EII US Property Fund

Annual Report and Audited Financial Statements

For the financial year ended 31 December 2017

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General information

Directors of the Manager	Mary Broughan (Irish) (Independent) Declan McCourt (Irish) (Independent) Christian A. Lange (American) Michael Meagher (American) (appointed 26 January 2018) Andrew Cox (British)(resigned 1 July 2017) (All Directors are non-executive)
Manager	EII Real Estate Securities Advisors Limited 25/28 North Wall Quay Dublin 1 D01 H104 Ireland
Investment Manager and Distributor	EII Capital Management, Inc. 640 Fifth Avenue, 8th Floor New York 10019 USA
Administrator and Transfer Agent	Link Fund Administrators (Ireland) Limited[1] 2nd Floor, 2 Grand Canal Square Grand Canal Harbour Dublin 2 D02 A342 Ireland
Independent Auditor	KPMG 1 Harbourmaster Place IFSC Dublin 1 D01 F6F5 Ireland
Irish Legal Advisers & Secretary	A & L Goodbody 25/28 North Wall Quay Dublin 1 D01 H104 Ireland
Trustee and Depositary	BNY Mellon Trust Company (Ireland) Limited One Dockland Central Guild Street IFSC Dublin 1 D01 E4X0 Ireland

[1]Effective 6 November 2017, following an acquisition by Link Group**,** Capita Financial Administrators (Ireland) Limited changed its trading name to Link Fund Administrators (Ireland) Limited

Investment Manager's report
For the financial year ended 31 December 2017

Fund Performance & Market Analysis
For the one-year period ending 31 December 2017, the Fund returned 1.11% (in USD). The FTSE EPRA/NAREIT United States Index Net TRI (benchmark) returned 2.65% in USD for the same period. Our fund's investments in the Net Lease and Industrial sectors detracted from performance. Alternatively, having exposure to Data Centers and Apartments benefited relative performance.

We initiated the active top-down overlay process in mid-September 2017 and are encouraged by the albeit small outperformance of the benchmarks. The revised investment process – described in the third-quarter report – appears to be adding value and, most importantly, has avoided losses from idiosyncratic risks inherent in the former stock selection-heavy process.

For all of 2017, we underperformed the benchmarks by between 1 and 3% as the portfolios lagged prior to the implementation of the new active top-down overlay process. In the first days of 2018, under the new process, we saw a continuation of the outperformance that began in 4Q17.

Real estate stocks are influenced by interest rates and earnings. For example, UBS estimates that for every 0.5% change in US 10-year treasury bond yields, the prices for US REITs fluctuate by 4-5%. As such, headwinds from changes in US monetary policy, and the anticipation of changes in Europe, disproportionately affected the performance of property stocks in the two regions.

Real estate public equities have historically led the price movements of private real estate by six to 12 months. Therefore, the lower returns of US REITs, which represent more than 50% of the global universe, signal lower returns for private real estate than those achieved over the last five to seven years. It is important to note that due to generally stable cash flow returns at the property level in an environment of low interest rates, investment demand continues to be strong and probably still exceeds supply. Having said this, we believe a rise in long-term interest rates is likely to lead to a gradual increase in capitalization rates, which would negatively affect the price-appreciation component of the total return from real estate investments.

Annual Overview
US REIT stock prices could not keep up with the general equities markets in 2017. However, it should be noted that the performance of general equities, to a significant degree, reflected the extraordinary price rises of a few technology companies.

The performance of US REITs in 2017 reflected several developments. Shopping mall and shopping center stocks came under significant pressure due to the increase in online purchases. Office rents and residential properties for rent saw their rent growth peak. In addition, US Federal Reserve interest rate hikes led to higher long-term rates and made investors fearful of rising capitalization rates (lower prices). As a result, investors grew more cautious.

Due to these headwinds, many REITs are now priced at discounts to the value of the underlying real estate, particularly those that own primarily core US properties.

While annual cash-flow growth may have peaked at 6-8%, it is still realistic to expect growth in a range of 3-4% going forward. Assuming that 70% of cash flows will go to raising dividends, which currently provide an average yield of 4%, it seems reasonable to expect a total return of 4-5% in 2018. This is below the returns of the past seven years, but still respectable on top of discounts to net asset values (NAV).

The continued divergence of sector performance creates opportunities for an active top-down allocation process. As a result, we have underweighted the healthcare sector, the net lease sector and the office building sector, and increased the retail sector where M&A activity is taking advantage of low valuations. Investors should, however, expect more price volatility going forward as sector rotation becomes more pronounced.

In addition to valuation, the recent tax cuts are positive for REIT investors as REITs are treated as pass-through entities for tax purposes. This means that 20% of dividends received by REIT investors are not subject to tax. At the highest income bracket of 37%, this would reduce the effective tax rate on REIT dividends to 29.6%.

In summary, cash flow and dividend growth is likely to be mitigated by rising interest rates, but total returns should still be within 0-5%. The global portfolios are currently about market weight US REITs. The intention is to increase the weighting as stock prices correct further.

Outlook
In conclusion, real estate securities continue to be a good diversifier. The performance in 2018 is likely to be below the more than 10% return in 2017 (in US dollars). With the turning of the monetary policy cycle, real estate will face some headwinds, although this is likely to be mitigated by the substantial unfulfilled investment demand. Many observers predict a total return of 7-8% from real estate securities in 2018.

EII Capital Management, Inc.
April 2018

Statement of manager's responsibility and other information

Transactions involving connected persons
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 2017. Andrew Cox resigned as a director of the Manager effective 1 July 2017.

Statement of manager's responsibilities
The Manager is responsible for preparing the Fund's 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 EU and applicable law.

The financial statements are required to give a true and fair view of the assets, liabilities and financial position of the Fund and of its profit for the year then ended. In preparing the financial statements, the Manager:

- selects suitable accounting policies and then applies them consistently;
- makes judgements and estimates that are reasonable and prudent;
- states whether they have been prepared in accordance with IFRS as adopted by the EU; and
- prepares 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 keeping adequate accounting records which disclose with reasonable accuracy at any time the financial position of the Fund and enable it to ensure that the financial statements comply 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. It has general responsibility for taking such steps as are reasonably open to it to prevent and detect fraud and other irregularities.

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

Signature: **Signature:**

Print Name: MARY BROUGHAN **Print Name:** Declan McCourt

Date: 25 April 2018

BNY MELLON

BNY Mellon Trust Company (Ireland) Limited
Riverside Two, Sir John Rogerson's Quay
Dublin 2, D02 KV60, Ireland
T +353 1 900 7920
F +353 1 829 1024

Report of the Depositary to the Unitholders

For the period from 1st January 2017 to 31st December 2017 (the "**Period**")

BNY Mellon Trust Company (Ireland) Limited has enquired into the conduct of EII Real Estate Securities Advisors Limited (the "Manager") in respect of EII US Property Fund, a sub-fund of EII Property Funds (the "Trust"), for the Period ended, in our Depositary 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), as amended (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 Depositary

Our duties and responsibilities are outlined in Regulation 34 of the Regulations. One of those duties is to enquire into the conduct of the Manager in the management 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 Depositary must state in what respects it has not done so and the steps which we have taken in respect thereof.

Basis of Depositary opinion

The Depositary 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 the investment and borrowing of the Manager and Depositary by the trust deed and the appropriate regulations and;

(ii) otherwise in accordance with the provisions of the trust deed and the appropriate regulations.

Opinion

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

(i) in accordance with the limitations imposed on the investment and borrowing powers of the Manager and Depositary by the trust deed and by the Regulations; and

(ii) otherwise in accordance with the provisions of the trust deed and the Regulations.

David Kelly

For and on behalf of
BNY Mellon Trust Company (Ireland) Limited
One Dockland Central
Guild Street
IFSC
Dublin 1
Ireland

Date: 25 April 2018

INDEPENDENT AUDITOR'S REPORT TO THE UNITHOLDERS OF EII US PROPERTY FUND

1 Report on the audit of the financial statements

Opinion

We have audited the financial statements of EII US Property Fund ('the Fund") which is a sub fund of EII Property Funds ("the Trust") for the year ended 31 December 2017, which comprise the statement of financial position, statement of comprehensive income, statement of changes in equity, statement of cash flows and related notes, including the summary of significant accounting policies set out in note 2. 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 (EU).
In our opinion, the accompanying financial statements:

- give a true and fair view of the assets, liabilities and financial position of the Fund as at 31 December 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with IFRS as adopted by the EU; 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (Ireland) (ISAs (Ireland)) and applicable law. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with ethical requirements that are relevant to our audit of financial statements in Ireland, including the Ethical Standard issued by the Irish Auditing and Accounting Supervisory Authority (IAASA), and we have fulfilled our other ethical responsibilities in accordance with these requirements.
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We have nothing to report on going concern

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

Other information

The Manager is responsible for the other information presented in the Annual Report together with the financial statements. The other information comprises the information included in the investment managers report, statement of manager's responsibilities and other information and report of the trustee to the unitholders as well as other unaudited information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

2 Respective responsibilities and restrictions on use

Responsibilities of the Manager for the financial statements

As explained more fully in the Manager's responsibilities statement set out on page 6, the Manager is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Fund, the Manager is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (Ireland) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A fuller description of our responsibilities is provided on IAASA's website at https://www.iaasa.ie/getmedia/b2389013-1cf6-458b-9b8f-a98202dc9c3a/Description_of_auditors_responsiblities_for_audit.pdf.

The purpose of our audit work and to whom we owe our responsibilities

Our report is made solely to the Fund'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 Fund'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 Fund and the Fund's unitholders as a body, for our audit work, for this report, or for the opinions we have formed.

Signature:
Jonathan Lew
for and on behalf of
KPMG
Chartered Accountants, Statutory Audit Firm
1 Harbourmaster Place
IFSC
Dublin 1

Date 25 April 2018

Statement of financial position

As at 31 December 2017

	Note	31 December 2017 USD	31 December 2016 USD
Assets			
Cash and cash equivalents	4	692,637	1,830,332
Financial assets at fair value through profit or loss	3		
- Transferable securities		65,172,989	65,287,888
Accrued income		233,344	327,553
Prepaid expenses	10	10,941	20,110
Total assets		**66,109,911**	**67,465,883**
Liabilities			
Redemptions payable		102,564	-
Investment management and distributor fee payable	5	23,303	34,177
Manager fee payable	6	11,074	12,213
Audit fee payable	8	10,805	10,898
Trustee fee payable	7	13,755	11,344
Other expenses payable	10	17,269	30,407
Total liabilities (excluding net assets attributable to equity unitholders)		**178,770**	**99,039**
Net assets attributable to equity unitholders		**65,931,141**	**67,366,844**
Number of units in issue			
USD Class I	11	521,303.407	527,212.992
Net asset value per unit			
USD Class I	14	$126.474	$127.779

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

Signature: **Signature:**

Print Name: MARY BROUGHAN **Print Name:** Declan McCourt

Date: 25 April 2018

Statement of comprehensive income

For the financial year ended 31 December 2017

	Note	31 December 2017 USD	31 December 2016 USD
Investment income			
Dividend income		2,483,705	2,673,273
Net (loss)/gain on financial assets at fair value through profit or loss and foreign exchange	3	(364,223)	2,581,480
Total investment income		**2,119,482**	**5,254,753**
Expenses			
Investment management and distributor fee	5	424,980	398,419
Manager fee	6	164,190	142,291
Audit fee	8	10,413	11,122
Trustee fee	7	52,071	47,579
Other expenses	10	63,210	63,587
Total expenses		**714,864**	**662,998**
Net investment income		**1,404,618**	**4,591,755**
Taxation			
Withholding tax on dividends	13	704,692	751,868
Profit for the year		**699,926**	**3,839,887**

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 2017

	31 December 2017 USD	31 December 2016 USD
Net assets attributable to equity unitholders at the start of the year	67,366,844	54,459,231
Total comprehensive income for the year		
Profit for the year	699,926	3,839,887
Transactions with owners, recognised directly in equity		
Issue of units	4,365,099	10,196,475
Redemption of units	(5,085,252)	(684,738)
Dividends paid to equity unitholders	(1,422,315)	(706,726)
Dividend reinvested	6,839	262,715
Total transactions with owners	**(2,135,629)**	**9,067,726**
Net assets attributable to equity unitholders at the end of the year	**65,931,141**	**67,366,844**

The accompanying notes form an integral part of these financial statements

Statement of cash flows
For the financial year ended 31 December 2017

	31 December 2017 USD	31 December 2016 USD
Cash flow from operating activities		
Increase in net assets attributable to equity unitholders from operations	699,926	3,839,887
Adjustment for:		
Dividend income	(2,483,705)	(2,673,273)
Withholding taxes	704,692	751,868
Net operating cash flow before change in operating assets and liabilities	**(1,079,087)**	**1,918,482**
Net decrease/(increase) in financial assets at fair value through profit or loss	114,899	(11,911,084)
Net decrease in other receivables	9,169	7,406
Net increase in other payables	79,731	17,314
Cash used in operations	**(875,288)**	**(9,967,882)**
Dividends received	1,873,222	1,770,187
Net cash from/(used in) operating activities	**997,934**	**(8,197,695)**
Cash flows from financing activities		
Dividends paid to equity unitholders	(1,422,315)	(706,726)
Issue of units	4,371,938	10,459,190
Redemption of units	(5,085,252)	(684,738)
Net cash from/(used in) financing activities	**(2,135,629)**	**9,067,726**
Net (decrease)/increase in cash and cash equivalents	(1,137,695)	870,031
Cash and cash equivalents at the start of the year	1,830,332	960,301
Cash and cash equivalents at the end of the year	**692,637**	**1,830,332**
Breakdown of cash and cash equivalents		
Cash and cash equivalents	692,637	1,830,332

The accompanying notes form an integral part of these financial statements

Notes to the financial statements

For the financial year ended 31 December 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 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 2017, 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. The potential impact on the financial statements resulting from the application of IFRS 9 is being assessed.

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 2017 and 31 December 2016.

Notes to the financial statements (continued)
For the financial year ended 31 December 2017

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 2017 and 31 December 2016.

(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.

Notes to the financial statements (continued)
For the financial year ended 31 December 2017

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.

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 2017 USD	**31 December 2016 USD**
Net realised gain on financial assets at fair value through profit or loss and foreign exchange	251,045	4,727,225
Change in unrealised gain/(loss) on financial assets at fair value through profit or loss and foreign exchange	(615,268)	(2,145,745)
Net (loss)/gain on financial assets at fair value through profit or loss and foreign exchange	**(364,223)**	**2,581,480**

(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

Notes to the financial statements (continued)

For the financial year ended 31 December 2017

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 (2016: 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 2017

	Level 1 USD	Level 2 USD	Level 3 USD	Total USD
Designated at fair value through profit or loss				
- Equity securities	65,172,989	-	-	65,172,989
Financial assets at fair value through profit of loss	**65,172,989**	-	**-**	**65,172,989**

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**

All other assets and liabilities held at the reporting dates 31 December 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)[1]	Currency	31 December 2017 USD equivalent balance	31 December 2016 USD equivalent balance
The Bank of New York Mellon SA/NV Brussels	AA-	USD	692,637	1,830,332
Total			**692,637**	**1,830,332**

[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	0.60%	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 Link Fund 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.

Notes to the financial statements (continued)

For the financial year ended 31 December 2017

7. 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 was 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 increased 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 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 (€8,240 – exclusive of VAT) (2016: €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 2017 USD	**31 December 2016 USD**
Transaction costs	192,505	172,397

10. Other expenses

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

	31 December 2017 USD	**31 December 2016 USD**
Directors' insurance fee	3,703	5,633
Set up costs	6,527	14,477
Regulatory fees	711	-
	10,941	**20,110**

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

	31 December 2017 USD	**31 December 2016 USD**
Legal and professional fees	11,448	22,773
Regulatory fees	-	44
Other fees charged by the Administrator	5,821	7,590
	17,269	**30,407**

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

	31 December 2017 USD	**31 December 2016 USD**
Bank charges	1,063	2,378
Set up costs	7,950	7,972
Directors' insurance fee	10,535	8,984
Legal and professional fees	26,833	26,820
Regulatory fees	787	1,303
Other fees charged by the Administrator	16,042	16,130
	63,210	**63,587**

Notes to the financial statements (continued)

For the financial year ended 31 December 2017

11. Units in issue

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

	31 December 2017	31 December 2016
USD Class I		
Opening balance	527,212.992	446,249.775
Units issued	34,669.544	83,904.962
Units redeemed	(40,633.628)	(5,233.313)
Dividend reinvested	54.499	2,291.568
Closing balance	**521,303.407**	**527,212.992**

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 2017 USD	31 December 2016 USD
EII US Property Fund	6,517,299	6,528,789

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 2017

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	178,770	-	-	-	178,770
	178,770	**-**	**-**	**-**	**178,770**

Notes to the financial statements (continued)

For the financial year ended 31 December 2017

12. Financial instruments and associated risks (continued)

Liquidity risk (continued)

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**

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 (2016: 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. The Fund uses the commitment approach to calculate its global exposure.

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 2017	31 December 2016	31 December 2015
Net asset value			
USD Class I	$65,931,141	$67,366,844	$54,459,231
Net asset value per unit			
USD Class I	$126.474	$127.779	$122.038

Notes to the financial statements (continued)

For the financial year ended 31 December 2017

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 2017

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

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

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. Mr Christian A. Lange was also a director of the Manager during the year.

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. Mr Christian A. Lange waived his 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 2017 amounted to €54,000 (financial year 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.

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:

	31 December 2017 USD	31 December 2016 USD
Investment management and distributor fee	424,980	398,419
Manager fee	164,190	142,291

18. Efficient portfolio management

No efficient portfolio management techniques were used during the year (2016: 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.

Notes to the financial statements (continued)

For the financial year ended 31 December 2017

20. Commitments and contingent liabilities

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

21. Changes to the prospectus

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

22. Events after the reporting date

Michael Meagher was appointed as a director of the Manager effective 26 January 2018

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	$2.0340	$1,060,331	($35,641)	$39,427	$1,064,117	11 January 2018

23. Approval of Financial Statements

The audited financial statements were approved by the Manager on 25 April 2018.

Schedule of investments (unaudited)

As at 31 December 2017

	Currency	Nominal holdings	Fair value USD	% NAV
Financial assets at fair value through profit or loss				
Equities				
United States				
Acadia Realty Trust	USD	8,806	240,932	0.35%
Agree Realty Corp	USD	2,299	118,261	0.17%
American Assets Trust Inc	USD	5,348	204,508	0.31%
American Campus Communities Inc	USD	24,005	984,925	1.49%
American Homes 4 Rent	USD	56,490	1,233,742	1.85%
Apartment Investment & Management Co	USD	12,758	557,652	0.85%
Apple Hospitality REIT Inc	USD	24,143	473,444	0.72%
AvalonBay Communities Inc	USD	10,453	1,864,922	2.83%
Boston Properties Inc	USD	11,523	1,498,338	2.27%
Brandywine Realty Trust	USD	19,071	346,901	0.53%
Brixmor Property Group Inc	USD	31,474	587,305	0.89%
Camden Property Trust	USD	7,387	680,047	1.03%
CBL & Associates Properties Inc	USD	47,793	270,508	0.41%
Chesapeake Lodging Trust	USD	6,601	178,821	0.27%
Corporate Office Properties Trust	USD	11,651	340,209	0.52%
Cousins Properties Inc	USD	46,090	426,333	0.65%
CubeSmart	USD	13,805	399,241	0.61%
DCT Industrial Trust Inc	USD	9,036	531,136	0.81%
DDR Corp	USD	33,827	303,090	0.46%
DiamondRock Hospitality Co	USD	22,946	259,060	0.39%
Digital Realty Trust Inc	USD	16,931	1,928,441	2.92%
Douglas Emmett Inc	USD	10,278	422,015	0.64%
Duke Realty Corp	USD	34,024	925,793	1.40%
EastGroup Properties Inc	USD	3,410	301,376	0.46%
Education Realty Trust Inc	USD	5,442	190,035	0.29%
Empire State Realty Trust Inc	USD	11,600	238,148	0.36%
EPR Properties	USD	4,794	313,815	0.48%
Equity Commonwealth	USD	14,851	453,104	0.69%
Equity LifeStyle Properties Inc	USD	5,017	446,613	0.68%
Equity Residential	USD	27,033	1,723,894	2.61%
Essex Property Trust Inc	USD	4,948	1,194,299	1.81%
Extra Space Storage Inc	USD	8,884	776,906	1.18%
Federal Realty Investment Trust	USD	7,382	980,403	1.49%
First Industrial Realty Trust Inc	USD	11,902	374,556	0.57%
Forest City Realty Trust Inc	USD	21,019	506,558	0.77%
Gaming and Leisure Properties Inc	USD	14,774	546,638	0.83%
GGP Inc	USD	51,828	1,212,257	1.84%
Government Properties Income Trust	USD	15,022	278,508	0.42%
Gramercy Property Trust	USD	13,921	371,134	0.56%
HCP Inc	USD	39,161	1,021,319	1.55%
Healthcare Realty Trust Inc	USD	10,092	324,155	0.49%
Healthcare Trust of America Inc	USD	16,174	485,867	0.74%
Highwoods Properties Inc	USD	11,521	586,534	0.89%
Hospitality Properties Trust	USD	17,781	530,763	0.81%
Host Hotels & Resorts Inc	USD	76,060	1,509,791	2.29%
Hudson Pacific Properties Inc	USD	18,355	628,659	0.95%
Invitation Homes Inc	USD	20,624	486,108	0.74%
JBG SMITH Properties	USD	7,818	271,519	0.41%
Kennedy-Wilson Holdings Inc	USD	11,227	194,788	0.28%
Kilroy Realty Corp	USD	9,485	708,055	1.07%
Kimco Realty Corp	USD	43,589	791,140	1.20%
LaSalle Hotel Properties	USD	12,346	346,552	0.53%
Lexington Realty Trust	USD	25,982	250,726	0.38%
Liberty Property Trust	USD	14,585	627,301	0.95%
Life Storage Inc	USD	3,543	315,575	0.48%
LTC Properties Inc	USD	3,442	149,899	0.23%
Macerich Co/The	USD	11,472	753,481	1.14%
Mack-Cali Realty Corp	USD	10,302	222,111	0.34%
Medical Properties Trust Inc	USD	29,654	408,632	0.62%
Mid-America Apartment Communities Inc	USD	8,950	900,012	1.37%
National Health Investors Inc	USD	3,338	251,618	0.38%
National Retail Properties Inc	USD	10,309	444,627	0.67%
Omega Healthcare Investors Inc	USD	15,700	432,378	0.66%
Paramount Group Inc	USD	20,437	323,926	0.49%
Park Hotels & Resorts Inc	USD	15,243	438,236	0.66%
Pebblebrook Hotel Trust	USD	7,579	281,711	0.43%

Schedule of investments (unaudited) (continued)

As at 31 December 2017

	Currency	Nominal holdings	Fair value USD	% NAV
Financial assets at fair value through profit or loss (continued)				
Equities (continued)				
United States (continued)				
Pennsylvania Real Estate Investment Trust	USD	18,872	224,388	0.34%
Physicians Realty Trust	USD	14,335	257,887	0.39%
Piedmont Office Realty Trust Inc	USD	17,344	340,116	0.52%
Prologis Inc	USD	47,733	3,079,256	4.67%
PS Business Parks Inc	USD	2,066	258,436	0.39%
Public Storage	USD	10,884	2,274,756	3.45%
QTS Realty Trust Inc	USD	4,393	237,925	0.36%
Realty Income Corp	USD	19,166	1,092,845	1.66%
Regency Centers Corp	USD	15,108	1,045,171	1.59%
Retail Opportunity Investments Corp	USD	12,132	242,033	0.37%
Retail Properties of America Inc	USD	24,799	333,299	0.51%
Rexford Industrial Realty Inc	USD	6,910	201,496	0.31%
RLJ Lodging Trust	USD	18,345	403,040	0.61%
Ryman Hospitality Properties Inc	USD	4,901	338,267	0.51%
Sabra Health Care REIT Inc	USD	14,722	276,332	0.42%
Senior Housing Properties Trust	USD	18,877	361,495	0.55%
Simon Property Group Inc	USD	28,195	4,842,209	7.34%
SL Green Realty Corp	USD	8,662	874,256	1.33%
Spirit Realty Capital Inc	USD	33,161	284,521	0.43%
STAG Industrial Inc	USD	9,783	267,369	0.41%
STORE Capital Corp	USD	11,228	292,377	0.44%
Summit Hotel Properties Inc	USD	11,531	175,617	0.27%
Sun Communities Inc	USD	4,677	433,932	0.66%
Sunstone Hotel Investors Inc	USD	23,998	396,687	0.60%
Tanger Factory Outlet Centers Inc	USD	17,473	463,209	0.70%
Taubman Centers Inc	USD	5,265	344,489	0.52%
UDR Inc	USD	21,185	816,046	1.24%
Urban Edge Properties	USD	10,354	263,923	0.40%
Ventas Inc	USD	28,733	1,724,267	2.62%
VEREIT Inc	USD	67,351	524,664	0.80%
Vornado Realty Trust	USD	13,661	1,068,017	1.62%
Washington Real Estate Investment Trust	USD	7,995	248,804	0.38%
Weingarten Realty Investors	USD	12,940	425,338	0.65%
Welltower Inc	USD	29,320	1,869,736	2.84%
WP Carey Inc	USD	7,568	521,435	0.79%
			65,172,989	**98.85%**
Total equities (2016: 96.91%)			**65,172,989**	**98.85%**
Total financial assets at fair value through profit or loss (2016: 96.91%)			**65,172,989**	**98.85%**
Cash and cash equivalents and other net assets			758,152	1.15%
Net asset value attributable to equity unitholders (2016: 100.00%)			**65,931,141**	**100.00%**

Analysis of total assets	% of total assets
Transferable securities listed on an official stock exchange	98.58%
Other current assets	1.42%
	100.00%

Statement of significant portfolio movements (unaudited)

For the financial year ended 31 December 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 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
Equity Residential	3,108,356
Prologis Inc	3,097,948
Public Storage	2,915,375
Simon Property Group Inc	2,477,300
Life Storage Inc	2,163,327
National Retail Properties Inc	2,021,720
AvalonBay Communities Inc	2,006,556
Boston Properties Inc	1,983,378
Federal Realty Investment Trust	1,937,310
Paramount Group Inc	1,904,224
Brandywine Realty Trust	1,897,056
Host Hotels & Resorts Inc	1,635,627
HCP Inc	1,448,276
DiamondRock Hospitality Co	1,415,001
FelCor Lodging Trust Inc	1,359,181
Realty Income Corp	1,334,333
Duke Realty Corp	1,287,107
American Homes 4 Rent	1,264,821
UDR Inc	1,258,027
STORE Capital Corp	1,199,818
American Campus Communities Inc	1,124,074
DCT Industrial Trust Inc	1,100,259
Camden Property Trust	1,081,970
First Industrial Realty Trust Inc	1,062,041
Vornado Realty Trust	1,057,118
EPR Properties	1,033,232
Kilroy Realty Corp	1,029,989
DDR Corp	966,570
Apartment Investment & Management Co	946,626
Equity LifeStyle Properties Inc	944,787
Hudson Pacific Properties Inc	935,795
Kimco Realty Corp	921,369
Macerich Co/The	900,701
Sun Communities Inc	897,099

Sales	Proceeds USD
Equity Residential	4,385,899
DiamondRock Hospitality Co	3,262,904
Boston Properties Inc	3,127,910
First Industrial Realty Trust Inc	3,073,329
Equinix Inc	2,920,507
Extra Space Storage Inc	2,716,723
STORE Capital Corp	2,692,025
Liberty Property Trust	2,627,816
Federal Realty Investment Trust	2,512,420
Equity Commonwealth	2,471,347
Essex Property Trust Inc	2,394,655
Retail Properties of America Inc	2,359,312
Kilroy Realty Corp	2,354,479
Mid-America Apartment Communities Inc	2,030,866
Forest City Realty Trust Inc	1,957,519
GGP Inc	1,949,076
Ventas Inc	1,947,695
CubeSmart	1,830,636
American Campus Communities Inc	1,687,491
Brandywine Realty Trust	1,682,997
Care Capital Properties Inc	1,642,295
Life Storage Inc	1,636,622
DDR Corp	1,561,193
Sun Communities Inc	1,526,332
Paramount Group Inc	1,505,395
National Retail Properties Inc	1,459,678
Spirit Realty Capital Inc	1,387,610
SL Green Realty Corp	1,384,333
FelCor Lodging Trust Inc	1,340,430

Statement of significant portfolio movements (unaudited) (continued)

For the financial year ended 31 December 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 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.

Sales (continued)	**Proceeds USD**
Host Hotels & Resorts Inc	1,305,385
Gaming and Leisure Properties Inc	1,171,188
Welltower Inc	969,535

Other unaudited information

For the financial year ended 31 December 2017

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 commission arrangements in place during the year (2016: nil).

Total expense ratio

Class	31 December 2017	31 December 2016
USD Class I	1.04%	1.16%

Appendix 1 – Remuneration disclosure (unaudited)

For the financial year ended 31 December 2017

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 €54,000.

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.