertiary markets, appears to be weakening.

Overall US REIT cash flows are expected to grow 6-8% in 2017. And first quarter earnings season generally reinforced our view that overall fundamentals remain steady, albeit coming down from peak levels. Demand is essentially steady across all of the core property types while supply, which is on the rise, remains at or below the long-term average for most property types (Multifamily and Senior Housing are exceptions). Overall, occupancy rates are effectively back to peak levels, and pricing power continues to favor landlords, although there are signs that growth is moderating.

### Asia

Hong Kong, China and Singapore were among the top performers in the first half of 2017. Hong Kong developers gained as expectations for higher interest rates were placed on the back-burner in light of the growing uncertain macroeconomic environment. Notwithstanding incrementally punitive measures to restrict Hong Kong bank lending for housing mortgages, the take-up from condominium project launches actually exceeded expectations, with demand driven by low interest rates, mortgage lender price competition, and by latent demand for homes in land-scarce Hong Kong. In China, developers recovered strongly during the period, notwithstanding restrictive measures to curtail further housing price appreciation. The People's Bank of China (PBOC) continues to support the Renminbi, driving an appreciation versus the US dollar, and allaying investor concerns that the government has run out of options to manage the economy. In Singapore, developer stock prices continued to rise in anticipation of potential policy adjustments at the government's budget announcement later in the month, and continued sales prints suggesting that the residential market has bottomed.

Japan and Australia underperformed in the first half of 2017. Japanese stocks traded sideways despite stronger than expected economic data, a strong results season, and with growth from leasing income continuing to benefit from declining vacancies and expanding corporate demand. Management guidance for 2017 remained positive based on the healthy fundamentals on the ground; Tokyo office markets continue to be robust, although the macroeconomic outlook remains mixed with the tight labor market offset by worsening corporate sentiment. In Australia, REITs generally lagged the region as domestic bond yields inched higher on global inflationary expectations. A bright spot was the Australian Office sector that continued to benefit from an under supplied market in Sydney, while the Retail sector continued to face challenges from a soft operating environment.

### Europe/UK

The European Central Bank's Quantitative Easing (QE) program has provided a strong backdrop for real estate in Europe; bond yields have been driven to very low levels while confidence and growth has improved. The monetary policy environment in Sweden was also very accommodative, and there economic growth was even stronger. Brexit has clearly changed the pan-European landscape; uncertainty and risks are higher, and it remains challenging to forecast the implications as the UK seeks to renegotiate all facets of its EU membership.

At a fundamental level, investment demand for real estate across Europe remains strong as investors target real estate for its attractive income yield, and we see few signs of this abating.

## Investment Manager's Report (continued)

EII Global Property Fund

For the financial period ended 30 June 2017

### Europe/UK (continued)

This, in turn, is driving asset values higher. Property companies with the right assets and capital structure therefore remain well positioned to benefit from this demand by a) selling assets into a strengthening market and b) experiencing rising net asset values (NAV). Data points in the UK are under more pressure, yet to date, have only seen a limited correction since Brexit, save for a marked underperformance due to Sterling depreciation and stock price weakness.

Investment markets across Europe, including London, remain in good health and demand for real estate is strong. Overall, valuations for the listed property sector generally appear attractive versus the direct/private market, and we believe real estate demand will remain underpinned by low bond yields.

### Outlook

For North America, our outlook for 2017 remains relatively healthy and suggests continued fairly steady fundamentals for US real estate; demand is still solid across most property types and the impact from supply remains largely manageable. Valuations are attractive, with core sectors trading at high single digits, and in some cases low double digit discounts to NAV, and should remain supported by steady cash flow growth, relatively low interest rates, and strong demand for institutional real estate. The general view is that cap rates will rise modestly in 2017, but income growth should largely offset this, resulting in mostly flat asset pricing. We believe that an increase in M&A activity is possible, particularly in sectors that trade at material discounts to NAV, yet that deal volume could slow early in 2018 as buyers and sellers wait for clarity on the new administration's policies. With the above positives in mind, we could continue to witness volatility around future Fed hikes, credit spreads, and political uncertainty. We would expect REITs to perform favorably in a steady economic environment, but incremental headwinds are possible in a more pro-growth environment due to rising interest rate risk.

In Asia, growth prospects remain fundamentally sound, underpinned by stable, if not exciting, economic growth and expanding household wealth. This will continue to be supported by accommodative monetary and fiscal policy, which augurs well for the real estate markets. We believe that valuations for listed property stocks are generally not reflective of either fundamentals or continued demand for high quality real estate on the ground. Our portfolios are positioned to benefit from the pricing arbitrage, as well as from continued demand for high quality real estate.

In Europe, continental property companies are generally trading close to NAV vs. their historic reported numbers though we continue to expect NAV growth. Meanwhile in the UK, the companies are trading at significant discounts to NAV (even more so when the currency depreciation is factored in), given expectations for valuation decline, but appear to be pricing a weaker scenario than we consider realistic. Dividend yields, particularly in Continental Europe, also remain attractive with a number of stocks in the 4-5% range, which we anticipate will continue to be supportive to pricing.

**EII Capital Management, Inc.  
August 2017**

**Statement of financial position**

As at 30 June 2017

<b>EII Global Property Fund</b>	<b>Note</b>	<b>30 June 2017 (unaudited) EUR</b>	<b>31 December 2016 (audited) EUR</b>
<b>Assets</b>			
Cash and cash equivalents	4	679,970	1,237,615
Financial assets at fair value through profit or loss	3		
- Transferable securities		58,644,353	64,138,073
Securities sold receivable		-	238,970
Accrued income		214,493	258,998
Prepaid expenses	9	86	7,214
<b>Total assets</b>		<b>59,538,902</b>	<b>65,880,870</b>
<b>Liabilities</b>			
Redemptions payable		158,570	-
Investment management and distributor fee payable	5	37,483	43,559
Manager fee payable	6	12,327	13,641
Audit fee payable		8,575	17,219
Trustee fee payable	8	22,814	14,952
Other expenses payable	9	29,461	40,967
<b>Total liabilities (excluding net assets attributable to holders of redeemable participating units)</b>		<b>269,230</b>	<b>130,338</b>
<b>Net assets attributable to holders of redeemable participating units</b>		<b>59,269,672</b>	<b>65,750,532</b>
<b>Number of redeemable participating units in issue</b>			
Euro Class A	11	160,108.2860	237,812.639
Euro Class I		347,380.0670	343,496.678
USD Class A		5,971.9400	16,578.556
<b>Net asset value per redeemable participating unit</b>			
Euro Class A		€29.557	€31.663
Euro Class I		€156.611	€168.334
USD Class A		\$25.559	\$25.341

The accompanying notes form an integral part of these financial statements

**Statement of comprehensive income**

For the financial period ended 30 June 2017

<b>EII Global Property Fund</b>	<b>Note</b>	<b>30 June 2017 (unaudited) EUR</b>	<b>30 June 2016 (unaudited) EUR</b>
<b>Investment income</b>			
Dividend income		1,113,986	1,471,038
Net loss/(gain) on financial assets at fair value through profit or loss and foreign exchange	3	(3,819,879)	764,617
<b>Total investment (expense)/income</b>		<b>(2,705,893)</b>	<b>2,235,655</b>
<b>Expenses</b>			
Investment management and distributor fee	5	245,307	298,919
Manager fee	6	79,887	87,203
Audit fee		8,576	8,563
Depositary fee	8	30,385	25,693
Other expenses	9	23,948	37,643
<b>Total expenses</b>		<b>388,103</b>	<b>458,021</b>
<b>Net investment (expense)/income</b>		<b>(3,093,996)</b>	<b>1,777,634</b>
<b>Finance costs</b>			
Bank interest expense		140	44
Distributions	13	1,200,396	665,816
<b>Total finance costs</b>		<b>1,200,536</b>	<b>665,860</b>
<b>Profit for the period</b>		<b>(4,294,532)</b>	<b>1,111,774</b>
<b>Taxation</b>			
Withholding tax on dividends		213,082	321,053
<b>(Decrease)/increase in net assets attributable to holders of redeemable participating units from continuing operations</b>		<b>(4,507,614)</b>	<b>790,721</b>

There were no gains/(losses) in the period other than the (decrease)/increase in net assets attributable to holders of redeemable participating units.

## Statement of changes in net assets attributable to holders of redeemable participating units

For the financial period ended 30 June 2017

<b>EII Global Property Fund</b>	<b>30 June 2017 (unaudited) EUR</b>	<b>30 June 2016 (unaudited) EUR</b>
Net assets attributable to holders of redeemable participating units at the start of the period	65,750,532	75,119,148
(Decrease)/increase in net assets attributable to holders of redeemable participating units from continuing operations	(4,507,614)	790,721
Issue of redeemable participating units	2,274,687	3,634,351
Dividend reinvested	495,731	-
Redemption of redeemable participating units	(4,743,664)	(6,387,510)
<b>Net assets attributable to holders of redeemable participating units at the end of the period</b>	<b>59,269,672</b>	<b>73,156,710</b>

The accompanying notes form an integral part of these financial statements

**Statement of cash flows**

For the financial period ended 30 June 2017

<b>EII Global Property Fund</b>	<b>30 June 2017 (unaudited) EUR</b>	<b>30 June 2016 (unaudited) EUR</b>
<b>Cash flow from operating activities</b>		
(Decrease)/increase in net assets attributable to holders of redeemable participating units from operations	(4,507,614)	790,721
<i>Adjustment for:</i>		
Distributions to holders of redeemable units	1,200,396	665,816
Dividend income	(1,113,986)	(1,471,038)
Withholding taxes	213,082	321,053
Interest expense	140	44
<b>Net operating cash flow before change in operating assets and liabilities</b>	<b>(4,207,982)</b>	<b>306,596</b>
Net decrease in financial assets at fair value through profit or loss	5,493,720	2,232,852
Net decrease/(increase) in other receivables	246,098	(291,840)
Net (decrease)/increase in other payables	(19,678)	832,767
<b>Cash from operations</b>	<b>1,512,158</b>	<b>3,080,375</b>
Dividend received	945,409	1,075,063
Interest paid	(140)	(44)
<b>Net cash from operating activities</b>	<b>2,457,427</b>	<b>4,155,394</b>
<b>Cash flows from financing activities</b>		
Distributions to holders of redeemable units	(1,200,396)	(665,816)
Issue of redeemable participating units	2,770,418	3,634,351
Redemption of participating units	(4,585,094)	(6,338,176)
<b>Net cash used in financing activities</b>	<b>(3,015,072)</b>	<b>(3,369,641)</b>
Net (decrease)/increase in cash and cash equivalents	(557,645)	785,753
<b>Cash and cash equivalents at the start of the period</b>	<b>1,237,615</b>	<b>1,701,825</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>679,970</b>	<b>2,487,578</b>
<b>Breakdown of cash and cash equivalents</b>		
Cash and cash equivalents	679,970	2,487,578

The accompanying notes form an integral part of these financial statements

## Notes to the financial statements

EII Global Property Fund

For the financial period ended 30 June 2017

### 1. General information

EII Property Funds (the "Trust") was constituted under the laws of Ireland by a Trust Deed dated 10 July 1998 and commenced its activity in September 1998. The Trust is a unit trust established in Ireland in accordance with the provisions of the European Communities (Undertakings for Collective Investment in Transferable Securities) UCITS Regulations 2011, as amended (the "UCITS Regulations"). It has been authorised by the Central Bank of Ireland.

EII Global Property Fund (the "Fund") forms part of the Trust. EII Global Property Fund commenced trading activity on 4 February 2008. These financial statements are for the Fund. Separate financial statements are prepared for EII Property World Invest (ex-U.S.) Fund and EII US Property Fund which also form part of the Trust. These financial statements are available free of charge on request from EII Real Estate Securities Advisors Limited (the "Manager").

### 2. Significant accounting policies

#### Basis of preparation

The interim report and condensed unaudited financial statements of the Fund for the reporting period ended 30 June 2017, have been prepared in accordance with IAS 34 "Interim financial reporting" and Irish statute comprising the Companies Act 2014, the UCITS Regulations, and the Central Bank (Supervision and Enforcement) Act 2013 (Section 48(1)) (Undertakings for Collective Investment in Transferable Securities) Regulations 2015 (the "Central Bank Regulations"). The financial statements have been prepared under the historical cost convention, except for financial assets and liabilities classified at fair value through profit or loss that have been measured at fair value.

The interim report and condensed unaudited financial statements do not contain all of the information and disclosures required in the full annual financial statements and should be read in conjunction with the audited financial statements for the period ended 31 December 2016, which have been prepared in accordance with International Financial Reporting Standards ("IFRS"), the UCITS Regulations, and the Central Bank Regulations.

### 3. Financial assets at fair value through profit or loss

(i) Net gain/loss on financial assets at fair value through profit or loss and foreign exchange

For the financial period ended:

	30 June 2017 EUR	30 June 2016 EUR
Net realised gain on financial assets at fair value through profit or loss and foreign exchange	1,135,023	2,915,522
Change in unrealised gain/(loss) on financial assets at fair value through profit or loss and foreign exchange	(4,954,903)	(2,150,905)
<b>Net (loss)/gain on financial assets at fair value through profit or loss and foreign exchange</b>	<b>(3,819,879)</b>	<b>764,617</b>

(ii) Fair value of financial instruments

IFRS 13 – Fair value measurement, establishes a fair value hierarchy for inputs used in measuring fair value that classifies investments according to how observable the inputs are. Observable inputs are those that market participants would use in pricing the asset or liability based on market data obtained from sources independent of the Fund. Unobservable inputs reflect the Fund's assumptions, made in good faith, about the inputs market participants would use in pricing the asset or liability developed based on the best information available in the circumstances.

The Fund measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1 – Inputs that are quoted prices (unadjusted) in active markets for identical instruments;

Level 2 – Inputs other than quoted prices included within Level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques in which all significant inputs are directly or indirectly observable from market data; and

Level 3 – Inputs that are unobservable. This category includes all instruments for which the valuation technique include inputs not based on observable data and the unobservable inputs not based on observable data and the unobservable inputs have a significant effect on the instruments valuation. This category includes instruments that are valued based on quoted prices for similar instruments but for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

Inputs are used in applying the various valuation techniques and broadly refer to the assumptions that market participants use to make valuation decisions, including assumptions about risk. Inputs may include price information, volatility statistics, specific and broad credit data, liquidity statistics, and other factors. A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Observable data is considered to be market data which is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market. The categorisation of a financial instrument within the hierarchy is based upon the pricing transparency of the instrument and does not necessarily correspond to the perceived risk of that instrument by EII Capital Management Inc., (the "Investment Manager" and the "Distributor")

There were no transfers between level 1 and level 2 during the period (2016: nil).

## Notes to the financial statements (continued)

EII Global Property Fund

For the financial period ended 30 June 2017

### 3. Financial assets at fair value through profit or loss (continued)

(ii) Fair value of financial instruments (continued)

The following table provides an analysis of financial instruments that are measured at fair value, grouped into levels 1 to 3 at the reporting date:

#### As at 30 June 2017

	Level 1 EUR	Level 2 EUR	Level 3 EUR	Total EUR
Designated at fair value through profit or loss				
- Equity securities	58,644,353	-	-	58,644,353
<b>Financial assets at fair value through profit of loss</b>	<b>58,644,353</b>	<b>-</b>	<b>-</b>	<b>58,644,353</b>

#### As at 31 December 2016

	Level 1 EUR	Level 2 EUR	Level 3 EUR	Total EUR
Designated at fair value through profit or loss				
- Equity securities	64,138,073	-	-	64,138,073
<b>Financial assets at fair value through profit of loss</b>	<b>64,138,073</b>	<b>-</b>	<b>-</b>	<b>64,138,073</b>

All other assets and liabilities held at the reporting dates 30 June 2017 and 31 December 2016 are carried at amortised cost and are classified as loans and receivables; their carrying values are a reasonable approximation of fair value. Cash and cash equivalents have been classified at level 1, due to the liquid nature of the asset. All other assets and liabilities held have been classified at level 2.

### 4. Cash and cash equivalents

The below table shows the cash and cash equivalents held by the Fund at the reporting date:

	Credit rating (S&P) <sup>1</sup>	Currency	30 June 2017 EUR equivalent balance	31 December 2016 EUR equivalent balance
<i>Cash balances</i>				
The Bank of New York Mellon SA/NV Brussels	AA	EUR	(6)	(4)
The Bank of New York Mellon SA/NV Brussels	AA	JPY	17,793	-
The Bank of New York Mellon SA/NV Brussels	AA	USD	75,557	96,068
The Bank of New York Mellon SA/NV Brussels	AA	GBP	1,438	-
<i>Short term investment funds</i>				
Goldman Sachs Euro Liquid Reserve Fund	AAA	EUR	585,188	1,141,551
<b>Total</b>			<b>679,970</b>	<b>1,237,615</b>

<sup>1</sup> The S&P credit rating relates to The Bank of New York Mellon, the ultimate parent of BNY Mellon Trust Company (Ireland) Limited (the "Depositary"). The Depositary and sub-custodian do not have a credit rating.

### 5. Investment management and distributor fee

The Investment Manager and Distributor receives the following annual fee rates paid out of the assets of each such class, monthly in arrears as outlined in the relevant supplement:

Sub-fund	Actual fees charged	%NAV <sup>1</sup>
Euro Class A	1.40%	1.50%
Euro Class I	0.70%	0.80%
USD Class A	1.40%	1.50%
USD Class I	0.70%	0.80%

<sup>1</sup> The investment management and distributor fee may be increased on giving prior notification to relevant unitholders in the Fund.

The Investment Manager and Distributor may from time to time, by agreement with the Manager, accept a lesser fee.

The investment management and distributor's fee accrued at the reporting date and charged for the period is disclosed in the statement of financial position and the statement of comprehensive income respectively.

### 6. Manager fee

The Manager receives a management fee of 0.25% per annum of the Euro equivalent of the net asset value ("NAV") of each Fund plus VAT (if any). The fee is paid monthly in arrears and is subject to a minimum annual fee per fund of the EUR equivalent of US\$60,000. The Manager is responsible for the fees of Capita Financial Administrators (Ireland) Limited (the "Administrator") out of its fee.

The manager fee accrued at the reporting date and charged during the period is disclosed in the statement of financial position and the statement of comprehensive income respectively.

## Notes to the financial statements (continued)

EII Global Property Fund

For the financial period ended 30 June 2017

### 7. Performance fee

The Investment Manager and Distributor is entitled to a performance fee payable quarterly out of the assets of the Fund attributable to the Euro Class A units and USD Class A units equal to 20% of the cumulative net profit of the relevant class of units where the NAV of the relevant class of units has appreciated in value in excess of the benchmark since the date a performance fee was last crystallised. There is no performance fee attributable to the Euro Class I units, the USD Class I units or the SGD Class I units.

The performance fee is calculated on the outperformance of Euro Class A NAV per unit and the USD Class A NAV per unit of the Fund and that of their benchmark, the total return of the FTSE EPRA/NAREIT Developed Index, published in Euros and in US Dollars respectively (Bloomberg ticker number RNGL). Should either of the Class A classes outperform its benchmark, the Investment Manager will be entitled to a fee of 20% of the amount by which the class outperforms the benchmark. Performance fees may be earned by the Investment Manager in the event that the benchmark falls so long as the performance of the class exceeds that of the benchmark, and the NAV per unit of the relevant class before performance fee, exceeds their high watermark at the end of that same period. The high watermark is calculated by adjusting the reference NAV per unit by the performance of the index over the performance period. The reference NAV per unit is as at the last business day of the previous performance period at which performance fees were last earned by the Investment Manager or its initial issue price. The performance period is defined as any calendar quarter (e.g. as at end March, June, September and December).

Any underperformance from previous performance periods must be taken into account when defining and calculating the high watermark. For the avoidance of doubt, underperformance is the amount, in a previous performance period, by which the performance of the benchmark over such performance period exceeded the performance of the NAV per unit of each class. In the event that the performance of a class over a performance period is less than its benchmark, no performance fee will be payable in respect of that class until such cumulative underperformance relative to its benchmark has been recovered. The calculation of the performance fee will be adjusted to take into account any declaration of dividends of the Fund.

The performance fee accrues daily, is paid quarterly in arrears and is calculated by the Administrator in respect of each performance period and is paid at the end of each performance period. Any performance fee accrued on units redeemed prior to the end of the performance period will be payable to the Investment Manager. The performance fee will be verified by the Trustee.

There were no performance fees accrued or charged during the period (2016: nil).

### 8. Trustee fee

The Trustee received a fee of up to 0.03% per annum of the NAV of the Fund plus VAT (if any). The fee is paid monthly in arrears and subject to a minimum annual fee of €28,000 up to 31 March 2017. Effective 1 April 2017, the minimum annual fee will increase to €35,000.

The Trustee is entitled to transaction and dealing charges, which are paid out of the assets of the Fund at normal commercial rates. The Trustee's fee may be increased up to 1% on giving reasonable prior notification to the unitholders.

The Trustee fee accrued at the reporting date and charged during the period is disclosed in the statement of financial position and the statement of comprehensive income respectively.

### 9. Other expenses

The below prepaid fees were held by the Fund at the reporting date:

	30 June 2017 EUR	31 December 2016 EUR
Directors' insurance fee	86	6,985
Regulatory Fee	-	229
	<b>86</b>	<b>7,214</b>

The below accruals were held by the Fund at the reporting date:

	30 June 2017 EUR	31 December 2016 EUR
Legal and professional fees	17,342	31,218
Other fees charged by the Administrator	11,885	9,749
Regulatory Fee	234	-
	<b>29,461</b>	<b>40,967</b>

The below fees were charged through the statement of comprehensive income during the financial period ended:

	30 June 2017 EUR	30 June 2016 EUR
Bank charges	1,211	308
Directors' insurance fee	6,899	7,702
Legal and professional fees	7,800	19,133
Regulatory fees	463	624
Other fees charged by the Administrator	7,575	9,876
	<b>23,948</b>	<b>37,643</b>

## Notes to the financial statements (continued)

For the financial period ended 30 June 2017

EII Global Property Fund

### 10. Exchange rates

The following exchange rates were used to convert the assets and liabilities, held in foreign currencies, into the base currency of the Fund at the reporting date.

Foreign currency	30 June 2017 Exchange rate to EUR	31 December 2016 Exchange rate to EUR
Australian Dollar	1.486931	1.456636
British Pound	0.878055	0.853599
Canadian Dollar	1.481233	1.414473
Hong Kong Dollar	8.903651	8.177639
Japanese Yen	128.152268	123.020827
Singapore Dollar	1.570367	1.523798
South Korean Won	-	1,273.929690
Swedish Krona	9.620031	9.581987
United States Dollar	1.140551	1.054751

### 11. Units in issue

The table below discloses the unit transactions in the Fund during the period:

	30 June 2017	31 December 2016
<b>Euro Class A:</b>		
Opening balance	237,812.639	610,599.213
Units issued	-	13,973.100
Switches in between classes	-	-
Units redeemed	(79,588.129)	(287,716.647)
Switches out between classes	-	(100,523.396)
Dividend reinvested	1,883.776	1,480.369
<b>Closing balance</b>	<b>160,108.286</b>	<b>237,812.639</b>
<b>Euro Class I:</b>		
Opening balance	343,496.678	340,479.303
Units issued	13,360.000	-
Units redeemed	(12,163.000)	(17,593.201)
Switches in between classes	-	18,997.80
Dividend reinvested	2,686.389	1,612.778
<b>Closing balance</b>	<b>347,380.067</b>	<b>343,496.678</b>
<b>USD Class A:</b>		
Opening balance	16,578.556	22,351.644
Units issued	-	-
Units redeemed	(10,674.195)	(5,787.715)
Dividend reinvested	67.579	14.627
<b>Closing balance</b>	<b>5,971.940</b>	<b>16,578.556</b>

### 12. Involvement with unconsolidated structured entities

The interests in short term investment funds which the Fund holds at 31 December 2016, but that it does not consolidate, meet the definition of unconsolidated structured entities. The investment funds are open ended money market funds.

The table below sets out interests held by the Fund in unconsolidated structured entities at 30 June 2017 and 31 December 2016.

	Carrying Amount EUR	Total Net asset value at 30 June 2017 EUR
Goldman Sachs Euro Liquid Reserve Fund	585,188	1,043,984,417
	Carrying Amount EUR	Total Net asset value at 31 December 2016 EUR
Goldman Sachs Euro Liquid Reserve Fund	1,141,551	966,697,947

## Notes to the financial statements (continued)

EII Global Property Fund

For the financial period ended 30 June 2017

### 13. Distribution policy

The Manager intends to distribute annually within one month of the end of each accounting period or at such other times as it may determine to the unitholders in each Fund all net dividends, interest and other income received by each of the Funds subject to such adjustments as may be appropriate pursuant to the provisions of the Trust Deed. All income of the Fund not distributed and all capital gains, whether realised or unrealised, will be invested pursuant to the Fund's investment policy.

The following table shows the distribution paid during the financial period ended:

#### 30 June 2017

Class	Currency	Distribution per unit	Final distribution paid	Income received on subscriptions	Income deducted on redemptions	Net distribution charge	Ex-date
Euro Class A	EUR	€0.3694	€87,848	(€12,515)	€78,347	€153,680	11 January 2017
Euro Class I	EUR	€3.1060	€1,107,580	(€60,731)	€36,021	€1,082,870	11 January 2017
USD Class A	USD	\$0.3137	\$5,201	-	\$1,346	\$6,547	11 January 2017

#### 30 June 2016

Class	Currency	Distribution per unit	Final distribution paid	Income received on subscriptions	Income deducted on redemptions	Net distribution charge	Ex-date
Euro Class A	EUR	€0.1051	€64,174	(€99)	€1,626	€65,701	11 January 2016
Euro Class I	EUR	€1.7617	€599,822	-	€11,787	€611,609	11 January 2016
USD Class A	USD	US \$0.0642	US \$1,435	-	-	US \$1,435	11 January 2016
USD Class I	USD	US \$1.9714	US \$541	-	US \$4,058	US \$4,599	11 January 2016

### 14. Fund Asset Regime

The Fund operates under a Fund Asset Model, whereby an umbrella collection account is held in the name of the Trust. The umbrella collection account is used to collect subscription monies from investors and pay out redemption monies and also dividends (where applicable) to unitholders. The balances held in the accounts are reconciled on a daily basis and monies are not intended to be held in the account for long periods. The monies held in the collection accounts are considered an asset of each sub-fund within the Trust. The monies held in the collection accounts are disclosed in the statement of financial position under cash and cash equivalents.

### 15. Connected person transactions

The Central Bank Regulations state that any transaction carried out with a UCITS by a management company or depositary to a UCITS; and the delegates or sub-delegates of such a management company or depositary (excluding any non-group company sub-custodians appointed by a depositary); and any associated or group company of such a management company, depositary, delegate or sub-delegate ("connected person") must be carried out as if conducted at arm's length. Transactions must be in the best interests of the shareholders.

The Directors of the Manager are satisfied that there are arrangements (evidenced by written procedures) in place, to ensure that the obligations set out in Regulation 78 (4) (a) are applied to all transactions with connected parties; and the Directors are satisfied that transactions with connected parties entered into during the period complied with the obligations set out in Regulation 41 (1) (a) and (b) of the Central Bank Regulations.

### 16. Related party disclosures

In accordance with IAS 24 'Related Party Disclosures' the related parties of the Fund and the required disclosures relating to material transactions with parties are outlined below.

#### Investment Manager and Distributor

The Investment Manager and Distributor is considered a related party due to Mr. Christian A. Lange acting as Chief Executive Officer ("CEO") of the Investment Manager and Distributor and Mr Andrew Cox serving as portfolio manager responsible for European Real Estate Securities for the Investment Manager and Distributor. Both Christian A. Lange and Andrew Cox were directors of the Manager during the period.

The Fund pays the Investment Manager fees at the rates set out in note 5. The Investment Manager is also entitled to performance fees, details of which are set out in note 7.

#### Manager

The Manager is considered a related party as it has significant influence over the Fund.

The Directors of the Manager are considered related parties to the Fund as they have a significant influence over the operations of the Trust.

The Independent Directors of the Manager receive a fee from the Manager. Both Christian A. Lange and Andrew Cox have waived their entitlement to a director's fee. There is no separate director fee charged to the Fund.

Aggregate Directors' fees charged to the Manager during the financial period ended 30 June 2017 amounted to €27,000 (period ended 31 December 2016: €44,000).

#### Other related parties

Mr. Christian A. Lange is also Trustee of the Investment Manager's US Mutual Funds, EII Realty Securities Trust, and director of the ultimate parent company, EII Capital Holding, Inc.

## Notes to the financial statements (continued)

EII Global Property Fund

For the financial period ended 30 June 2017

### 16. Related party disclosures (continued)

#### Related party unitholder transactions

There were no units held in the Fund by related parties as at the reporting date (2016: nil).

Details of fees charged are outlined below:

	30 June 2017 EUR	30 June 2016 EUR
Investment management and distributor fee	245,307	298,919
Manager fee	79,887	87,203

The amounts outstanding for both investment management and distributor fees and manager fees at the reporting dates 30 June 2017 and 31 December 2016 are disclosed in the statement of financial position.

### 17. Efficient portfolio management

No efficient portfolio management techniques were used during the period (2016: nil).

### 18. Capital management

The redeemable units issued by the Fund provide an investor with the right to require redemption for cash at a value proportionate to the investor's units in the Fund's net assets at each redemption date and are classified as liabilities. The Fund's objectives in managing the redeemable units are to ensure a stable base to maximise returns to all investors and to manage liquidity risk arising from redemptions.

### 19. Commitments and contingent liabilities

The Manager is not aware of any commitments or contingent liabilities of the Fund.

### 20. Changes to the prospectus

There were no significant changes to the prospectus during the period.

### 21. Events after the reporting date

An updated prospectus was issued on 3 July 2017. The updated prospectus was amended generally and to reflect updates necessitated by the European Union (Undertakings for Collective Investment in Transferrable Securities) (Amendment) Regulations 2016 (UCTIS V) and the Central Bank Regulations.

Resignation of Andrew Cox effective 1 July 2017.

### 22. Approval of financial statements

The unaudited financial statements were approved by the Manager on 18 August 2017.

## Schedule of investments

As at 30 June 2017

EII Global Property Fund

	Currency	Nominal holdings	Fair value EUR	% NAV
<b>Financial assets at fair value through profit or loss</b>				
<b>Equities</b>				
<b>Australia</b>				
Scentre Group	AUD	477,700	1,301,127	2.20%
Stockland	AUD	299,231	881,434	1.49%
Westfield Corp	AUD	248,500	1,341,996	2.26%
			<b>3,524,557</b>	<b>5.95%</b>
<b>Bermuda</b>				
Hongkong Land Holdings Ltd	USD	72,300	466,554	0.79%
			<b>466,554</b>	<b>0.79%</b>
<b>Canada</b>				
Riocan Real Estate Investment Trust	CAD	75,790	1,231,586	2.08%
			<b>1,231,586</b>	<b>2.08%</b>
<b>Finland</b>				
Citycon Oyj	EUR	146,500	336,657	0.57%
			<b>336,657</b>	<b>0.57%</b>
<b>France</b>				
Gecina Sa	EUR	4,950	679,883	1.15%
Klepierre	EUR	14,040	503,825	0.85%
Unibail-Rodamco Se	EUR	5,800	1,279,770	2.16%
			<b>2,463,478</b>	<b>4.16%</b>
<b>Germany</b>				
Deutsche Wohnen Ag	EUR	46,800	1,567,332	2.64%
			<b>1,567,332</b>	<b>2.64%</b>
<b>Hong Kong</b>				
China Overseas Land & Investment Ltd	HKD	256,900	659,299	1.11%
Sun Hung Kai Properties Ltd	HKD	125,200	1,612,871	2.72%
Link Reit	HKD	297,100	1,982,079	3.34%
			<b>4,254,249</b>	<b>7.17%</b>
<b>Ireland</b>				
Green Reit Plc	EUR	390,800	556,108	0.94%
			<b>556,108</b>	<b>0.94%</b>
<b>Japan</b>				
Activia Properties Inc	JPY	175	656,153	1.11%
Invincible Investment Corp	JPY	1,153	434,560	0.73%
Japan Real Estate Investment Corp	JPY	130	567,060	0.96%
Mitsubishi Estate Co Ltd	JPY	103,000	1,682,612	2.84%
Mitsui Fudosan Co Ltd	JPY	59,400	1,242,442	2.10%
Nippon Building Fund Inc	JPY	186	833,103	1.41%
Nomura Real Estate Holdings Inc	JPY	15,800	271,733	0.46%
Sumitomo Realty & Development Co Ltd	JPY	30,800	832,775	1.41%
			<b>6,520,438</b>	<b>11.02%</b>
<b>Singapore</b>				
Ascendas Real Estate Investment Trust	SGD	154,400	256,618	0.43%
Capitaland Ltd	SGD	164,500	366,634	0.62%
Keppel Reit	SGD	763,257	556,513	0.94%
			<b>1,179,765</b>	<b>1.99%</b>
<b>Spain</b>				
Merlin Properties Socimi Sa	EUR	88,146	974,895	1.64%
			<b>974,895</b>	<b>1.64%</b>
<b>Sweden</b>				
Fabege Ab	SEK	24,100	405,841	0.68%
			<b>405,841</b>	<b>0.68%</b>
<b>United Kingdom</b>				
British Land Co Plc/The	GBP	31,600	217,911	0.37%
Grainger Plc	GBP	78,900	236,326	0.40%
Great Portland Estates Plc	GBP	36,100	245,448	0.41%
Land Securities Group Plc	GBP	56,200	648,372	1.09%
Segro Plc	GBP	133,760	745,231	1.26%
Unite Group Plc/The	GBP	68,200	504,089	0.85%
			<b>2,597,377</b>	<b>4.38%</b>
<b>United States</b>				
Acadia Realty Trust	USD	23,000	560,606	0.95%
American Campus Communities Inc	USD	35,100	1,455,639	2.46%
Boston Properties Inc	USD	11,500	1,240,392	2.09%
Brandywine Realty Trust	USD	80,200	1,232,656	2.08%
Diamondrock Hospitality Co	USD	25,700	246,736	0.42%
Equity Residential	USD	39,800	2,297,166	3.88%
Essex Property Trust Inc	USD	8,434	1,902,428	3.21%
Extra Space Storage Inc	USD	21,500	1,470,342	2.48%

## Schedule of investments (continued)

As at 30 June 2017

EII Global Property Fund

	Currency	Nominal holdings	Fair value EUR	% NAV
<b>Financial assets at fair value through profit or loss (continued)</b>				
<b>Equities (continued)</b>				
<b>United States (continued)</b>				
Federal Realty Investment Trust	USD	9,200	1,019,497	1.72%
Felcor Lodging Trust Inc	USD	94,800	599,279	1.01%
First Industrial Realty Trust Inc	USD	64,200	1,610,980	2.72%
Ggp Inc	USD	73,200	1,512,070	2.55%
Host Hotels & Resorts Inc	USD	43,400	695,206	1.17%
Kilroy Realty Corp	USD	28,500	1,877,843	3.17%
Liberty Property Trust	USD	45,700	1,631,183	2.75%
Life Storage Inc	USD	7,300	474,271	0.80%
Mid-America Apartment Communities Inc	USD	13,024	1,203,339	2.03%
National Retail Properties Inc	USD	42,600	1,460,400	2.46%
Paramount Group Inc	USD	41,800	586,383	0.99%
Realty Income Corp	USD	22,600	1,093,391	1.84%
Retail Properties Of America Inc	USD	98,600	1,055,548	1.78%
Simon Property Group Inc	USD	8,773	1,244,242	2.10%
Store Capital Corp	USD	49,400	972,364	1.64%
Taubman Centers Inc	USD	19,700	1,028,569	1.74%
Ventas Inc	USD	33,610	2,047,452	3.45%
Welltower Inc	USD	31,200	2,047,534	3.44%
			<b>32,565,516</b>	<b>54.93%</b>
<b>Total equities (2016: 97.55%)</b>			<b>58,644,353</b>	<b>98.94%</b>
<b>Total financial assets at fair value through profit or loss (2016: 97.55%)</b>			<b>58,644,353</b>	<b>98.94%</b>
<b>Cash and cash equivalents and other net assets</b>			625,319	1.06%
<b>Net assets attributable to holders of redeemable participating units (2016: 100.00%)</b>			<b>59,269,672</b>	<b>100.00%</b>
<b>Analysis of total assets</b>			<b>% of total assets</b>	
Transferable securities listed on an official stock exchange			98.50%	
Other current assets			1.50%	
			<b>100.00%</b>	

## Statement of significant portfolio movements

EII Global Property Fund

For the financial period ended 30 June 2017

The Central Bank Regulations requires all material changes that have occurred in the disposition of the assets of the UCITS to be documented in the interim report. A material change is defined as the aggregate purchases of a security exceeding 1 per cent of the total value of purchases for the period or aggregate disposals greater than 1 per cent of the total value of sales for the period.

<b>Purchases</b>	<b>Cost EUR</b>
Brandywine Realty Trust	1,261,786
Federal Realty Investment Trust	1,181,987
National Retail Properties Inc	1,032,275
Kilroy Realty Corp	969,827
Equity Residential	764,931
Unibail-Rodamco SE	699,709
FelCor Lodging Trust Inc	698,812
Host Hotels & Resorts Inc	694,500
First Industrial Realty Trust Inc	693,651
Paramount Group Inc	635,920
Taubman Centers Inc	588,777
Life Storage Inc	585,620
Ventas Inc	528,063
Keppel REIT	524,582
Realty Income Corp	520,002
Mitsubishi Estate Co Ltd	507,947
Hongkong Land Holdings Ltd	507,244
Liberty Property Trust	469,809
STORE Capital Corp	458,049
DiamondRock Hospitality Co	457,107
Merlin Properties Socimi SA	373,571
SL Green Realty Corp	326,589
Boston Properties Inc	322,571
Link REIT	307,189
Ascendas Real Estate Investment Trust	277,581
British Land Co PLC/The	249,967
Acadia Realty Trust	228,075
Stockland	198,771
St Modwen Properties PLC	198,519
Hansteen Holdings PLC	196,459
Green REIT plc	185,197
<b>Sales</b>	<b>Proceeds EUR</b>
SL Green Realty Corp	1,391,987
Regency Centers Corp	1,294,996
DiamondRock Hospitality Co	1,207,911
CubeSmart	1,100,260
Equity Commonwealth	1,045,122
Mid-America Apartment Communities Inc	848,904
Stockland	823,797
Boston Properties Inc	762,544
Frasers Logistics & Industrial Trust	681,609
Realty Income Corp	680,644
TLG Immobilien AG	671,620
STORE Capital Corp	609,297
Host Hotels & Resorts Inc	511,841
Sumitomo Realty & Development Co Ltd	501,289
Welltower Inc	459,524
Equity One Inc	452,462
Activia Properties Inc	421,540
Extra Space Storage Inc	400,733
Retail Properties of America Inc	378,490
GGP Inc	337,912
Grainger PLC	337,254
Liberty Property Trust	288,500
Great Portland Estates PLC	316,286
Deutsche Wohnen AG	267,187
Fabege AB	264,064
Scentre Group	260,695
American Campus Communities Inc	257,436
China Overseas Land & Investment Ltd	230,535
St Modwen Properties PLC	228,295
Hansteen Holdings PLC	220,612
City Developments Ltd	220,403
Citycon OYJ	200,099

## Other information

For the financial period ended 30 June 2017

EII Global Property Fund

### Soft commissions

During the financial period ended 30 June 2017, the Investment Manager continued to use Westminster Research Associates- Convergenx from soft commissions.

### Total expense ratio

<b>Class</b>	<b>30 June 2017</b>	<b>31 December 2016</b>
Euro Class A	1.84%	1.85%
Euro Class I	1.14%	1.15%
USD Class A	1.84%	1.85%
USD Class I	1.14%	1.15%