EII US Property Fund

Annual Report and Audited Financial Statements

For the financial year ended 31 December 2016

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General information

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

Investment Manager's report

For the financial year ended 31 December 2016

Annual overview

All eyes on "The Donald." We noted previously that monetary policy was taking a step back from the limelight to be replaced by a burgeoning "fiscal wave" with announcements or proposals for fiscal measures in Canada, Australia, Italy, Japan and the UK. It was also expected that the next US president would join in … but that expectation became, arguably, a certainty as the "The Donald" led the Republican Party to a sweep of the White House and congressional houses.

Even before the US election, we expected the implied new economic regime to be inflationary and reflationary – albeit moderately so – anticipating that sovereign bond yields had hit an important inflection point with the previous downward bias evolving to an upwards bias. But with Trump's ascendancy, the bond market now appears to be pricing in our earlier moderate view "times 2." While increases were generally sharpest in the US and Australia, average yields on G7 sovereign 10-year bonds (Bloomberg: BG7SOV Index) traded up as much as 31 (0.31%) basis points (bps) following the election after having appeared to stabilize following an increase of 27 bps from their 2016 low on July 6th. At the same time, the Federal Reserve raised its projected trajectory for the Fed Funds rate by about 0.25% at their last meeting in December (source: Cornerstone Advisors, January 4, 2017 note), lending credence to a view that it was getting hawkish in reaction to an inflationary interpretation of Trump policy.

Admittedly, there is much about the evolving Trump agenda and its impact on the US economy – either negative or positive – that is uncertain. However, the increasing probability we are moving into a more sustained period of rising inflation and bond yields has raised important derivative questions that influence our portfolio views:

1.) With US 10-year Treasury yields rising, will property capitalization rates finally have to go up? NOT NECESSARILY: Evidence shows that property values do not suffer meaningful declines absent a recession. If investors are willing to accept tighter spreads for property yields over the risk-free rate (in anticipation of stronger cash flow growth), then we believe US REIT and real estate values could withstand a 10-year yield approaching 4%… albeit with a fair amount of volatility accompanying that transition.

2.) Is the cap rate compression story for European property over? NOT LIKELY… but moderating: A key aspect of our call for a "Second Act for European Property" was the expectation that cap rates would fall as bond yields were driven down by ECB quantitative easing. Given a mix of both cap rate compression and recently rising European 10-year yields, we now think the scope is reduced. In fact, our signal for potential compression dropped by roughly half between June and December 2016 (differs by metro). With cap rate compression moderating, we believe that investors will have to really focus on markets and portfolios that are achieving, or are likely to achieve, actual rent growth.

3.) Can the Australian 10-year de-couple from that of the US? LIKELY: Ten-year sovereign bond yields have moved up by roughly 100 bps in both markets since their respective lows in July and August, putting downwards pressure on the local REIT indices. However, since the end of 1999, the Australian 10-year level has traded much more closely to its local central bank cash rate than has the US 10-year (average multiple of 1.15x for Australia but 5.43x for the US). Median forecasts for central bank rates and 2-year sovereign bond yields are predicting increases in 2017 versus 2016 for the US, but decreases in Australia (source: Bloomberg, December 31, 2016). With US and Australian monetary policy, thus, likely to diverge in 2017, the Australia 10-year may not trade in lockstep (up?) with the US treasury. That would support Australian REIT valuations.

4.) Can the Japanese listed property market continue its recent rebound? LIKELY: A weaker Yen means that Japanese companies benefit from an increase in profits when translating foreign earnings into Yen terms; it also can support tourist arrivals (willing to shop in the weaker Yen). Investment and tourist spending prop up economic growth, and a weaker Yen should, on the margin, result in higher inflation. Given the assumption that the Trump agenda will FINALLY make the Federal Reserve stick to their hiking guns in 2017, the Yen has scope to continue weakening.

Over the quarter, our global, international and US strategies delivered positive attribution versus their respective indices; and for the full year the US strategy generated positive relative attribution. The global portfolio saw positive contributions from all three regions over the quarter, including in Japan, a market that, for the full year, accounted for the entire calendar-year underperformance. Similarly, the international strategy achieved positive contributions from Asia and Europe over the quarter, with the strongest country based relative performance coming from Japan. The US strategy quarterly performance was underpinned by positive stock selection for the Shopping Centers, Office and Apartment property types, all core sectors which we favored over the period. For the full year, stock selection was strongest in the Shopping Center, Apartment and Lodging sectors, with Office delivering a negative contribution on the back of a weaker start to the year. (All comments are based on preliminary attribution, gross of fees, for representative accounts).

Fund Performance & Market Analysis

For the one year period ending 31 December 2016 US REITs returned 6.41% in USD as measured by the FTSE EPRA/NAREIT United States Index Net TRI (benchmark). The Fund returned 6.15% (in USD) for the same period. Investments in the shopping centers, apartments and lodging sectors were the main positive contributors. Alternatively, our underweight to data centers (it outperformed), coupled with self-storage as both sector allocation and stock selection negatively impacted relative performance.

United States

Interest rates and politics largely "trumped" fundamentals in the real estate sector in 4Q16. The fourth quarter was initially marked by concerns that central banks around the world would grow less accommodating and that the Fed would increase rates in December. This fear only grew more intense following the results of the presidential election as equity markets generally embraced the idea of a more pro-growth and business friendly administration. All of the above placed upwards pressure on the 10-year treasury, and US REITs spent the majority of the fourth quarter under pressure until experiencing a relief rally in late December.

Fund Performance & Market Analysis (continued)

United States (continued)

A Trump presidency results in numerous unknowns for commercial real estate. The potential repeal of the Affordable Care Act (ACA) has implications for healthcare demand, which could impact operator strength. Lower corporate taxes could diminish the relative advantages of being a REIT. Border adjustability could negatively affect retailer health. These uncertainties also add to our conviction that the transaction market will struggle over the next one to two quarters. Buyers and sellers were already wrestling with a material move in interest rates, and a real estate sector that is likely in the latter innings of the cycle. Combined with an opaque political outlook and a stronger dollar (may limit foreign participation), we have to believe that there is modest upside risk for cap rates, even if more likely for secondary quality property. In fairness, Trump has a fairly extensive real estate background. As a result, we think it's unlikely that he pursues policies that directly put real estate at a disadvantage, but we are concerned regarding the indirect impact of his initiatives.

The continued macro uncertainty leaves us expecting more volatility and with a waning level of conviction when it comes to identifying sectors that can outperform. This view is reinforced by a fundamental outlook that suggests decelerating internal growth across essentially all property types. Hence, our sector bets are more limited in size, and we remain more focused than the historical norm on stock selection. One property type where we are relatively more constructive is shopping centers. Retail broadly struggled during the holiday season, and while we understand the concerns as they relate to malls, we think that shopping centers have been unfairly painted with the same brush: Supply is fairly benign, tenants are generally healthy, and there is little visible deterioration in operating fundamentals. We expect that politics and macros may continue to overshadow real estate fundamentals in the near-term, but generally still have a favorable outlook for commercial real estate. Organic growth is healthy albeit moderating and there remains a thirst for yield that should limit any moderate disruption in the transactional market.

Outlook

As discussed at the start of this commentary, given recent events, we've, if anything, gained confidence in our previous assessment that the global economy had entered a regime characterized by rising inflation and an upward bias for 10-year sovereign bond yields. That view was, however, tempered by less confidence that we would see a significant uptick in global growth. That may have changed, for if Trump's policy initiatives do prove to be a game-changer – we note there is still MUCH uncertainty about what will and won't be done – it wouldn't be unreasonable to expect the US economy to benefit from improved corporate investment. And one would also anticipate some positive spillover to the global economy, albeit with the caveat that any protectionist measures from Trump would complicate matters. We believe the US property market is late cycle, and Trump/Fed policies will dictate whether that cycle is perpetuated or continues to grind away at the "new" normal growth rate. In our portfolio, we are seeking out sectors that could benefit the most from the fiscal/monetary policy now taking shape. With consumer confidence, wage growth, equity markets at new highs, the apartment and retail property types could fare well. We have de-emphasized "pure yield" but after the recent sell-off for US REITs, we are willing to own traditionally higher-yielding companies/sectors if they offer both valuation support and dividend growth. Given the shift in global currents noted above, we are gaining confidence that our investment philosophy – favoring real estate investment opportunities that offer attractive total returns, not solely yield – is back "in style."

EII Capital Management, Inc.
January 2017

Statement of manager's responsibility and other information

Connected persons transactions
The Central Bank (Supervision and Enforcement) Act 2013 (section 48 (1)) (Undertakings for Collective Investment in Transferable Securities) Regulations 2015 (the "Central Bank Regulations") states 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 year complied with the obligations set out in Regulation 41 (1) (a) and (b) of the Central Bank Regulations.

Other information
The Board voluntarily adopted the 'Corporate Governance Code Collective Investment Schemes and Management Companies' as published by Irish Funds in December 2011, as EII Real Estate Securities Advisers Limited (in its capacity as Manager) and as EII US Property Fund's corporate governance code with effect from 24 October 2013, the launch date of the Fund. The Fund has complied with the corporate governance code for the financial year ended 31 December 2016.

Statement of manager's responsibility
The Manager is responsible for preparing the EII US Property Fund (the "Fund") annual report and financial statements, in accordance with applicable law and regulations**.**

Irish law requires the Manager of the Fund to prepare financial statements for each financial year. The Manager has elected to prepare the financial statements in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union and applicable law.

The financial statements must give a true and fair view of the assets, liabilities and financial position of the Fund as at the financial year end date and of the profit/(loss) of the Fund for the financial year and otherwise comply with the applicable laws and regulations.

In preparing these financial statements, the Manager is required to:

- select suitable accounting policies for the financial statements and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether the financial statements have been prepared in accordance with applicable accounting standards, identify those standards, and note the effect and the reasons for any material departure from those standards; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Fund will continue in business.

The Manager is responsible for ensuring that the Fund keeps or causes to be kept adequate accounting records which correctly explain and record the transactions of the Fund, enable at any time the assets, liabilities, financial position and profit or loss of the Fund to be determined with reasonable accuracy, enable them to ensure that the financial statements and directors' report comply with the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 2011 (as amended) and the Central Bank Regulations and enable the financial statements to be audited.

On behalf of the Manager, EII Real Estate Securities Advisors Limited

Mary Broughan **Declan McCourt**

Date: 25 April 2017

Report of the Trustee to the Unitholders

For the period 1st January 2016 to 31st December 2016 (the "**Period**")

BNY Mellon Trust Company (Ireland) Limited has enquired into the conduct of the Manager in respect of EII US Property Fund, a sub-fund of EII Property Funds (the "Trust"), for the Period ended 31 December 2016, in our capacity as Trustee to the Trust.

This report including the opinion has been prepared for and solely for the unitholders in the Trust, in accordance with Regulation 34 of the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 2011 (S.I. No 352 of 2011) (the "Regulations"), and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown.

Responsibilities of the Trustee

Our duties and responsibilities are outlined in the Regulation 34 of the Regulations. One of those duties is to enquire into the conduct of the Trust in each annual accounting period and report thereon to the unitholders.

Our report shall state whether, in our opinion, the management has managed the Trust in that period in accordance with the provisions of the Trust's Trust Deed and the Regulations. It is the overall responsibility of the Manager to comply with these provisions. If the management of the Trust has not done so, we as Trustee must state in what respects it has not done so and the steps which we have taken in respect thereof.

Basis of Trustee opinion

The Trustee conducts such reviews as it, in its reasonable opinion, considers necessary in order to comply with its duties as outlined in Regulation 34 of the Regulations and to ensure that, in all material respects, the management has managed the Trust:

(i) in accordance with the limitations imposed on its investment and borrowing powers by the provisions of its constitutional documentation and the appropriate regulations and;

(ii) otherwise in accordance with the Trust's constitutional documentation and the appropriate regulations.

Opinion

In our opinion, the management has managed the Trust during the year, in all material respects:

(i) in accordance with the limitations imposed on the investment and borrowing powers of the Manager and Trustee by the Trust Deed and by the Regulations; and

(ii) otherwise in accordance with the provisions of the Trust Deed and the Regulations.

For and on behalf of
BNY Mellon Trust Company (Ireland) Limited
Guild House
Guild Street
International Financial Services Centre
Dublin 1
Ireland

Date: 25 April 2017

Independent Auditors' report to the unitholders of EII US Property Fund

We have audited the financial statements of EII US Property Fund ("the Fund") for the year ended 31 December 2016 which comprise the statement of financial position, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows and the related notes. The financial reporting framework that has been applied in their preparation is Irish law and International Financial Reporting Standards (IFRS) as adopted by the European Union.

Opinions and conclusions arising from our audit

1. Our opinion on the financial statements is unmodified
In our opinion the financial statements:

- give a true and fair view of the assets, liabilities and financial position of the Fund as at 31 December 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with IFRS as adopted by the European Union; and
- have been properly prepared in accordance with the European Communities (Undertakings for Collective Investment in Transferable Securities Regulations) 2011 and the Central Bank (Supervision and Enforcement) Act 2013 (Section 48(1)) (Undertakings for Collective Investment in Transferable Securities) Regulations 2015.

2. We have nothing to report in respect of matters on which we are required to report by exception
International Standards on Auditing ("ISAs") (UK & Ireland) require that we report to you if, based on the knowledge we acquired during our audit, we have identified information in the Annual Report that contains a material inconsistency with either that knowledge or the financial statements, a material misstatement of fact, or that is otherwise misleading.

Basis of our report, responsibilities and restrictions on use
As explained more fully in the Statement of Manager's Responsibilities set out on page 6, the Manager of the Trust is responsible for the preparation of the financial statements giving a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with Irish law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's Ethical Standards for Auditors.

An audit undertaken in accordance with ISAs (UK & Ireland) involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Trust's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Manager of the Trust; and the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Whilst an audit conducted in accordance with ISAs (UK & Ireland) is designed to provide reasonable assurance of identifying material misstatements or omissions it is not guaranteed to do so. Rather the auditor plans the audit to determine the extent of testing needed to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements does not exceed materiality for the financial statements as a whole. This testing requires us to conduct significant audit work on a broad range of assets, liabilities, income and expense as well as devoting significant time of the most experienced members of the audit team, in particular the engagement partner responsible for the audit, to subjective areas of the accounting and reporting.

Our report is made solely to the Trust's unitholders, as a body, in accordance with Regulation 93 of the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 2011. Our audit work has been undertaken so that we might state to the Trust's unitholders those matters we are required to state to them in an auditor's 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 Trust's unitholders as a body, for our audit work, for this report, or for the opinions we have formed.

25 April 2017

Jonathan Lew
for and on behalf of
KPMG
Chartered Accountants, Statutory Audit Firm
1 Harbourmaster Place
International Financial Services Centre
Dublin 1
Ireland

Statement of financial position
As at 31 December 2016

EII US Property Fund	Note	31 December 2016 USD	31 December 2015 USD
Assets			
Cash and cash equivalents	4	1,830,332	960,301
Financial assets at fair value through profit or loss	3		
- Transferable securities		65,287,888	53,376,804
Accrued income		327,553	176,335
Prepaid expenses	10	20,110	27,516
Total assets		**67,465,883**	**54,540,956**
Liabilities			
Investment management and distributor fee payable	5	34,177	30,714
Manager fee payable	6	12,213	10,978
Audit fee payable	8	10,898	10,927
Trustee fee payable	7	11,344	12,324
Other expenses payable	10	30,407	16,782
Total liabilities (excluding net assets attributable to equity unitholders)		**99,039**	**81,725**
Net assets attributable to equity unitholders		**67,366,844**	**54,459,231**
Number of units in issue			
USD Class I	11	527,212.992	446,249.775
Net asset value per unit			
USD Class I	14	$127.779	$122.038

On behalf of the Manager, EII Real Estate Securities Advisors Limited

Mary Broughan **Declan McCourt**

Date: 25 April 2017

The accompanying notes form an integral part of these financial statements

Statement of comprehensive income

For the financial year ended 31 December 2016

EII US Property Fund	Note	31 December 2016 USD	31 December 2015 USD
Investment income			
Dividend income		2,673,273	1,856,794
Net gain/(loss) on financial assets at fair value through profit or loss and foreign exchange	3	2,581,480	(307,531)
Total investment income		**5,254,753**	**1,549,263**
Expenses			
Investment management and distributor fee	5	398,419	375,568
Manager fee	6	142,291	134,130
Audit fee	8	11,122	9,410
Trustee fee	7	47,579	46,456
Other expenses	10	63,587	54,352
Total expenses		**662,998**	**619,916**
Net investment income		**4,591,755**	**929,347**
Taxation			
Withholding tax on dividends	13	751,868	506,287
Profit for the year		**3,839,887**	**423,060**

There were no gains/(losses) in the year other than the profit attributable to equity unitholders.

The accompanying notes form an integral part of these financial statements

Statement of changes in equity

For the financial year ended 31 December 2016

EII US Property Fund	**31 December 2016 USD**	**31 December 2015 USD**
Net assets attributable to equity unitholders at the start of the year	54,459,231	55,352,580
Total comprehensive income for the year		
Profit for the year	3,839,887	423,060
Transactions with owners, recognised directly in equity		
Issue of units	10,196,475	677,098
Redemption of units	(684,738)	(1,330,115)
Dividends paid to equity unitholders	(706,726)	(676,431)
Dividend reinvested	262,715	13,039
Total transactions with owners	**9,067,726**	**(1,316,409)**
Net assets attributable to equity unitholders at the end of the year	**67,366,844**	**54,459,231**

The accompanying notes form an integral part of these financial statements

Statement of cash flows

For the financial year ended 31 December 2016

EII US Property Fund	31 December 2016 USD	31 December 2015 USD
Cash flow from operating activities		
Increase in net assets attributable to equity unitholders from operations	3,839,887	423,060
Adjustment for:		
Dividend income	(2,673,273)	(1,856,794)
Withholding taxes	751,868	506,287
Net operating cash flow before change in operating assets and liabilities	**1,918,482**	**(927,447)**
Net increase in financial assets at fair value through profit or loss	(11,911,084)	(1,529,218)
Net decrease in other receivables	7,406	678,584
Net increase/(decrease) in other payables	17,314	(2,633)
Cash used in operations	**(9,967,882)**	**(1,780,714)**
Dividends received	1,770,187	1,373,646
Net cash used in operating activities	**(8,197,695)**	**(407,068)**
Cash flows from financing activities		
Dividends paid to equity unitholders	(706,726)	(676,431)
Issue of units	10,459,190	690,137
Redemption of units	(684,738)	(1,330,115)
Net cash from/(used in) financing activities	**9,067,726**	**(1,316,409)**
Net increase/(decrease) in cash and cash equivalents	870,031	(1,723,477)
Cash and cash equivalents at the start of the year	960,301	2,683,778
Cash and cash equivalents at the end of the year	**1,830,332**	**960,301**
Breakdown of cash and cash equivalents		
Cash and cash equivalents	1,830,332	960,301

The accompanying notes form an integral part of these financial statements

Notes to the financial statements

For the financial year ended 31 December 2016

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 Regulations, 2011, as amended (the "UCITS Regulations"). It has been authorised by the Central Bank of Ireland.

EII US Property Fund (the "Fund") forms part of the Trust. EII US Property Fund commenced trading activity on 24 October 2013. These financial statements are for the Fund. Separate financial statements are prepared for EII Global Property Fund and EII Property World Invest (ex-U.S.) 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

(a) Basis of preparation

The audited financial statements of the Fund, for the year ended 31 December 2016, have been prepared in accordance with International Financial Reporting Standards ("IFRS"), 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 preparation of financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the year. Actual results could differ from those estimates and these differences could be material.

(b) Standards, interpretations and amendments issued but not yet effective

IFRS 9 – Financial Instruments – Classification and Measurement

IFRS 9, published in July 2014, will replace the existing guidance in IAS 39 "Financial Instruments: Recognition and Measurement". It includes revised guidance on the classification and measurement of financial instruments, including a new expected credit loss model for calculating impairment on financial assets, and the new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39.

IFRS 9 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted. Based on the initial assessment, this standard is not expected to have a material impact on the Fund.

IFRS 15 – Revenue from Contracts with Customers

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including IAS 18 Revenue, IAS 11 Construction Contracts and IFRIC 13 Customer Loyalty Programmes. IFRS 15 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted. The potential impact on the financial statements resulting from the application of IFRS 15 is being assessed.

(c) Foreign currency

(i) Functional and presentation currency

The functional currency of the Fund is United States Dollar ("USD"). The Fund has adopted the USD as its presentation currency.

(ii) Foreign currency translation

Assets and liabilities denominated in currencies other than the functional currencies of the Fund are translated into the functional currency using exchange rates prevailing at the reporting date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at the reporting date exchange rates of assets and liabilities, denominated in foreign currencies, are recognised in the statement of comprehensive income in the period in which they arise.

(d) Financial assets at fair value through profit or loss

(i) Classification

The Fund classifies its financial assets into the categories below in accordance with IAS 39.

- Financial assets held for trading are those acquired or incurred principally for the purpose of selling or repurchasing in the short term.
- Financial assets designated at fair value through profit or loss at inception are those that are managed and their performance evaluated on a fair value basis in accordance with each fund's investment strategy.
- Financial assets and liabilities at amortised cost are cash and cash equivalents, securities sold receivable and securities purchased payable.

The Fund has classified all of its financial assets at fair value through profit or loss as designated at fair value through profit or loss for the reporting dates 31 December 2016 and 31 December 2015.

2. Significant accounting policies (continued)

(d) Financial assets at fair value through profit or loss (continued)

(ii) Recognition

All “regular way” purchases and sales of financial instruments are recognised using trade date accounting, the day that the Fund commits to purchase or sell the asset. From this date any gains and losses arising from changes in fair value of the financial assets are recorded. Regular way purchases, or sales, are purchases and sales of financial assets that require delivery of the asset within a time frame generally established by regulation or convention in the market place.

(iii) Measurement

At initial recognition financial assets categorised at fair value through profit or loss are recognised initially at fair value, with transaction costs for such instruments being recognised directly in the statement of comprehensive income.

Subsequent to initial recognition, all instruments classified at fair value through profit or loss, are measured at fair value with changes in their fair value recognised in the statement of comprehensive income.

- Investments in listed long equity positions are valued at their last traded price.

In the event that any of the assets on the relevant valuation day are not listed or dealt on any recognised exchange, such assets shall be valued by a competent person selected by the Directors and approved for such purpose by BNY Mellon Trust Company (Ireland) Limited (the “Trustee”) with care and in good faith. There were no financial assets valued using this method as at the reporting dates 31 December 2016 and 31 December 2015.

(iv) Derecognition

The Fund derecognises a financial asset when the contractual rights to the cash flows from the assets expire, or it transfers the right to receive the contractual cash flow in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Fund neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset that is derecognised) and the consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss. Any interest in such transferred financial assets that is created or retained by the Fund is recognised as a separate asset or liability.

The Fund enters into transactions whereby it transfers assets recognised on its statement of financial position, but retains either all or substantially all of the risk and rewards of the transferred assets or a portion of them. If all or substantially all of the risks and rewards are retained, then the transferred assets are not derecognised. Transfer of assets with retention of all or substantially all of the risks and rewards include sale and repurchase transactions.

(v) Offsetting

The Fund only offsets financial assets at fair value through profit or loss if the Fund has a legally enforceable right to set off the recognised amounts and either intends to settle on a net basis, or to realise the asset and settle the liability simultaneously. The Fund has no financial assets or financial liabilities that are subject to an enforceable master netting arrangement or similar agreement.

(vi) Fair value estimation

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Fund has access at that date. The fair value of a liability reflects its non-performance risk. When available, the Fund measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The Fund measures instruments quoted in an active market at a last traded price, because this price provides a reasonable approximation of the exit price. If there is no quoted price on an active market, then the Fund uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

(e) Income

Dividends and interest arising on the investments are recognised as income of the Fund on an ex-dividend or interest date, and for deposits of the Fund, on an accrual basis.

(f) Net gain/loss from financial instruments at fair value through profit or loss

Net gain/loss from financial instruments at fair value through profit or loss includes all realised and unrealised fair value changes and foreign exchange differences.

Net realised gain from financial assets at fair value through profit or loss is calculated using the average cost method

(g) Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash on hand and short-term deposits held at Bank of New York Mellon SA/NV, a sub-custodian of the Trustee that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, with original maturities of three months or less. Short term investments that are not held for the purpose of meeting short-term cash commitments and restricted margin accounts are not considered as cash and cash equivalents. For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above.

2. Significant accounting policies (continued)

(h) Expenses

All expenses are recognised in the statement of comprehensive income on an accrual basis.

(i) Transaction costs

Transaction costs are incremental costs, which are separately identifiable and directly attributable to the acquisition, issue or disposal of a financial asset or financial liability. Transaction costs are included in the statement of comprehensive income as part of net gain/(loss) on financial assets at fair value through profit or loss and foreign exchange.

The following costs are included in the transaction costs disclosure:

- identifiable brokerage charges and commissions and
- identifiable transaction related taxes and other market charges.

(j) Redeemable participating units

The Fund classifies financial instruments issued as financial liabilities or equity instruments in accordance with the substance of the contractual terms of the instruments.

The redeemable units provide investors with the right to require redemption for cash at a value proportionate to the investor's unit in the Fund's net assets at each redemption date and also in the event of the Fund's liquidation.

A puttable financial instrument that includes a contractual obligation for the Fund to repurchase or redeem that instrument for cash or another financial asset is classified as equity if it meets all of the following conditions:

- It entitles the holder to a pro rata unit of the Fund's net assets in the event of the Fund's liquidation;
- It is in the class of instruments that is subordinate to all other classes of instruments;
- All financial instruments in the class of instruments that is subordinate to all other classes of instruments have identical features
- Apart from the contractual obligation for the Fund to repurchase or redeem the instrument for cash or another financial asset, the instrument does not include any other features that would require classification as a liability; and
- The total expected cash flows attributable to the instrument over its life are based substantially on the profit or loss, the change in the recognised net assets or the change in the fair value in the recognised and unrecognised net assets of the Fund over the life of the instrument.

The Fund's redeemable units meet these conditions and are classified as equity.

Incremental costs directly attributable to the issue or redemption of redeemable units are recognised directly in equity as a deduction from the proceeds or part of the acquisition cost.

(k) Dividend payable to equity unitholders

Dividends to equity unitholders are recognised in the statement of changes in equity on ex-date.

(l) Comparative figures

Prior year comparative figures are reclassified where necessary.

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 year ended:

	31 December 2016 USD	31 December 2015 USD
Net realised gain on financial assets at fair value through profit or loss and foreign exchange	4,727,225	2,182,901
Change in unrealised gain/(loss) on financial assets at fair value through profit or loss and foreign exchange	(2,145,745)	(2,490,432)
Net gain/(loss) on financial assets at fair value through profit or loss and foreign exchange	**2,581,480**	**(307,531)**

(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

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

(ii) Fair value of financial instruments (continued)

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 EII Capital Management, Inc.'s (the "Investment Manager" and the "Distributor") perceived risk of that instrument.

There were no transfers between level 1 and level 2 during the year (2015: nil).

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 31 December 2016

	Level 1 USD	Level 2 USD	Level 3 USD	Total USD
Designated at fair value through profit or loss				
- Equity securities	65,287,888	-	-	65,287,888
Financial assets at fair value through profit of loss	**65,287,888**	**-**	**-**	**65,287,888**

As at 31 December 2015

	Level 1 USD	Level 2 USD	Level 3 USD	Total USD
Designated at fair value through profit or loss				
- Equity securities	53,376,804	-	-	53,376,804
Financial assets at fair value through profit of loss	**53,376,804**	**-**	**-**	**53,376,804**

All other assets and liabilities held at the reporting dates 31 December 2016 and 31 December 2015 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)	Currency	31 December 2016 USD equivalent balance	31 December 2015 USD equivalent balance
The Bank of New York Mellon SA/NV Brussels	AA-[1]	USD	1,830,332	960,301
Total			**1,830,332**	**960,301**

[1] 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 a fee at 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[1]
USD Class I	0.70%	0.80%

[1] 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 fee accrued at the reporting date and charged during the year 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 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 Euro 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 year is disclosed in the statement of financial position and the statement of comprehensive income respectively.

7. Trustee fee

Up to 31 March 2016, the Trustee received a fee of up to 0.02% per annum of the NAV of the Fund plus VAT (if any). The fees were paid monthly in arrears and subject to a minimum annual fee of €20,000.

Effective 1 April 2016, 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 (this will be increased to €35,000 effective 1 April 2017).

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 year is disclosed in the statement of financial position and the statement of comprehensive income respectively.

8. Audit fee

Fees and expenses charged by the Fund's statutory auditor, KPMG, relates to the audit of the financial statements (€8,000 – exclusive of VAT) (2015: €8,000). There were no fees and expenses charged in respect of other assurance, tax advisory or non-audit services provided by the statutory Auditor for the year.

Audit fees accrued at the reporting date and charged by the Auditors, including VAT, are disclosed in the statement of financial position and the statement of comprehensive income respectively.

9. Transaction costs

The Fund incurred transaction costs as follows for the year:

	31 December 2016 USD	31 December 2015 USD
Transaction costs	172,397	188,864

10. Other expenses

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

	31 December 2016 USD	31 December 2015 USD
Directors' insurance fee	5,633	5,068
Set up costs	14,477	22,448
	20,110	**27,516**

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

	31 December 2016 USD	31 December 2015 USD
Legal and professional fees	22,773	10,866
Regulatory fees	44	24
Other fees charged by the Administrator	7,590	5,892
	30,407	**16,782**

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

	31 December 2016 USD	30 December 2015 USD
Bank charges	2,378	820
Set up costs	7,972	7,972
Directors' insurance fee	8,984	6,142
Legal and professional fees	26,820	25,366
Regulatory fees	1,303	1,295
Other fees charged by the Administrator	16,130	12,757
	63,587	**54,352**

11. Units in issue

The table below discloses the unit transactions in the Fund during the financial year ended:

	31 December 2016	31 December 2015
USD Class I		
Opening balance	446,249.775	451,344.903
Units issued	83,904.962	5,744.872
Units redeemed	(5,233.313)	(10,939.362)
Dividend reinvested	2,291.568	99.362
Closing balance	**527,212.992**	**446,249.775**

Notes to the financial statements (continued)

For the financial year ended 31 December 2016

12. Financial instruments and associated risks

The investment objective for the Fund is to achieve absolute and relative total returns over a three to five year time horizon that are superior to the FTSE/NAREIT Equity REIT Index through investment in common equity shares of US and Canadian REITs and REOCs. The Fund may also invest in warrants, preferred shares and convertible bonds issued by the same US and Canadian group companies that issue the US and Canadian REITs and REOCs. The Fund may also invest up to 10% of its net assets in common equity shares of REITs and REOCs outside the U.S. and Canada and in other UCITS in any EU member state. The financial instruments held by the Fund are set out in the schedule of investments. The main risks relating to financial instruments are set out below.

Market risk
Market risk arises from uncertainty about future prices of financial investments held by the Fund, whether those changes are caused by factors specific to individual financial instruments, or other factors affecting a number of similar financial instruments traded in the markets. It represents the potential loss the Fund might suffer through holding market positions in the face of price movements. Market risk consists of currency risk, interest rate risk and market price risk.

(i) Currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. The Fund is not exposed to currency risk as all of its net assets are held in its functional currency.

(ii) Interest rate risk

Interest rate risk represents the potential losses that the Fund might suffer due to adverse movements in relevant interest rates. The value of fixed interest securities may be affected by changes in the interest rate environment and the amount of income receivable from floating rate securities and bank balances, or payable on overdrafts, will also be affected by fluctuations in interest rates. This is the risk that the fair value of a financial instrument will fluctuate because of changes in market interest rates. In general, as rates rise, the price of a fixed bond will fall, and vice versa. For floating rate notes the interest will normally adjust in line with the specified rate. Other than cash and cash equivalents, the Fund is not significantly exposed to interest rate risk as the majority of its investments are not in interest bearing securities.

(iii) Market price risk

Market price risk is defined as the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. All of the Fund's equity investments are listed on an official stock exchange. The Investment Manager reviews the asset allocation of the portfolio in order to minimise the risk associated with particular industry sectors whilst continuing to follow the investment objectives. The portfolios selected seek to ensure that individual stocks also meet the risk reward profile that is acceptable.

The following table demonstrates the impact on net assets attributable to equity unitholders of a movement in investment prices. The table assumes a 10% upwards movement in the value of the local currencies (a negative 10% would have an equal but opposite effect).

	31 December 2016 USD	**31 December 2015 USD**
EII US Property Fund	6,528,789	5,337,680

Liquidity risk
Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Fund's assets comprise mainly readily realisable securities which can be readily sold. The Fund's liquidity risk is managed on a daily basis by the Investment Manager in accordance with policies and procedures in place. The Investment Manager will normally keep an allocation of cash to meet pending liabilities that may arise from time to time.

The below table summarises the Fund's financial liabilities into relevant maturity groupings based on the remaining year at the statement of financial position date to the contractual maturity date. The Fund's expected cash flows on these instruments do not vary significantly from this analysis, except for net assets attributable to equity unitholders, which the Fund has a contractual obligation to redeem within 3 days. Historical experience indicates that these units are held by unitholders on a medium or long term basis.

As at 31 December 2016

EII US Property Fund	**Less than 1 month USD**	**1 to 6 Months USD**	**6 to 12 Months USD**	**Over 12 Months USD**	**Total USD**
Financial liabilities					
Other liabilities	99,048	-	-	-	99,048
	99,048	**-**	**-**	**-**	**99,048**

As at 31 December 2015

EII US Property Fund	**Less than 1 month USD**	**1 to 6 Months USD**	**6 to 12 Months USD**	**Over 12 Months USD**	**Total USD**
Financial liabilities					
Other liabilities	81,725	-	-	-	81,725
	81,725	**-**	**-**	**-**	**81,725**

12. Financial instruments and associated risks (continued)

Credit risk

Credit risk is the risk that a Fund's counterparty or investment issuer will be unable or unwilling to meet a commitment that it has entered into and cause the Fund to incur a financial loss. The Fund will be exposed to settlement risk on parties with whom it trades and custodian risk on parties with whom the Fund has placed its assets in custody.

Settlement risk: Most transactions in listed securities are settled on a cash versus delivery basis ("DVP") with settlement a few days after execution. Default by the Broker could expose the Fund to an adverse price movement in the security between execution and default. Because the Fund would only be exposed to a potentially adverse market move (rather than 100% of the principal sum) during a short period, this risk is limited. In addition, default by regulated Brokers in the major markets is rare.

Custodian risk: Custody risk is the risk of loss of assets held in custody. This is not a "primary credit risk" as the unencumbered assets of the Funds are segregated from the Depositary's own assets and the Depositary requires its sub-custodians likewise to segregate non-cash assets. This mitigates custody risk but does not entirely eliminate it. The Depositary has the power to appoint sub-custodians, although, in accordance with the terms of the Depositary agreement, the Depositary's liability shall not be affected by the fact that it has entrusted some or all of the assets in safekeeping to any third party (in order for the Depositary to discharge this responsibility, the Depositary must exercise care and diligence in choosing and appointing a third party as a safe-keeping agent so as to ensure that the third party has and maintains the expertise, competence and standing appropriate to discharge the responsibilities concerned and the Depositary must maintain an appropriate level of supervision over the safe-keeping agent and make appropriate enquiries from time to time to confirm that the obligations of the agent continue to be competently discharged).

The Standard & Poor's long term credit rating for The Bank of New York Mellon, ultimate parent company of the Trustee is AA- at the reporting date (2015: AA-). The Depositary is not rated.

The Fund has no risk management process in place and as such, it does not hold or trade in derivatives.

13. Taxation

The Fund qualifies as an investment undertaking as defined in Section 739b (1) of the Taxes Consolidation Act, 1997, (the "Taxes Act"). Under current Irish law and practice, the Fund is not chargeable to Irish tax on its income and gains. However, tax can arise on the happening of a "chargeable event" in the Fund. A chargeable event includes any dividend payments to unitholders or any encashment, redemption, cancellation, transfer or deemed disposal (a deemed disposal will occur at the expiration of a relevant period) of units or the appropriation or cancellation of units of a unitholder by the Fund for the purposes of meeting the amount of tax payable on a gain arising on a transfer. No tax will arise on the Fund in respect of chargeable events in respect of a unitholder who is neither Irish resident nor ordinarily resident in Ireland at the time of the chargeable event provided that a relevant declaration is in place and the Fund is not in possession of any information which would reasonably suggest that the information contained therein is no longer materially correct.

Dividends, interest and capital gains (if any) which the Fund receives with respect to its investments (other than securities of Irish issuers) may be subject to taxes, including withholding taxes, in the countries in which the issuers of investments are located. It is anticipated that the Fund may not be able to benefit from reduced rates of withholding tax in double taxation agreements between Ireland and such countries. If this position changes in the future and the application of a lower rate results in a repayment to the Fund the NAV will not be re-stated and the benefit will be allocated to the existing unitholders rateably at the time of the repayment. Any reclaims due to the Fund are accounted for on a receipt basis. In addition, where the Fund invests in securities that are not subject to local taxes, for example withholding tax, at the time of acquisition, there can be no assurance that tax may not be charged or withheld in the future as a result of any change in the applicable laws, treaties, rules or regulations or the interpretation thereof.

No stamp duty is payable in Ireland on the issue, transfer, repurchase or redemption of units in the Fund. Where any subscription for or redemption of units is satisfied by the in specie transfer of securities, property or other types of assets, Irish stamp duty may arise on the transfer of such assets. No Irish stamp duty will be payable by the Fund on the conveyance or transfer of stock or marketable securities provided that the stock or marketable securities in question have not been issued by a fund registered in Ireland and provided that the conveyance or transfer does not relate to any immovable property situated in Ireland or any right over or interest in such property or to any stocks or marketable securities of a fund (other than a fund which is an investment undertaking within the meaning of the Taxes Act) which is registered in Ireland.

14. Net asset values

	31 December 2016	31 December 2015	31 December 2014
Net asset value			
USD Class I	$67,366,844	$54,459,231	$55,352,580
Net asset value per unit			
USD Class I	$127.779	$122.038	$122.639

15. Dividend policy

The Manager intends to distribute annually within one month of the end of each accounting year 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 dividend paid during the financial year ended:

31 December 2016

Class	Currency	Dividend per unit	Final Dividend paid	Income received on subscriptions	Income deducted on redemptions	Net Dividend charge	Ex-date
USD Class I	USD	$1.5837	$706,726	($2,432)	$1,824	$706,118	11 January 2016

31 December 2015

Class	Currency	Dividend per unit	Final Dividend paid	Income received on subscriptions	Income deducted on redemptions	Net Dividend charge	Ex-date
USD Class I	USD	$1.4987	$676,431	($87,165)	$1,493	$590,759	12 January 2015

16. 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.

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

The Fund pays the Investment Manager fees at the rates set out in note 5.

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 year ended 31 December 2016 amounted to €44,000 (financial year ended 31 Dec 2015 €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.

Related party unitholder transactions
There were no units held in the Fund by related parties as at the reporting date (2015: nil).

Details of fees charged are outlined below:

	31 December 2016 USD	31 December 2015 USD
Investment management and distributor fee	398,419	375,568
Manager fee	142,291	134,130

18. Efficient portfolio management

No efficient portfolio management techniques were used during the year (2015: nil).

19. 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.

20. Commitments and contingent liabilities

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

Notes to the financial statements (continued)

For the financial year ended 31 December 2016

21. Changes to the prospectus

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

22. Events after the reporting date

The following table shows the dividends declared after the reporting date.

Class	Currency	Dividend per unit	Final dividend paid	Income received on subscriptions	Income deducted on redemptions	Net dividend charge	Ex-date
USD Class I	USD	$2.6978	$1,422,315	($172,909)	$8,974	$1,258,380	11 January 2017

23. Approval of Financial Statements

The audited financial statements were approved by the Manager on 25 April 2017.

Schedule of investments (unaudited)
As at 31 December 2016

	Currency	Nominal holdings	Fair value USD	% NAV
Financial assets at fair value through profit or loss				
Equities				
United States				
American Campus Communities Inc	USD	37,500	1,866,375	2.77%
Boston Properties Inc	USD	19,500	2,452,710	3.64%
Care Capital Properties Inc	USD	59,700	1,492,500	2.22%
CubeSmart	USD	65,000	1,740,050	2.58%
DDR Corp	USD	70,700	1,079,589	1.60%
DiamondRock Hospitality Co	USD	183,100	2,111,143	3.13%
Digital Realty Trust Inc	USD	15,700	1,542,682	2.29%
Equinix Inc	USD	6,900	2,466,129	3.66%
Equity Commonwealth	USD	69,200	2,092,608	3.11%
Equity One Inc	USD	30,795	945,099	1.40%
Equity Residential	USD	46,700	3,005,612	4.46%
Essex Property Trust Inc	USD	13,700	3,185,250	4.73%
Extra Space Storage Inc	USD	44,000	3,398,560	5.04%
Federal Realty Investment Trust	USD	13,100	1,861,641	2.76%
First Industrial Realty Trust Inc	USD	79,500	2,229,975	3.31%
Forest City Realty Trust Inc	USD	91,300	1,902,692	2.82%
Gaming and Leisure Properties Inc	USD	33,200	1,016,584	1.51%
General Growth Properties Inc	USD	133,500	3,334,830	4.95%
Host Hotels & Resorts Inc	USD	60,200	1,134,168	1.68%
Kilroy Realty Corp	USD	27,600	2,020,872	3.00%
Liberty Property Trust	USD	65,700	2,595,150	3.85%
Mid-America Apartment Communities Inc	USD	27,467	2,689,569	3.99%
Retail Properties of America Inc	USD	161,100	2,469,663	3.67%
Simon Property Group Inc	USD	17,900	3,180,293	4.72%
SL Green Realty Corp	USD	18,300	1,968,165	2.92%
Spirit Realty Capital Inc	USD	201,200	2,185,032	3.24%
STORE Capital Corp	USD	81,700	2,018,807	3.00%
Sun Communities Inc	USD	12,700	972,947	1.44%
Taubman Centers Inc	USD	10,400	768,872	1.14%
Ventas Inc	USD	43,760	2,735,875	4.06%
Welltower Inc	USD	42,200	2,824,446	4.22%
			65,287,888	**96.91%**
Total equities (2015: 98.02%)			**65,287,888**	**96.91%**
Total financial assets at fair value through profit or loss (2015: 98.02%)			**65,287,888**	**96.91%**
Cash and cash equivalents and other net assets			2,078,956	3.09%
Net asset value attributable to equity unitholders (2015: 100.00%)			**67,366,844**	**100.00%**

Analysis of total assets	**% of total assets**
Transferable securities listed on an official stock exchange	96.77%
Other current assets	3.23%
	100.00%

Statement of significant portfolio movements (unaudited)

For the financial year ended 31 December 2016

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 annual 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 year or aggregate disposals greater than 1 per cent of the total value of sales for the year.

Purchases	Cost USD
SL Green Realty Corp	4,021,083
Extra Space Storage Inc	3,697,482
Boston Properties Inc	3,619,563
Kilroy Realty Corp	3,368,514
Liberty Property Trust	3,040,997
Post Properties Inc	2,539,414
Equinix Inc	2,445,509
STORE Capital Corp	2,401,474
DiamondRock Hospitality Co	2,249,144
First Industrial Realty Trust Inc	2,154,027
Acadia Realty Trust	2,089,890
Equity Commonwealth	2,025,368
Sun Communities Inc	1,962,447
American Campus Communities Inc	1,958,420
Spirit Realty Capital Inc	1,848,709
Federal Realty Investment Trust	1,830,503
CubeSmart	1,807,467
Forest City Realty Trust Inc	1,753,081
Care Capital Properties Inc	1,577,633
Digital Realty Trust Inc	1,468,097
American Homes 4 Rent	1,408,235
PS Business Parks Inc	1,390,099
Host Hotels & Resorts Inc	1,386,213
Equity One Inc	1,295,647
Gaming and Leisure Properties Inc	1,274,261
General Growth Properties Inc	1,215,271
DDR Corp	1,183,484
Hudson Pacific Properties Inc	1,161,654
Retail Properties of America Inc	1,120,992
Prologis Inc	1,114,091
Essex Property Trust Inc	1,099,471
Ventas Inc	1,098,409
Welltower Inc	1,042,369
Washington Prime Group Inc	848,386
Equity Residential	752,505
Hilton Worldwide Holdings Inc	719,221

Sales	Proceeds USD
Boston Properties Inc	4,682,165
Prologis Inc	4,392,112
Hudson Pacific Properties Inc	3,073,523
Equity One Inc	2,693,772
SL Green Realty Corp	2,315,934
Simon Property Group Inc	2,313,222
Host Hotels & Resorts Inc	2,007,186
Acadia Realty Trust	1,980,740
Paramount Group Inc	1,925,515
DCT Industrial Trust Inc	1,884,887
Camden Property Trust	1,835,957
Life Storage Inc	1,789,804
National Retail Properties Inc	1,772,802
American Homes 4 Rent	1,666,988
Brandywine Realty Trust	1,653,493
American Campus Communities Inc	1,570,189
Hilton Worldwide Holdings Inc	1,566,438
Kilroy Realty Corp	1,481,851
PS Business Parks Inc	1,430,227
EPR Properties	1,424,573
Essex Property Trust Inc	1,393,076
Equity Residential	1,329,274
Spirit Realty Capital Inc	1,275,585
DDR Corp	1,248,709
Sun Communities Inc	1,052,336
Washington Prime Group Inc	1,000,532
Retail Properties of America Inc	999,400

Statement of significant portfolio movements (unaudited) (continued)

For the financial year ended 31 December 2016

Sales (continued)	Proceeds USD
Urban Edge Properties	981,634
Healthcare Realty Trust Inc	756,932
General Growth Properties Inc	750,153
Forest City Realty Trust Inc	731,163

Other information (unaudited)
For the financial year ended 31 December 2016

Soft commissions
The Investment Manager & Distributor do not intend to cause the Fund to pay any soft commissions to Brokers or financial institutions except in exchange for direct research on companies and markets. If it does enter into any soft commission arrangements it will ensure that the Broker or other counterparty will provide best execution to the Fund and that the benefits provided assist in the provision of investment services to the Fund. There were no soft commissions during the year (2015: nil).

Total expense ratio

Class	31 December 2016	31 December 2015
USD Class I	1.16%	1.15%

Appendix 1 – Remuneration disclosure (unaudited)

For the financial year ended 31 December 2016

Remuneration

The manager of the Trust is EII Real Estate Securities Advisors Limited (the Manager).

In accordance with the European Union (Undertakings for Collective Investment in Transferable Securities) Regulations 2016, as amended, the Manager adopted a remuneration policy which in the case of the Manager, only applies to certain Directors as it has no employees.

The Manager has a Board of Directors, two of which are separately employed by the Investment Manager and receive no remuneration from the Manager. The remaining two directors, each of whom is independent, receive a fixed fee only and do not receive performance-based or variable remuneration. The fixed fees payable to such members of the Board of Directors are based on an expected number of meetings and the work required to oversee the operations of the Manager and the Trust, which is considered to be consistent with the powers, tasks, expertise and responsibility of the Directors. The aggregate amount of remuneration paid to those Directors for the financial year was €44,000.

The Manager's remuneration policy was adopted by the Board of Directors during the course of the year to which this report relates and no material changes have been made to the remuneration policy during the financial year.