

APPIAN INVESTMENTS ICAV

ANNUAL REPORT AND AUDITED FINANCIAL STATEMENTS

For the financial year ended 30 September 2019

(an umbrella fund Irish collective asset-management vehicle with variable capital and segregated liability between sub-funds registered in Ireland under the Irish Collective Asset-management Vehicles Act 2015 with registration number C160423)

APPIAN INVESTMENTS ICAV
ANNUAL REPORT AND AUDITED FINANCIAL STATEMENTS
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APPIAN INVESTMENTS ICAV
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General Information

DIRECTORS

Patrick Lawless

Kevin Menton

Paul Halley

Ann Hargaden*

Michael Moriarty*

Brian Cahalin (appointed 9 November 2018 and resigned
on 31 October 2019)

Mark Barr (appointed 26 March 2019)*

REGISTERED OFFICE

42 Fitzwilliam Place

Dublin 2

D02 P234

Ireland

ALTERNATIVE INVESTMENT FUND MANAGER

Appian Asset Management Limited

42 Fitzwilliam Place

Dublin 2

D02 P234

Ireland

INVESTMENT ADVISOR

Burlington RE Property Management Limited

45 Fitzwilliam Place

Dublin 2

D02 KP46

Ireland

DEPOSITARY

Société Générale S.A. Dublin Branch

3rd Floor, IFSC House

IFSC

Dublin 1

D01 R2P9

Ireland

ADMINISTRATOR AND TRANSFER AGENT

Société Générale Securities Services

SGSS (Ireland) Limited

3rd Floor, IFSC House

IFSC

Dublin 1

D01 R2P9

Ireland

LEGAL ADVISORS

Mason Hayes & Curran

South Bank House

Barrow Street

Dublin 4

D04 TR29

Ireland

COMPANY SECRETARY

Mason Hayes & Curran Professional Services

Limited

South Bank House

Barrow Street

Dublin 4

D04 TR29

Ireland

AUDITORS

Grant Thornton

13-18 City Quay

Dublin 2

D02 ED70

Ireland

VALUATION AGENT

Cushman & Wakefield

164 Shelbourne Road

Ballsbridge

Dublin 4

D04 HH60

Ireland

** Independent Non-Executive Director*

APPIAN INVESTMENTS ICAV

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General Information (continued)

Background

Appian Investments ICAV (the "ICAV"), incorporated on 21 September 2016, is an umbrella Irish collective asset-management vehicle with variable capital and segregated liability between sub-funds registered in Ireland under the Irish Collective Asset-Management Vehicles Act 2015 with registration number C160423 and is authorised by the Central Bank of Ireland as a Qualifying Investor Alternative Investment Fund ("QIAIF").

The ICAV currently has one Fund in its umbrella, the Appian Burlington Property Fund (the "Fund"). The Fund was authorised by the Central Bank of Ireland on 4 November 2016 and launched on 30 November 2016. There were three share classes, Share Class A EUR, Class B EUR, and Share Class C EUR in issue at the reporting date.

Investment Objective and Policies

The investment objective of the Fund is to achieve long term appreciation and to generate income by investing in Property and Property Related Assets.

The Property and the Property Related Assets in which the Fund invests will be focused primarily on Property situated in Ireland and may include Property situated outside Ireland. It is anticipated that the Property and the underlying investments of the Property Related Assets may include but will not be limited to the investment and development of property in the commercial/office, industrial, logistics and retail sectors and other such real estate opportunities that may from time to time assist the Fund in potentially generating capital appreciation, income or diversification.

The Fund may invest in Property of any tenure and description and at any stage of development and any interest in or over any such property. The Fund is not, accordingly, restricted to investing only in Property of a particular tenure and there is no requirement that the Fund only invest in freehold property (or its equivalent) nor is there any minimum unexpired lease term imposed in respect of leasehold (or its equivalent) property.

It is envisaged that the Fund will borrow and incur leverage from banks and lenders to permit the Fund to invest a greater amount in properties than it receives from investors and to assist in the Fund managing the liquidity of its portfolio.

APPIAN INVESTMENTS ICAV

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Directors' Report

The Directors submit their annual report together with the audited financial statements for the financial year ended 30 September 2019.

Directors' Responsibilities Statement

The Directors are responsible for preparing the Directors' Report and financial statements, in accordance with applicable law and regulations.

The Irish Collective Asset-management Vehicles Act 2015 (the "ICAV Act 2015") requires the Directors to prepare financial statements for each financial year. Under that law, they have 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 ICAV at the end of the financial year and of the profit or loss of the ICAV for the financial year. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRS as adopted by the EU; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the ICAV will continue in business.

The Directors are responsible for keeping adequate accounting records which disclose with reasonable accuracy at any time the assets, liabilities, financial position and profit or loss of the ICAV and enable them to ensure that the financial statements comply with the ICAV Act 2015. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the ICAV. In this regard they have entrusted the assets of the ICAV to a depositary for safe-keeping. They have general responsibility for taking such steps as are reasonably open to them to prevent and detect fraud and other irregularities. The Directors are also responsible for preparing a Directors' Report that complies with the requirements of the ICAV Act 2015.

The Directors confirm that they have complied with the above requirements in preparing the financial statements.

Directors' statement on accounting records

The measures that the Directors have taken to ensure compliance with the requirements of the ICAV Act 2015 with regard to keeping of accounting records include the use of appropriate systems and procedures and employment of a fund administration company. The accounting records are retained at Société Générale Securities Services, SGSS (Ireland) Limited, 3rd Floor, IFSC House, Dublin 1, Ireland.

The Directors are also responsible for safeguarding the assets of the ICAV and to comply with this, the Directors have engaged Société Générale S.A. (Dublin Branch) to act as Depositary with a duty to safeguard the assets of the ICAV. The Directors are responsible for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Risk management objectives and policies

The main risks arising from the ICAV's activities are market risk, credit risk and liquidity risk. The Board reviews and agrees policies for managing each of these risks. See note 13 for details of the risks facing the ICAV.

Principal activities, review of the business and future developments

A review of the ICAV's investment performance for the financial year ended 30 September 2019 and an outlook for 2020 is included in the Alternative Investment Fund Manager's ("AIFM") Report on page 7. The background and investment objectives of the ICAV are included on page 3.

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For the financial year ended 30 September 2019

Directors' Report (continued)

Future developments of the business

Any future developments for the ICAV are included in the Alternative Investment Fund Manager's Report on page 7.

Results

The results of operations for the year are set out in the Statement of Comprehensive Income on page 14.

Dividends

It is the present intention of the Directors not to declare or pay dividends out of the Fund on Class A or C Shares, and income earned by those share classes will be reinvested and reflected in the value of the shares for the current year. It is the Directors' intention to distribute a dividend on the Class B shares in future years.

Directors and Secretary

The Directors and Secretary of the ICAV are as stated on page 2. Unless noted below, all served throughout the period.

- Patrick Lawless
- Kevin Menton
- Paul Halley
- Ann Hargaden
- Michael Moriarty
- Brian Cahalin (appointed 9 November 2018 and resigned 31 October 2019)
- Mark Barr (appointed 26 March 2019)
- MHC Corporate Services Limited

Directors' & Secretary's interests in shares of the ICAV

Any Directors' or Secretary's interests in the share capital of the ICAV are outlined in note 16.

Corporate Governance

The ICAV has applied the voluntary Irish Funds (IF) Corporate Governance Code for Irish domiciled Collective Investment Schemes and Management Companies (the "Code") throughout the year. The Board has reviewed and assessed the measures included in the Code and considers its corporate governance practices and procedures consistent with the Code.

Connected parties

Chapter 2, Part I (1) (viii) of the Central Bank of Ireland's AIF Rulebook requires that any transaction carried out with the AIF by an AIFM, depositary, investment adviser and/or associated or group companies of these ("connected parties") are carried out as if negotiated at arm's length and are in the best interests of the shareholders.

The Directors are satisfied that there are arrangements in place, evidenced by written procedures, to ensure that this requirement is applied to transactions with connected parties, and that transactions with connected parties during the year complied with this requirement.

Significant events during the year

The ICAV acquired the following property during the year:

| <u>Property location</u> | <u>Cost</u> <u>EUR</u> |
|--|---------------------------|
| Unit 1A Damastown Way, Damastown Industrial Estate, Mulhuddart, Dublin 15, Ireland | 1,900,000 |

Political donations

No political donations were made by the ICAV during the year.

Events since the year-end

Brian Cahalin resigned as a Director effective on 31 October 2019.

In Budget 2020 the Irish Government increased the rate of Stamp Duty on acquisitions of commercial property to 7.5%. The new 7.5% rate came into effect for conveyances or transfers that are executed on or after 9 October 2019. This will adversely impact the value of properties held by the ICAV.

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Directors' Report (continued)

Events since the year-end (continued)

The ICAV acquired the following property on 20 December 2019:

| <u>Property location</u> | <u>Cost</u> <u>EUR</u> |
|--|---------------------------|
| 11 Magna Business Park, Citywest, Dublin 15, Ireland | 3,405,000 |

There are no other significant events post year end that need to be disclosed in these financial statements.

Independent Auditors

The auditors, Grant Thornton, Chartered Accountants and Statutory Audit Firm, have declared their willingness to continue in office in accordance with Section 125(1) of the ICAV Act 2015.

Going Concern

The financial statements are prepared on the going concern basis.

Financial Statements

The Directors are ultimately responsible for overseeing the establishment and maintenance of adequate internal control and risk management systems of the ICAV in relation to the financial reporting process. As all Directors serve in a non-executive capacity, all functions including the preparation of the financial statements have been outsourced to the Administrator.

Directors' Emoluments

The Directors will charge a fee for their services to the ICAV and may be entitled to special remuneration if called upon to perform any special or extra services to the ICAV. Please refer to note 16 for further information.

Audit Committee

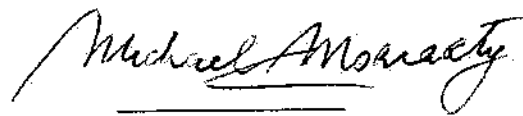
The Directors believe that there is no requirement to form an audit committee as the Board is formed of non-executive Directors with three independent Directors and the ICAV complies with the provisions of the Code. The Directors have delegated the day to day investment management and administration of the ICAV to the Alternative Investment Fund Manager and to the Administrator, respectively.

The annual financial statements of the ICAV are required to be approved by the Directors and filed with the Central Bank of Ireland.

On behalf of the Board


Director

Date: 24 January 2020


Director

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Report of the Alternative Investment Fund Manager to the Shareholders of Appian Investments ICAV for the financial year ended 30 September 2019

Strategy

The investment strategy adopted by the Fund is informed by the current and anticipated market environment and by the objective of delivering a consistent level of income to investors in the Fund of at least 5% pa, with a further target of value growth of at least 3% to 5% pa.

The objective is to assemble a diversified portfolio of commercial investment properties and manage them with a view to achieving the target investment return.

The adopted criteria in evaluating individual investment opportunities consistent with our strategy include properties to be either office, retail or industrial buildings to be let on leases with a minimum WAULT ideally of 7 years or more, properties to be located for the most part in the Greater Dublin Area but may also be located in the major provincial cities and properties to be capable of producing a net initial income yield of between 5% and 8% with a target portfolio average net yield of 6.5%.

Execution of this strategy during the period resulted in the acquisition of a new industrial investment property located at Damastown which is just off the M3 motorway in north-west Dublin suburbs. This is the first industrial investment property acquired for the Fund and we expect that further industrial/logistics properties will be added to the portfolio with terms agreed on a further such property recently.

The Damastown acquisition brings to eight the total number of properties in the portfolio. These buildings match the criteria set out above.

The Fund's independent valuers, Cushman and Wakefield (C&W) undertook their financial year-end review of the properties in the Fund as at 30 September 2019. This valuation confirmed a value of EUR47,515,000 in respect of the portfolio.

MSCI / IPD

The Fund has during 2019 subscribed to the MSCI/IPD Irish Property Index and performance attribution service. This index is recognized as the most authoritative measure of performance for commercial property investment funds in Ireland and MSCI have similar indices in respect of most other international property investment markets.

The MSCI/IPD report for the 12 months to end September 2019 confirms that the portfolio of properties in the Fund outperformed the market index by 2.39% over the period with a total return of 9.04% vs the index return of 6.5%. This total return comprised an Income Return which exceeded the index by 2.17% together with a Capital Growth component which exceeded the index by 0.22%.

Review of Commercial Property Market

Activity in the commercial property investment market remained strong with the total transaction volume for the first 6 months of 2019 up by 8% relative to the same period in 2018. Uncertainty over the outcome of Brexit and its implications for Ireland did however become more prevalent during the year and some investors have deferred making decisions in the short term pending some clarity on this issue.

Notwithstanding Brexit however the attraction of Irish property has been endorsed with the acquisition of the entire Green REIT portfolio by a UK investor, Henderson Park for EUR1.34 bn. This is the largest transaction ever in the Irish property investment market and the fact that there were 3 underbidders for this portfolio underlines the continued high level of interest in the Irish market.

Dublin accounted for 85% of all investment and the office sector was the most active with 38% of activity. Retail accounted for 12% of turnover while PRS (private rented residential) and industrial accounted for the bulk of the rest of the market.

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Report of the Alternative Investment Fund Manager to the Shareholders of Appian Investments ICAV for the financial year ended 30 September 2019 (continued)

Office Market

Dublin's office market continues to enjoy a period of strong occupier demand with total take up in the first 3 quarters of 2019 in excess of 2m sq ft. This demand is coming from a range of sectors with the financial, public and IT sectors remaining the most active. While the city center is still the most popular location for occupiers it is notable that the proportion of activity accounted for in the suburbs has increased with CBRE reporting that 50% of all letting activity was in the suburbs during the quarter to end September 2019.

Retail Market

The Irish domestic economy continues to underpin retail sales at present with an increase in the number of jobs and growth in average earnings contributing to the growth in the value and volume of retail sales. The year to August 2019 witnessed an increase in retail sales of 2.2% in value and 4.3% in volume. Consumer confidence however has been unsettled due in the main to uncertainty surrounding Brexit and retailers in general remain in defensive mode until this uncertainty is reduced.

Industrial/Logistics Market

The industrial and logistics property sector has been experiencing a period of sustained occupier demand with total take up in Dublin for the first 9 months of 2019 at 2.4m sq. ft. Lisney report that the 20-year average take up in Dublin is c. 2.8m sq. ft and it is likely therefore that 2019 will be another year where take up of space exceeds the long term average. Development activity remains subdued for the present which means that the supply of good quality space is becoming more constrained with upward pressure on rents as a consequence.

Signed:
Date:



24/1/20

APPIAN INVESTMENTS ICAV
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Depositary's Report

In our capacity as Depositary to the ICAV, we have enquired into the conduct of Appian Asset Management Limited as the authorised alternative investment fund manager (the "AIFM") with respect to the ICAV for the financial year ended 30 September 2019.

In our opinion, the ICAV has been managed, in all material respects, during the financial year in accordance with the provisions of the Instrument of Incorporation and the AIF Rulebooks including specifically the provisions relating to the limitations imposed on the investment and borrowing powers of the ICAV.

This report including the opinion has been prepared for and solely for the shareholders in the ICAV as a body, in accordance with the AIF Rulebook 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.

Statement of the Depositary's Responsibilities

Our duties and responsibilities are outlined in:

- (i) the Investment Funds legislation, as defined in the AIF Rulebook,
- (ii) the European Union (Alternative Investment Fund Managers) Regulations 2013, Directive 2011/61/EU, Commission Regulation No. 231 of 2013, and
- (iii) the AIF Rulebook (the "Depositary Duties").

One of those Depositary Duties is to enquire into the conduct of the AIFM in each annual accounting year and report thereon to the shareholders.

Our report must state whether, in our opinion, the ICAV has been managed in the year in accordance with specified requirements of the ICAV's constitutional document, Investment Funds legislation and the AIF Rulebook, as appropriate, and it is the overall responsibility of the AIFM to comply with these provisions. If the AIFM has not so complied, we, as Depositary, must state why we consider this to be the case and outline the steps we have undertaken to rectify the situation.

Basis of Depositary Opinion

The Depositary conducts such reviews as it, in its reasonable opinion, considers necessary in order to comply with the Depositary Duties, and to ensure that, in all material respects, the AIF has been managed:

- (a) in accordance with the limitations imposed on the investment and borrowing powers of the authorised AIF by the constitutional documents and by the Central Bank under the powers granted to the Central Bank by the Investment Fund legislation;
- (b) otherwise in accordance with the provisions of the constitutional documents and the Investment Fund legislation.

Société Générale S.A. (Dublin Branch)

24 January 2020

Independent auditor's report to the Shareholders of Appian Investments ICAV

Opinion

We have audited the financial statements of Appian Investments ICAV (the "Fund") which comprise the Statement of Financial Position, the Statement of Comprehensive Income, the Statement of Changes in Net Assets Attributable to Holders of Participating Shares and the Statement of Cash Flows for the financial year ended 30 September 2019, and the related notes to the financial statements, including the summary of significant accounting policies.

The financial reporting framework that has been applied in their preparation is International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion, the Fund's financial statements:

- give a true and fair view in accordance with IFRSs as adopted by the European Union, of the assets, liabilities and financial position of the Fund as at 30 September 2019 and of its financial performance and cash flows for the financial year then ended; and
- have been properly prepared in accordance with the requirements of the Irish Collective Asset-management Vehicles Act 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 'responsibilities of the auditor for the audit of the financial statements' section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Ireland, namely the Irish Auditing and Accounting Supervisory Authority (IAASA) Ethical Standard concerning the integrity, objectivity and independence of the auditor, and the ethical pronouncements established by Chartered Accountants Ireland, applied as determined to be appropriate in the circumstances for the entity. 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.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (Ireland) require us to report to you where:

- the Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Fund's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

Other information comprises information included in the annual report, other than the financial statements and our auditor's report thereon. The Directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.



Independent auditor's report to the Shareholders of Appian Investments ICAV (continued)

Other information (continued)

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies in the financial statements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the financial statements

As explained more fully in the Directors' responsibilities statement, management is responsible for the preparation of the financial statements which give a true and fair view in accordance with IFRS as adopted by the European Union, and for such internal control as they determine 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, management 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.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Responsibilities of the auditor for the audit of the financial statements

The auditor's 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 their 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.

As part of an audit in accordance with ISAs (Ireland), the auditor will exercise professional judgment and maintain professional scepticism throughout the audit. The auditor will also:

Responsibilities of the auditor for the audit of the financial statements (continued)

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for their opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

Independent auditor's report to the Shareholders of Appian Investments ICAV (continued)

Responsibilities of the auditor for the audit of the financial statements (continued)

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If they conclude that a material uncertainty exists, they are required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify their opinion. Their conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.

The auditor communicates with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that may be identified during the audit.

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

This report is made solely to the Fund's shareholders, as a body, in accordance with section 120 of the Irish Collective Asset-management Vehicles Act 2015. Our audit work has been undertaken so that we might state to the Fund's shareholders 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 shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

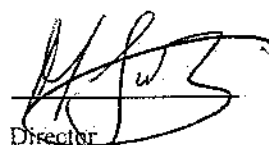
Niamh Meenan
For and on behalf of
Grant Thornton
Chartered Accountants & Statutory Audit Firm
Dublin; 24 January 2020


APPIAN INVESTMENTS ICAV
ANNUAL REPORT AND AUDITED FINANCIAL STATEMENTS

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Statement of Financial Position

| | Notes | As at 30-Sep-2019 EUR | As at 30-Sep-2018 EUR |
|---|-------|-----------------------------|-----------------------------|
| Assets | | | |
| Cash and cash equivalents | 7 | 5,301,635 | 4,474,907 |
| Investment property | 5, 11 | 47,515,000 | 44,515,000 |
| Rents receivable | | 25,698 | 66,454 |
| Due from solicitor | 8 | 240,000 | - |
| Prepaid expenses | | - | 25,123 |
| <i>Total assets</i> | | <u>53,082,333</u> | <u>49,081,484</u> |
| Liabilities | | | |
| Accrued expenses | 6 | (291,761) | (329,667) |
| Rents received in advance | | (175,577) | (291,724) |
| Subscriptions received in advance | | (213,598) | (500,000) |
| Deposit received in advance | | (624,000) | (639,000) |
| Other payable | | (337,397) | (400,000) |
| Term loan | 17 | (18,392,626) | (18,360,148) |
| Interest on term loan | | - | (1,484) |
| <i>Total liabilities (excluding net assets attributable to holders of participating shares)</i> | | <u>(20,034,959)</u> | <u>(20,522,023)</u> |
| Net assets attributable to holders of participating shares | | <u>33,047,374</u> | <u>28,559,461</u> |
| | | | |
| Class A Shares in issue | 9 | 239,456 | 223,648 |
| Class B Shares in issue | 9 | 12,428 | 12,428 |
| Class C Shares in issue | 9 | 9,950 | 9,111 |
| | | | |
| Class A Net Asset Value per Share | 20 | 127.10 | 117.38 |
| Class B Net Asset Value per Share | 20 | 116.81 | 107.88 |
| Class C Net Asset Value per Share | 20 | 116.92 | 107.82 |


 Director


 Director

Date: 24 January 2020

APPIAN INVESTMENTS ICAV
ANNUAL REPORT AND AUDITED FINANCIAL STATEMENTS

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Statement of Comprehensive Income

| | Notes | Year ended 30-Sep-2019 EUR | Year ended 30-Sep-2018 EUR |
|---|--------|----------------------------------|----------------------------------|
| Income | | | |
| Rental income | | 3,014,182 | 2,149,032 |
| Other income | | 47,606 | 41,160 |
| Total income | | <u>3,061,788</u> | <u>2,190,192</u> |
| Net movement on unrealised gain on fair value of investment property | 11 | 942,842 | 595,369 |
| Gross profit | | <u>4,004,630</u> | <u>2,785,561</u> |
| Expenses | | | |
| Investment management fees | 12 (a) | (682,849) | (452,279) |
| Administration fees | 12 (c) | (29,959) | (30,014) |
| Depositary fees | 12 (d) | (39,556) | (18,764) |
| Directors' fees | 12 (e) | (88,258) | (86,832) |
| Auditor's remuneration | 12 (f) | (18,000) | (11,007) |
| Other expenses | 12 (g) | (278,850) | (152,353) |
| Total expenses | | <u>(1,137,472)</u> | <u>(751,249)</u> |
| Operating profit | | 2,867,158 | 2,034,312 |
| Finance costs | | | |
| Interest on term loan | | (542,939) | (282,870) |
| Total comprehensive gain for the year attributable to participating shareholders | | <u><u>2,324,219</u></u> | <u><u>1,751,442</u></u> |

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Statement of Changes in Net Assets Attributable to Holders of Participating Shares

| | Year ended 30-Sep-2019 EUR | Year ended 30-Sep-2018 EUR |
|--|----------------------------------|----------------------------------|
| Net assets attributable to holders of participating shares at beginning of the year | 28,559,461 | 19,118,129 |
| Proceeds from participating shares issued | 2,134,311 | 7,237,067 |
| Payments for participating shares redeemed | (119,692) | - |
| Anti Dilution Levy | 149,075 | 452,823 |
| | <hr/> | <hr/> |
| | 2,163,694 | 7,689,890 |
| Total comprehensive gain for the year attributable to participating shareholders | 2,324,219 | 1,751,442 |
| Net assets attributable to holders of participating shares at end of the financial year | <hr/> 33,047,374 <hr/> | <hr/> 28,559,461 <hr/> |

APPIAN INVESTMENTS ICAV
ANNUAL REPORT AND AUDITED FINANCIAL STATEMENTS

For the financial year ended 30 September 2019

Statement of Cash Flows

| | Year ended 30-Sep-2019 EUR | Year ended 30-Sep-2018 EUR |
|---|----------------------------------|----------------------------------|
| Operating activities | | |
| Total comprehensive gain for the year attributable to participating shareholders | 2,324,219 | 1,751,442 |
| <i>Adjustments to reconcile total comprehensive gain to net cash provided by operating activities</i> | | |
| Net movement on fair value of investment property | (942,842) | (595,369) |
| Amortisation of discount on term loan | 30,994 | - |
| Change in accrued and prepaid expenses | (12,783) | 173,586 |
| Change in rents receivable | 40,757 | (66,454) |
| Change in due from solicitor | (240,000) | 20,000 |
| Change in rents received in advance | (116,148) | 261,837 |
| Change in deposits received in advance | (15,000) | 327,000 |
| Change in other payable | (62,603) | 400,000 |
| Net cash provided by operating activities | 1,006,594 | 2,272,042 |
| Investing activities | | |
| Purchase of investment property | (2,057,158) | (33,519,631) |
| Net cash used in investing activities | (2,057,158) | (33,519,631) |
| Financing activities | | |
| Proceeds from participating shares issued | 1,847,909 | 5,137,067 |
| Payments for participating shares redeemed | (119,692) | - |
| Anti Dilution Levy | 149,075 | 452,823 |
| Proceeds from term loan | - | 18,361,632 |
| Net cash provided by financing activities | 1,877,292 | 23,951,522 |
| Net increase/(decrease) in cash and cash equivalents | 826,728 | (7,296,067) |
| Cash and cash equivalents at beginning of the year | 4,474,907 | 11,770,974 |
| Cash and cash equivalents at end of the year | 5,301,635 | 4,474,907 |
| <u>Represented by:</u> | | |
| Cash at bank | 5,301,635 | 4,474,907 |
| Bank overdraft | - | - |
| | 5,301,635 | 4,474,907 |
| Supplementary Information: | | |
| Interest received | 2,838 | 580 |
| Interest paid | (16,125) | (16,226) |

APPIAN INVESTMENTS ICAV

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For the financial year ended 30 September 2019

Notes to the Financial Statements

1 General information

Appian Investments ICAV (the "ICAV") is an open-ended umbrella Irish collective asset management vehicle with variable capital and segregated liability between sub-funds. The financial statements of the ICAV have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union and the ICAV Act 2015. The following is a summary of the significant accounting policies adopted by the ICAV.

2 Basis of preparation

Statement of compliance

The financial statements of the ICAV have been prepared in accordance with IFRS as adopted by the European Union, and the ICAV Act 2015. The financial statements have been prepared on the going concern basis.

Basis of measurement

The financial statements of the ICAV are prepared on the historical cost basis, as modified by the revaluation of investment properties which are held at fair value.

Functional and presentation currency

Items included in the ICAV's financial statements are measured using the currency of the primary economic environment in which it operates (the "functional currency"), which is Euro ("EUR"). The ICAV has adopted its functional currency as the presentation currency for these financial statements.

Use of estimates and judgements

The preparation of the financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimates are revised if the revision affects only that year or in the year of revision and future years if the revision affects both current and future years. Information about critical judgements in applying accounting policies that have the most significant effect on amounts recognised in the financial statements is included in the accounting policies and the notes to the financial statements. The key accounting judgement and estimate in these financial statements is the valuation of the property portfolio. This is discussed in further detail in note 11.

Going concern

The financial statements are prepared on a going concern basis. The ICAV's management has made an assessment of the ICAV's ability to continue as a going concern and is satisfied that the ICAV has the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the ICAV's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

APPIAN INVESTMENTS ICAV

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For the financial year ended 30 September 2019

Notes to the Financial Statements (continued)

3 Amendments to standards

New standards, amendments and interpretations effective for the financial year

IFRS 9 Financial Instruments became effective for annual periods beginning on or after 1 January 2018. IFRS 9 replaces IAS 39 and introduces new requirements for classification and measurement, impairment and hedge accounting.

As a result of the adoption of IFRS 9, the Fund has adopted consequential amendments to IAS 1 Presentation of Financial Statements, which require:

- impairment of financial assets to be presented in a separate line item in the Statement of Profit or Loss and other Comprehensive Income. Under IAS 39, impairment was recognised when losses were incurred. The Fund did not previously report any incurred losses; and
- separate presentation in the Statement of Profit or Loss and Other Comprehensive Income of interest revenue calculated using the effective interest method.

Additionally, the ICAV has adopted consequential amendments to IFRS 7 Financial Instruments: Disclosures, which are applied to disclosures about 2019 but have not generally been applied to comparative information.

Classification and measurement of financial assets and financial liabilities

IFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, fair value through other comprehensive income ("FVOCI") and fair value through profit or loss ("FVTPL"). The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. IFRS 9 eliminates the previous IAS 39 categories of held to maturity, loans and receivables, and available for sale.

Under IFRS 9, derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never separated. Instead, the hybrid financial instrument as a whole is assessed for classification. IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities and derivative financial instruments.

The adoption of IFRS 9 has not had a significant effect on the ICAV's accounting policies related to financial assets and financial liabilities.

The table below sets out the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the ICAV's financial assets and financial liabilities as at 30 September 2019.

| | Original classification under IAS 39 | New classification under IFRS 9 |
|-----------------------------------|---|------------------------------------|
| Financial assets | | |
| Cash and cash equivalents | Loans and receivables | Amortised cost |
| Deposits receivable | Loans and receivables | Amortised cost |
| Rents receivable | Loans and receivables | Amortised cost |
| Subscriptions receivable | Loans and receivables | Amortised cost |
| Prepaid expenses | Amortised cost | Amortised cost |
| Financial liabilities | | |
| Accrued expenses | Amortised cost | Amortised cost |
| Rents received in advance | Amortised cost | Amortised cost |
| Subscriptions received in advance | Amortised cost | Amortised cost |
| Deposit received in advance | Amortised cost | Amortised cost |
| Other payable | Amortised cost | Amortised cost |
| Term loan | Amortised cost | Amortised cost |
| Interest on term loan | Amortised cost | Amortised cost |

APPIAN INVESTMENTS ICAV

ANNUAL REPORT AND AUDITED FINANCIAL STATEMENTS

For the financial year ended 30 September 2019

Notes to the Financial Statements (continued)

3 Amendments to standards (continued)

New standards, amendments and interpretations effective for the financial year (continued)

Classification and measurement of financial assets and financial liabilities (continued)

IFRS 9 replaces the "incurred loss" model in IAS 39 with an "expected credit loss" ("ECL") model. The new impairment model applies to financial assets measured at amortised cost, but not to investments in equity instruments. Under IFRS 9, credit losses are recognised earlier than under IAS 39. The ICAV has determined that the application of IFRS 9's impairment requirements at 30 September 2019 results in an impairment allowance of a trivial amount on cash and cash equivalents and receivables.

Transition

Changes in accounting policies resulting from the adoption of IFRS 9 have been applied retrospectively, except as described below.

- Comparative periods have not generally been restated. Differences in the carrying amounts of financial assets resulting from the adoption of IFRS 9 are recognised in net assets attributable to holders of participating shares as at 1 October 2018. Accordingly, the information presented for 2018 does not reflect the requirements of IFRS 9, but rather those of IAS 39.
- The ICAV has used the exemption not to restate comparative periods.

Classification and measurement of revenue

IFRS 15 supersedes IAS 11 Construction Contracts, IAS 18 Revenue and related interpretations and it applies, with limited exceptions, to all revenue arising from contracts with customers. IFRS 15 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognised at an amount that reflects the consideration to which an entity expects to be entitled to in exchange for transferring goods or services to a customer.

IFRS 15 requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. In addition, the standard requires extensive disclosures.

The core principal of IFRS 15 is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The core principal is delivered in a five step model framework. 1) Identify the contract(s) with a customer; 2) Identify the performance obligations in the contract; 3) Determine the transaction price; 4) Allocate the transaction price to the performance obligations in the contract; 5) Recognise income when (or as) the entity satisfies the performance obligation.

The cumulative effect of initially applying IFRS 15, if any, is recognised at the date of initial application as an adjustment to the opening balance of retained earnings. Therefore, the comparative information is not restated. The Directors have concluded that the adoption of IFRS 15 did not have a material impact on opening balances as at 1 October 2018 or on closing balances as at 30 September 2019. The Directors have also concluded that the adoption of IFRS 15 did not have a material impact on the ICAV's operating, investing and financing cash flows.

New accounting standards not effective in the financial year and not early adopted

Classification of leases

IFRS 16 replaces existing leases guidance, including IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases – Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

APPIAN INVESTMENTS ICAV

ANNUAL REPORT AND AUDITED FINANCIAL STATEMENTS

For the financial year ended 30 September 2019

Notes to the Financial Statements (continued)

3 Amendments to standards (continued)

New accounting standards not effective in the financial year and not early adopted (continued)

Classification of leases (continued)

The standard is effective for annual periods beginning on or after 1 January 2019. IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to current standard – i.e. lessors continue to classify leases as finance or operating leases.

Based on the initial assessment, this standard is not expected to have a material impact on the ICAV.

Early adoption of IFRS 16 has not had been implemented and the Directors are reviewing the impact on the disclosure of the financial statements for the following year.

In June 2017, the IASB issued International Financial Reporting Interpretations Committee (“IFRIC”) Interpretation 23 (“IFRIC 23”), Uncertainty over Income Tax Treatments, which clarifies the application of recognition and measurement requirements of IAS 12, Income Taxes, when there is uncertainty over income tax treatments. IFRIC 23 is effective for annual periods beginning on or after 1 January 2019 with early adoption permitted. The ICAV is in the process of assessing the impact of this new interpretation.

4 Summary of significant accounting policies

Classification under IFRS 9

On initial recognition, the ICAV classifies financial assets as measured at amortised cost or FVTPL. A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest (“SPPI”).

All other financial assets of the ICAV are measured at FVTPL.

Business model assessment

In making an assessment of the objective of the business model in which a financial asset is held, the ICAV considers all of the relevant information about how the business is managed, including:

- the documented investment strategy and the execution of this strategy in practice. This includes whether the investment strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the ICAV’s management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how the investment manager is compensated: e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

APPIAN INVESTMENTS ICAV
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For the financial year ended 30 September 2019

Notes to the Financial Statements (continued)

4 Summary of significant accounting policies (continued)

Classification under IFRS 9 (continued)

Business model assessment (continued)

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the ICAV's continuing recognition of the assets. The ICAV has determined that it has one business model.

• Held-to-collect business model: this includes cash and cash equivalents and debtors. These financial assets are held to collect contractual cash flow.

Assessment whether contractual cash flows are SPPI

For the purposes of this assessment, "principal" is defined as the fair value of the financial asset on initial recognition. "Interest" is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are SPPI, the ICAV considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the ICAV considers:

- contingent events that would change the amount or timing of cash flows;
- leverage features;
- prepayment and extension features;
- terms that limit the Fund's claim to cash flows from specified assets (e.g. non-recourse features); and
- features that modify consideration of the time value of money (e.g. periodical reset of interest rates).

Reclassifications

Financial assets are not reclassified subsequent to their initial recognition unless the ICAV were to change its business model for managing financial assets, in which case all affected financial assets would be reclassified on the first day of the first reporting period following the change in the business model.

Subsequent measurement of financial assets

Financial assets at FVTPL

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income and expense and foreign exchange gains and losses, are recognised in profit or loss in the statement of comprehensive income. There are no assets at the financial year end which fall into this category.

Financial assets at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss in the statement of comprehensive income. Any gain or loss on derecognition is also recognised in profit or loss.

Cash and cash equivalents and debtors are included in this category:

Financial liabilities – Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held for trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. As at 30 September 2019, there are no financial liabilities included in this category. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

All payables, accrued expenses, and deposits, subscriptions and rents in advance are included in this category.

APPIAN INVESTMENTS ICAV
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For the financial year ended 30 September 2019

Notes to the Financial Statements (continued)

4 Summary of significant accounting policies (continued)

Classification under IFRS 9 (continued)

Impairment

The ICAV recognises loss allowances for expected credit losses ("ECLs") (on financial assets measured at amortised cost) for the financial year ended 30 September 2019. The ICAV measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- financial assets that are determined to have low credit risk at the reporting date; and
- other financial assets for which credit risk (i.e. the risk of default occurring over the expected life of the asset) has not increased significantly since initial recognition.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the ICAV considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the ICAV's historical experience and informed credit assessment and including forward-looking information.

The ICAV assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due. The ICAV considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the ICAV in full, without recourse by the ICAV to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

The ICAV considers a financial asset to have low credit risk when the credit rating of the counterparty is equivalent to the globally understood definition of "investment grade". Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the ICAV is exposed to credit risk.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the ICAV expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the ICAV assesses whether financial assets carried at amortised cost are credit-impaired. Financial asset is "credit-impaired" when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due; or
- it is probable that the borrower will enter bankruptcy or other financial reorganisation.

Presentation of allowance for ECLs in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Write-off

The gross carrying amount of a financial asset is written off when the ICAV has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof.

APPIAN INVESTMENTS ICAV
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Notes to the Financial Statements (continued)

4 Summary of significant accounting policies (continued)

Investment property

Investment property is property held either to earn rental income, or for capital appreciation (including future development) or for both, but not for sale in the ordinary course of business. The ICAV does not have any properties held for resale or trading purposes.

Investment property is initially measured at cost including related acquisition costs and subsequently valued by the Board of Directors, based on values calculated by professional external valuers, at their respective fair values at each reporting date. The difference between the fair value of an investment property at the reporting date and its carrying value prior to the external valuation is recognised in the Statement of Comprehensive Income as a fair value gain or loss.

External independent valuers, having appropriately recognised and relevant professional qualifications and recent experience in the location and category of property being valued, value the ICAV's investment property portfolio at year end, in accordance with the Royal Institution of Chartered Surveyors Valuation Standards (RICS).

Any gain or loss on disposal of an investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in the Statement of Comprehensive Income.

Properties leased out to tenants under operating leases are included in investment property in the Statement of Financial Position.

Investment properties are treated as acquired at the point where the ICAV assumes the significant risks and returns of ownership which normally occurs when the conveyancing contract has been performed by both buyer and seller and the contract has been deemed to have become unconditional and completed. Investment properties are deemed to have been sold when the buyer has assumed the risks and rewards of ownership and the contract has been completed.

Additions to investment properties consist of purchase or construction of investment properties plus other directly attributable costs such as professional fees and expenses and, in the case of investment properties under development, capitalised interest where applicable. The cost of self-constructed investment property includes the cost of materials and direct labour, any other costs directly attributable to bringing the investment property to a working condition for their intended use and capitalised borrowing costs. Where the ICAV begins to redevelop an existing investment property, the property continues to be held as an investment property.

Critical accounting judgements and estimates in investment property valuations

The fair values derived are based on anticipated market values for the properties, being the estimated amount that would be received from a sale of the assets in an orderly transaction between market participants. As a result of all of these factors, the ultimate valuation the ICAV places on its investment properties is subject to some uncertainty which may not turn out to be accurate, particularly in times of macro-economic volatility.

Valuation of the ICAV's investment property portfolio is inherently subjective as it requires among other factors, assumptions to be made regarding the ability of existing tenants to meet their rental obligations over the entire life of their leases, the estimation of the expected rental income in to the future, an assessment of a property's ability to remain as an attractive technical configuration to existing and prospective tenants in a changing market and a judgement to be reached on the attractiveness of a building, its location and the surrounding environment. While these and other similar matters are market standard considerations in determining the fair value of a property in accordance with the RICS methodology, they are all subjective assessments of future events and macro-economic factors which are outside of the ICAV's control or influence and therefore may prove to be inaccurate long-term forecasts.

The Royal Institute of Chartered Surveyors ("RICS") property valuation methodology is considered by the Board of Directors to be the valuation technique most suited to the measurement of the fair value of property investments. It is also the primary measurement of fair value that all major and reputable property market participants use when valuing an investment property.

APPIAN INVESTMENTS ICAV

ANNUAL REPORT AND AUDITED FINANCIAL STATEMENTS

For the financial year ended 30 September 2019

Notes to the Financial Statements (continued)

4 Summary of significant accounting policies (continued)

Rental income

Rental income from investment property is recognised on an accrual basis as revenue on a straight-line basis over the term of the lease. The ICAV considers this as the most representative systematic time pattern in which the benefits of ownership of the assets will accrue to the business. Lease incentives granted are recognised as an integral part of the total rental income over the term of the lease.

Where a rent-free period is included as an incentive in a lease, the rental income forgone is allocated evenly over the years from the date of the lease commencement to the earliest termination date of the lease. Where a lease incentive takes the form of an incentive payment to a tenant, the resultant cost is amortised evenly over the remaining life of the lease to its earliest termination date.

Contingent rents, such as turnover rents, are recorded as income in the years in which they are earned. Rental concessions are recorded as adjustments to income in the rental years to which the concession relates.

A rent adjustment or review due under a lease which has not yet been settled at the reporting date is included in the results based upon a reasonable estimate of the amount the review will be settled at and then adjusted to actual outcome when the outstanding review is finally established.

Where the ICAV receives a surrender premium from a tenant for the early termination of a lease, the profit net of any direct costs associated with dilapidation and legal costs relating to that lease, is reflected in the accounting year in which the surrender took place. Details on all rental incentives are provided to the external valuers for their consideration during their review of the investment property valuation at each reporting date.

Expenses

Expenses are accounted for on an accrual basis.

Net asset value per share

The net asset value ("NAV") per share of each class of share is calculated by dividing the NAV attributable to that class by the number of Shares in issue for that class.

Net assets attributable to holders of participating shares

Shares issued by the ICAV in respect of the Fund provide shareholders with the right to redeem their shares for cash equal to their proportional share of the NAV of the Fund and are classified as liabilities. The liabilities to shareholders are presented in the Statement of Financial Position as "Net assets attributable to holders of participating shares" and are determined based on the residual assets of the Fund after deducting the Fund's other liabilities. Shareholders are restricted from redeeming their shares for a period of two years commencing on the date that the shares are issued by the ICAV.

Cash and cash equivalents

Cash and cash equivalents include cash at bank, bank overdrafts and short-term, highly liquid investments readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value.

Term loan

Financing activities include long term loans held with Bank of Ireland that are repayable in 5 years following the date of first drawdown and were charged at variable rates of interest as set out in note 17 and are used solely for the purpose of acquiring new property in order to satisfy the investment objectives of the Fund.

Anti dilution levy

The Directors may adjust the subscription and redemption price by adding or deducting to the NAV per Share an anti-dilution levy, which is a charge to cover market spreads and transaction costs for the purposes of preserving the value of the underlying assets of the Fund. The anti-dilution levy will be an amount determined by the Directors as appropriate in the circumstances and calculated by reference to the costs of dealing in the underlying investments of the Fund.

APPIAN INVESTMENTS ICAV
ANNUAL REPORT AND AUDITED FINANCIAL STATEMENTS

For the financial year ended 30 September 2019

Notes to the Financial Statements (continued)

4 Summary of significant accounting policies (continued)

Anti dilution levy (continued)

Any levy charged to an investor is capitalised as revenue to the Fund and not impacted on the individual share class and credited to the Statement of Changes in Net Assets Attributable to Holders of Participating Shares.

5 Fair value hierarchy

IFRS 13 Fair Value Hierarchy establishes a three-tier fair value hierarchy that prioritises the inputs to valuation techniques to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurement) and lowest priority to unobservable inputs (Level 3 measurement).

Investments measured and reported at fair value are classified and disclosed in one of the following fair value hierarchy levels based on the significance of the inputs used in measuring its fair value:

Level 1- Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities;

Level 2- Quoted prices in markets that are not active or financial instruments for which all significant inputs are observable, either directly or indirectly. Fair value is determined through the use of models or other valuation methodologies;

Level 3- Prices or valuations that require inputs that are both significant to the fair value measurement and are unobservable. Unobservable inputs are developed based on the best information available in the circumstances and reflect the Fund's own assumptions about how market participants would be expected to value the asset or liability.

An investment is always categorised as Level 1, 2 or 3 in its entirety. In certain cases, the fair value measurement for an investment may use a number of different inputs that fall into different levels of the fair value hierarchy. In such cases, an investment's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement.

Fair value estimates are made at a specific point in time, based on market conditions and information about the financial instrument. These estimates are subjective in nature and involve uncertainties that may require significant judgement (e.g., interest rates, volatility, estimated cash flows etc.) Actual results could differ from these estimates.

At 30 September 2019, the ICAV considers that its investment properties fall within Level 3 of the fair value hierarchy as defined by IFRS 13. As further outlined in IFRS 13, a Level 3 fair value recognises that not all of the inputs and considerations made in determining the fair value of investment properties can be derived from publicly available data, as the valuation methodology in respect of a property has also to rely on other factors including technical engineering reports, legal data and analysis, and proprietary data bases maintained by the valuers in respect of similar properties to the assets being valued. Desktop valuations are performed quarterly with a full valuation performed at year end.

The following table illustrates the movements in Level 3 investment properties during the year.

| | 30-Sep-19 | 30-Sep-18 |
|---|---------------------|---------------------|
| | Investment property | Investment property |
| | EUR | EUR |
| Opening balance | 44,515,000 | 10,400,000 |
| Purchases | 1,900,000 | 31,451,000 |
| Gains recognised in statement of comprehensive income | 942,842 | 595,369 |
| Capitalisation of costs | 157,158 | 2,068,631 |
| Closing balance | <u>47,515,000</u> | <u>44,515,000</u> |

APPIAN INVESTMENTS ICAV
ANNUAL REPORT AND AUDITED FINANCIAL STATEMENTS

For the financial year ended 30 September 2019

Notes to the Financial Statements (continued)

5 Fair value hierarchy (continued)

The following sensitivity analysis has been determined based on the exposure to property valuation risks as at 30 September 2019. The basis of the independent valuation is explained in note 11 Investment Property.

As at the 30 September 2019 reporting date, the ICAV's assets consisted of cash and cash equivalents of EUR 5,301,635 (2018: EUR 4,474,907) and eight investment properties valued at EUR 47,515,000 (2018: EUR 44,515,000). The total net assets were EUR 33,047,374 (2018: EUR 28,559,461) and cash therefore represented 16.04% (2018: EUR 15.7%) of the ICAV's net assets. This proportion of the ICAV is not sensitive to changes in yield levels, rents or discount rates.

However, the estimated value of the property is sensitive to changes in the annual rent and to changes in market yield levels. A decrease in the annual rent will decrease the fair value, similarly, an increase in the discount rates will decrease the fair value. A 1% increase in the equivalent yield would have an impact of a 13% reduction in fair value whereas a 1% decrease would have an impact of an 18% increase in fair value.

Total rental income in respect of the property portfolio for the year ended 30 September 2019 was EUR 3,014,182 (2018: EUR 2,149,032). Assuming no change in the yields used for valuation, a 5% increase in rent would result in an increase in the capital value of 5% or EUR 2,375,750 (2018: EUR 2,225,750) and similarly a 5% decrease in rent would result in a similar reduction in capital value.

| | 30-Sep-19 | 30-Sep-18 | | Key unobservable inputs |
|------------|-------------------|-------------------|----------------------------|-------------------------|
| Property | Fair Value EUR | Fair Value EUR | Valuation technique | |
| Office | 25,095,000 | 23,940,000 | Market comparison of yield | Yield |
| Retail | 20,520,000 | 20,575,000 | Market comparison of yield | Yield |
| Industrial | 1,900,000 | - | Market comparison of yield | Yield |
| | <u>47,515,000</u> | <u>44,515,000</u> | | |

Market comparison method

Under the market comparison of yield, a property's fair value is estimated based on comparable transactions. The unit of comparison applied by the ICAV is the yield.

6 Accrued expenses

| | 30-Sep-19 EUR | 30-Sep-18 EUR |
|--|------------------|------------------|
| Investment management fees | (179,862) | (158,965) |
| Depositary fees payable | (6,500) | (23,934) |
| Administration and transfer agent fees payable | (18,600) | (36,023) |
| Audit fees payable | (18,000) | (3,289) |
| Directors fees payable | (17,380) | (45,415) |
| Legal fees payable | (15,000) | (28,658) |
| Other fees payable | (36,419) | (33,383) |
| | <u>(291,761)</u> | <u>(329,667)</u> |

APPIAN INVESTMENTS ICAV

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For the financial year ended 30 September 2019

Notes to the Financial Statements (continued)

7 Cash and cash equivalents

Cash and bank balances at the year-end were held with Société Générale S.A. (Dublin Branch) and Bank of Ireland (BOI) as follows:

| | 30-Sep-19 | 30-Sep-18 |
|-----------------------|------------------|------------------|
| | EUR | EUR |
| Cash at bank | | |
| BOI | 1,056,346 | 1,192,135 |
| Société Générale S.A. | 4,245,289 | 3,282,772 |
| | <u>5,301,635</u> | <u>4,474,907</u> |

8 Due from Solicitor

Due from solicitor balance at the year-end was held with Eversheds as follow:

| | 30-Sep-19 | 30-Sep-18 |
|--------------------|------------------|------------------|
| | EUR | EUR |
| Due from Solicitor | | |
| Eversheds | 240,000 | - |
| | <u>240,000</u> | <u>-</u> |

9 Participating shares

On incorporation, the authorised share capital of the ICAV was represented by 1,000,000,000,000 Participating Shares of no-par value and 2 non-participating redeemable shares of no par value. There are two non-participating shares in issue. The non-participating shares do not form part of shareholders' funds and have been disclosed by way of note only.

The net assets attributable to holders of participating shares in the Fund are at all times equal to the NAV of the Fund. Participating shares, which comprise the capital of the ICAV, are in substance a liability of the ICAV to shareholders. The shares are all entitled to participate equally in profit and distributions (if any) of the Fund and in the assets in the event of termination. The participating shares carry no preferential or pre-emptive rights and are in registered form. Non-participating shares do not entitle the holders to any dividends and on winding up entitle the holders to receive the amount paid up but not otherwise entitle them to participate in the assets of the ICAV.

There is a Lock-Up period of two years on all shares issued by the Fund. The two-year period commences on the date the shares are issued. Following expiry of the Lock-Up period, shareholders will be permitted to request a redemption.

The movement in the number of participating shares is as follows:

| | 30-Sep-19 | 30-Sep-19 | 30-Sep-19 |
|--------------------------------------|--------------------|--------------------|--------------------|
| | Class A EUR | Class B EUR | Class C EUR |
| Shares in issue at beginning of year | 223,648 | 12,428 | 9,111 |
| Issued during the year | 16,761 | - | 839 |
| Redeemed during the year | (953) | - | - |
| Shares in issue at year end | <u>239,456</u> | <u>12,428</u> | <u>9,950</u> |
| Net Asset Value per share | 127.10 | 116.81 | 116.92 |

APPIAN INVESTMENTS ICAV

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For the financial year ended 30 September 2019

Notes to the Financial Statements (continued)

9 Participating shares (continued)

The movement in the number of participating shares is as follows:

| | 30-Sep-18 Class A EUR | 30-Sep-18 Class B EUR | 30-Sep-18 Class C EUR |
|--------------------------------------|--------------------------|--------------------------|--------------------------|
| Shares in issue at beginning of year | 175,952 | - | - |
| Issued during the year | 47,696 | 12,428 | 9,111 |
| Redeemed during the year | - | - | - |
| Shares in issue at year end | <u>223,648</u> | <u>12,428</u> | <u>9,111</u> |
| Net Asset Value per share | 117.38 | 107.88 | 107.82 |

10 Taxation

Under current law and practice the ICAV qualifies as an investment undertaking as defined in Section 739B of the Taxes Consolidation Act, 1997, as amended. On that basis, it is not chargeable to Irish tax on its income or gains. However, Irish tax may arise on the happening of a "chargeable event". A chargeable event includes any distribution payments to Shareholders or any encashment, redemption, cancellation or transfer of shares and the holding of shares at the end of each eight-year period beginning with the acquisition of such shares.

No Irish tax will arise on the ICAV in respect of chargeable events in respect of:

- A Shareholder who is neither Irish resident nor ordinarily resident in Ireland for tax purposes, at the time of the chargeable event, provided appropriate valid declarations in accordance with the provisions of the Taxes Consolidation Act, 1997, as amended, are held by the ICAV; or
- The ICAV has been authorised by the Irish Revenue to make gross payments in the absence of appropriate declarations and certain exempted Irish tax resident Shareholders who have provided the ICAV with the necessary signed statutory declarations.

The ICAV is liable to pay other taxes such as VAT, stamp duty, land tax and local property tax in the normal way.

Finance Act 2016 introduced a new 20% tax which is applicable to investments made by certain investors in Irish Real Estate Funds (IREFs). In broad terms an IREF is a regulated Irish fund which derives 25%+ of its value directly or indirectly from certain Irish real estate assets. This tax is separate from the existing exit tax regime and, in general, should only apply to certain investors who would otherwise be exempt from exit tax, as defined in the legislation.

The new IREF withholding tax will apply to certain taxable events for IREFs which occur on or after 1 January 2017. These taxable events include:

- A distribution;
- A payment from the IREF to the investor in relation to the investor cancelling, redeeming or repurchasing units/shares in the IREF;
- An exchange by an investor of units/shares in one Fund of an IREF which is an umbrella fund, for units in another Fund of the same umbrella fund;
- The issuance of paid up units/shares in the IREF (when the investor does not pay consideration in full for the units or shares e.g. a scrip issue); and
- Where the IREF ceases to be an IREF.

Secondary market sales of units/shares in an IREF are also considered taxable events, however the obligation to account for tax in relation to such events rests with the investor on a self-assessed basis.

APPIAN INVESTMENTS ICAV

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For the financial year ended 30 September 2019

Notes to the Financial Statements (continued)

10. Taxation (continued)

IREF withholding tax will apply irrespective of whether the affected profits and gains arose to the IREF before this date. Not all profits or gains from Irish real estate assets are subject to the new tax: in particular, the capital gain on the disposal of certain properties may be excluded from the tax for certain investors. The Directors consider the ICAV an IREF and that, consequently, IREF withholding tax will need to be applied to future distributions and redemptions made to affected investors out of relevant profits and gains. There was one redemption for which no tax has been applied as the investor is exempt.

11. Investment property

The total consideration before acquisition expenses of the properties acquired during the year amounted to EUR 1,900,000 (2018: EUR 31,451,000) and the total costs of acquisition which comprised of stamp duty, legal services and other directly attributable costs arising from the transactions amounted to EUR 157,158 (2018: EUR 2,068,631) resulting in total capitalised costs of EUR 2,057,158 (2018: EUR 33,519,631) to the ICAV during the year. The fair value of the ICAV's investment properties for the year ended 30 September 2019 was EUR 47,515,000 (2018: EUR 44,515,000) resulting in a cumulative unrealised gain of EUR 2,486,498 (2018: unrealised gain of: EUR 1,558,315).

The fair value of the ICAV's investment properties at 30 September 2019 has been arrived at on the basis of a valuation carried out at that date by the independent external valuer Cushman & Wakefield. The total fees earned by Cushman & Wakefield from the ICAV are less than 5% of their total Irish revenues. The valuations performed by Cushman & Wakefield, which conform to the Valuation Standards of the Royal Institution of Chartered Surveyors and with International Valuations Standards (IVS) 2013, were arrived at by reference to recent market transaction evidence.

The Board of Directors determines the ICAV's valuation policies and procedures for property valuation. The AIFM reviews the valuations arrived at by the external professional valuers. This review includes a discussion with the Board and separately with the external valuer on the assumptions used, the process and methodology undertaken and a review of the data considered by the external valuer. For investment property, the income approach/yield methodology involves applying market-derived capitalisation yields to current and market-derived future income streams with appropriate adjustments for income voids arising from vacancies or rent-free periods. These capitalisation yields and future income streams are derived from comparable property and leasing transactions and are considered to be the key inputs in the valuation. Other factors that are taken into account include the tenure of the property, tenancy details, planning, building and environmental factors that might affect the property.

Everything else being equal, there is a positive relationship between rental values and the property valuation, such that an increase in rental values will increase the valuation of a property and vice versa. However, the relationship between capitalisation yields and the property valuation is inverse, therefore an increase in capitalisation yields will reduce the valuation of a property and vice versa. There are interrelationships between these inputs as they are determined by market conditions and the valuation movement in any one year depends on the balance between them. If these inputs move in opposite directions (e.g. rental values increase and yields decrease) valuation movements can be amplified whereas if they move in the same direction, they may offset reducing the overall net valuation movement. The Board, after consideration of the report of the ICAV's external valuer, ultimately decides whether the property's fair value has been reliably determined.

12. Fees and expenses

The details of all fees charged during the year are disclosed on the face of Statement of Comprehensive Income and all fees payable at 30 September 2019 are disclosed in note 6.

(a) AIFM fees

The AIFM is entitled to receive out of the assets of the Fund an annual fee of 1.35% of the Gross Asset Value payable quarterly in arrears.

APPIAN INVESTMENTS ICAV
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For the financial year ended 30 September 2019

Notes to the Financial Statements (continued)

12 Fees and expenses (continued)

(a) AIFM fees (continued)

The AIFM is also entitled to be reimbursed out of the assets of the Fund for all its reasonable out of pocket costs and expenses.

AIFM fees charged to the Fund during the year amounted to EUR 682,849 (2018: EUR 452,279) with EUR 179,862 (2018: EUR 158,965) outstanding as at 30 September 2019.

(b) Investment advisor fees

The AIFM pays out of its fees (and not out of the assets of the Fund) the fees of the Investment Advisor.

In addition, the Investment Advisor is entitled to be paid, out of the assets of the Fund, a fee of up to 1% of the purchase price of each Property (excluding professional fees, land costs and financing costs) payable out of the assets of the Fund for the identification and sourcing of new investment properties acquired by the Fund.

The Investment Advisor is entitled to be reimbursed by the Fund for all reasonable vouched out-of-pocket expenses incurred by it. The Investment Advisor is also entitled to be paid for providing such other ancillary services as may be requested in respect of the Fund from time to time provided such services are charged at normal commercial rates.

(c) Administration fees

The Administrator is entitled to receive out of the assets of the Fund an annual fee, accrued and payable quarterly in arrears, based on the Net Asset Value of the Fund, of up to a maximum of 0.04%, subject to a minimum monthly fee of EUR2,500 (plus VAT, if any thereon).

The Administrator is entitled to be repaid for all of its out-of-pocket expenses reasonably incurred on behalf of the Fund. Administration fees charged to the Fund during the year amounted to EUR 29,959 (2018: EUR 30,014) with EUR 18,600 (2018: 36,023) outstanding as at 30 September 2019.

(d) Depositary fees

The Depositary is entitled to receive out of the assets of the Fund an annual fee, accrued and payable quarterly in arrears, based on the Net Asset Value of the Fund, of up to a maximum of 0.03%, subject to a minimum monthly fee of EUR2,000 (plus VAT, if any thereon).

The Depositary is entitled to be repaid for all of its out-of-pocket expenses reasonably incurred on behalf of the Fund and is also entitled to sub-custodian's fees (which will be charged at normal commercial rates). Depositary fees charged to the Fund during the year amounted to EUR 39,556 (2018: EUR 18,764) with EUR 6,500 (2018: 23,934) outstanding as at 30 September 2019.

(e) Directors' fees

The non-executive Directors are entitled to receive director's remuneration up to a maximum of EUR 25,000 each per annum out of the assets of the ICAV. Directors' fees charged to the Fund during the year amounted to EUR 88,258 (2018: EUR 86,832) with EUR 17,380 (2018: EUR 45,415) outstanding as at 30 September 2019.

(f) Auditors remuneration

The remuneration for all work carried out by the statutory audit firm, excluding VAT, in respect of the financial year is as follows:

| | 30-Sep-19 | 30-Sep-18 |
|-----------------|------------------|------------------|
| | EUR | EUR |
| Statutory audit | 18,000 | 11,007 |
| Total | 18,000 | 11,007 |

APPIAN INVESTMENTS ICAV
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For the financial year ended 30 September 2019

Notes to the Financial Statements (continued)

12 Fees and expenses (continued)

(g) Other expenses

The following table details the breakdown of the other expenses for the year.

| | 30-Sep-19 EUR | 30-Sep-18 EUR |
|---------------------------|------------------|------------------|
| Annual report charges | 531 | 2,494 |
| Bank interest and charges | 16,125 | 18,630 |
| Legal fees | 11,699 | 39,667 |
| Accounting fees | 4,689 | 4,360 |
| Transfer agent fees | 27,055 | 7,672 |
| Property management fees | 73,499 | 51,653 |
| Borrowing fees | 52,159 | - |
| Valuation fees | 25,493 | 9,952 |
| Company secretarial fees | 3,303 | 12,266 |
| Sundry expenses | 64,297 | 5,659 |
| | 278,850 | 152,353 |

13 Financial risk management

The main risks arising from the ICAV's financial instruments are defined in IFRS 7 as market risk, (other price risk, and foreign currency risk), liquidity risk and credit risk. The Board of Directors has appointed the AIFM to manage its investment risks and the other risks specified in the Prospectus. The AIFM assesses, monitors and manages the exposure to these risks on a daily basis, reviews the portfolio on a regular basis and reports to the Board.

(a) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices and includes valuation risk, interest rate risk and foreign currency risk.

Other price risk

The success of the ICAV depends significantly on the ability of the ICAV and the AIFM to assess the values of properties, both at the time of acquisition and the time of disposal. Valuations of the Fund's property assets will also have a significant effect on the ICAV's financial standing on an on-going basis and on its ability to obtain financing. A more detailed overview on the valuation of the Fund's investment property and a sensitivity analysis are provided in note 5.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in prevailing interest rates. The Fund does not invest in interest bearing securities but does have interest bearing loans at 30 September 2019. Please see below the interest rate profile:

APPIAN INVESTMENTS ICAV

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For the financial year ended 30 September 2019

Notes to the Financial Statements (continued)

13 Financial risk management (continued)

(a) Market risk (continued)

Interest rate risk (continued)

| 30-Sep-19 | Less than 1 month EUR | Less than 1 year EUR | 1 - 5 years EUR | Non-Interest Bearing EUR | Total EUR |
|--|-----------------------------|----------------------------|-----------------------|--------------------------------|-------------------|
| Assets | | | | | |
| Cash and cash equivalents | 5,301,635 | - | - | - | 5,301,635 |
| Investment property | - | - | - | 47,515,000 | 47,515,000 |
| Rents receivable | - | - | - | 25,698 | 25,698 |
| Due from Solicitor | - | - | - | 240,000 | 240,000 |
| Total assets | 5,301,635 | - | - | 47,780,698 | 53,082,333 |
| Liabilities | | | | | |
| Accrued expenses | - | - | - | 291,761 | 291,761 |
| Rents received in advance | - | - | - | 175,577 | 175,577 |
| Subscriptions received in advance | - | - | - | 213,598 | 213,598 |
| Deposit received in advance | - | - | - | 624,000 | 624,000 |
| Other payable | - | - | - | 337,397 | 337,397 |
| Term loan | - | - | 18,392,626 | - | 18,392,626 |
| Net assets attributable to holders of participating shares | - | - | - | 33,047,374 | 33,047,374 |
| Total liabilities | - | - | 18,392,626 | 34,689,707 | 53,082,333 |
| Total interest sensitivity gap | 5,301,635 | - | (18,392,626) | 13,090,991 | - |
| 30-Sep-18 | | | | | |
| | Less than 1 month EUR | Less than 1 year EUR | 1 - 5 years EUR | Non-Interest Bearing EUR | Total EUR |
| Assets | | | | | |
| Cash and cash equivalents | 4,474,907 | - | - | - | 4,474,907 |
| Investment property | - | - | - | 44,515,000 | 44,515,000 |
| Rents receivable | - | - | - | 66,454 | 66,454 |
| Prepaid expenses | - | - | - | 25,123 | 25,123 |
| Total assets | 4,474,907 | - | - | 44,606,577 | 49,081,484 |
| Liabilities | | | | | |
| Accrued expenses | - | - | - | 329,667 | 329,667 |
| Rents received in advance | - | - | - | 291,724 | 291,724 |
| Subscriptions received in advance | - | - | - | 500,000 | 500,000 |
| Deposit received in advance | 639,000 | - | - | - | 639,000 |
| Other payable | 400,000 | - | - | - | 400,000 |
| Term loan | - | - | 18,360,148 | - | 18,360,148 |
| Interest on term loan | - | - | - | 1,484 | 1,484 |
| Net assets attributable to holders of participating shares | - | - | - | 28,559,461 | 28,559,461 |
| Total liabilities | 1,039,000 | - | 18,360,148 | 29,682,336 | 49,081,484 |
| Total interest sensitivity gap | 3,435,907 | - | (18,360,148) | 14,924,241 | - |

APPIAN INVESTMENTS ICAV

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For the financial year ended 30 September 2019

Notes to the Financial Statements (continued)

13 Financial risk management (continued)

(a) Market risk (continued)

Interest rate risk (continued)

The ICAV signed a loan facility on 27 June 2017 with Bank of Ireland for EUR 8,200,000, of which EUR 3,000,000 was drawn down on 29 March 2018. A deed of Amendment and Restatement to the Facility Agreement with Bank of Ireland was signed on 2 May 2018. The loan facility with Bank of Ireland was increased to EUR 20,490,000.

The loans have been taken out with Bank of Ireland for a 5 year period, with the interest being paid quarterly as it falls due. Please refer to note 17 for details of loan balances and applicable interest rates during the year ended 30 September 2019.

Sensitivity analysis

An increase of 25 basis points in the interest rate over the financial year to 30 September 2019 would have decreased the net assets attributable to holders of participating shares approximately by EUR 32,128 (2018: EUR 36,326). A decrease of 25 basis points would have an equal but opposite effect for the year ended 30 September 2019.

Foreign currency risk

Foreign exchange risk is the risk that the value of a financial instrument fluctuates as a result of changes in foreign exchange rates. The ICAV would be exposed to foreign exchange risk primarily from assets or liabilities that derive their revenues and/or incur expenses in currencies other than the functional currency. The Fund did not have any foreign currency assets or liabilities during the year or at the year-end and therefore was not exposed to foreign currency risk.

(b) Liquidity risk

Liquidity risk is the risk that the ICAV will encounter difficulty in meeting obligations associated with financial liabilities. The ICAV's assets comprise mainly of an investment in property and cash. The main liquidity risk is that a significant number of investors wish to redeem shares at the same time.

The following liquidity table is an analysis of the financial liabilities at the year-end:

| 30 September 2019 | < 1 month EUR | < 1 year EUR | >1 year EUR | Total EUR |
|-----------------------------------|------------------|-----------------|----------------|--------------|
| Subscriptions received in advance | 213,598 | - | - | 213,598 |
| Rents received in advance | - | 175,577 | - | 175,577 |
| Deposits received in advance | - | - | 624,000 | 624,000 |
| Accrued expenses | - | 291,761 | - | 291,761 |
| Other payable | - | 337,397 | - | 337,397 |
| Term loan | - | - | 18,392,626 | 18,392,626 |
| Interest on term loan | - | - | - | - |
| Participating shares | - | - | 33,047,374 | 33,047,374 |
| | 213,598 | 804,735 | 52,064,000 | 53,082,333 |

APPIAN INVESTMENTS ICAV
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For the financial year ended 30 September 2019

Notes to the Financial Statements (continued)

13 Financial risk management (continued)

(b) Liquidity risk (continued)

| 30 September 2018 | < 1 month EUR | < 1 year EUR | > 1 year EUR | Total EUR |
|-----------------------------------|------------------|-----------------|-----------------|--------------|
| Subscriptions received in advance | 500,000 | - | - | 500,000 |
| Rents received in advance | - | 291,724 | - | 291,724 |
| Accrued expenses | - | 329,667 | - | 329,667 |
| Other payable | 400,000 | - | - | 400,000 |
| Deposits received in advance | - | - | 639,000 | 639,000 |
| Term loan | - | - | 18,360,148 | 18,360,148 |
| Interest on term loan | - | - | 1,484 | 1,484 |
| Participating shares | - | - | 28,559,461 | 28,559,461 |
| | 900,000 | 621,391 | 47,560,093 | 49,081,484 |

(c) Credit risk

Credit risk is the risk of financial loss to the ICAV if a tenant or counterparty fails to meet its contractual obligations, and arises principally from rental income receivable and cash and cash equivalents.

The credit risk of tenants is assessed according to their credit characteristics, including whether they are an individual or legal entity, industry, age profile, and any known existence of previous financial difficulties. The credit rating of the financial institutions with which cash and cash equivalents are held, is A (2018: A) for Société Générale S.A., and BBB (2018: BBB) for Bank of Ireland (as issued by Standard & Poor's).

14 Dividend distributions

It is the present intention of the Directors not to declare or pay dividends out of the Fund on Class A, B or C Shares, and income earned by those share classes will be reinvested and reflected in the value of the shares in this period.

15 Efficient portfolio management

From time to time, the ICAV may employ investment techniques and derivative instruments for efficient portfolio management purposes, subject to the conditions and within the limits laid down by the Central Bank of Ireland. As at 30 September 2019, there were no derivative instruments in place in the Fund (2018: None).

16 Related party transactions

Four of the Directors, Patrick Lawless, Kevin Menton, Paul Halley and Brian Cahalin were Directors of the AIFM and the ICAV during the financial year ended 30 September 2019. Kevin Menton held 1,547 (2018: 1,547) of the Fund Class B shares. Brian Cahalin held 1,000 (2018: 1,000) of the Fund Class A shares. Brian Cahalin resigned as a Director effective on 31 October 2019.

John Bruder is managing director of Burlington RE Property Management Limited, the Investment Advisor and held 5,000 (2018: 5,000) of the Fund Class A shares.

Greg Lawless is a Director of the AIFM and holds 1,000 (2018: 1,000) of the Fund Class A shares.

During the year, the AIFM received fees totalling EUR 682,849 (2018: EUR 452,279), of which EUR 179,862 (2018: EUR 158,965) are payable at year end.

During the year, Directors fees charged to the Fund amounted to EUR 88,258 (2018: EUR 86,832) with EUR 45,415 (2018: EUR 45,415) outstanding as at 30 September 2019.

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For the financial year ended 30 September 2019

Notes to the Financial Statements (continued)

17 Term loan

The costs associated with loans taken out with Bank of Ireland to purchase properties have been added to the loan amount. These are EUR 275,049 and are to be amortised over a 5-year period. The interest rates applicable on the loans during the year to 30 September 2019 were:

| Drawdown | Cumulative Balance | Rolled From | Rolled To | Roll Period | Base % | Margin % | Variable Interest Rate % |
|------------|--------------------|-------------|-----------|-------------|--------|----------|--------------------------|
| €70,998 | €70,998 | 28-06-19 | 30-09-19 | 94 | 0.00 | 2.75 | 2.75 |
| €3,000,000 | €3,070,998 | 28-06-19 | 30-09-19 | 94 | 0.02 | 2.75 | 2.77 |
| €6,399,000 | €9,469,998 | 28-06-19 | 30-09-19 | 94 | 0.35 | 2.75 | 3.10 |
| €9,125,000 | €18,594,998 | 28-06-19 | 30-09-19 | 94 | 0.00 | 2.75 | 2.75 |

The loan is secured by a fixed charge over the following properties in the ICAV's portfolio:

1. Beaver House, Beech Hill Office Campus, Dublin 4
2. Fenward House, Arkle Road, Sandyford, Dublin
3. Office Unit only, Tuansgate, Tallaght, Dublin 24
4. Boroimhe Shopping Centre, Swords, Co. Dublin
5. 73 – 74/75 Patrick Street, Cork
6. Bank of Ireland, 14 St. Laurence Street, Drogheda, Co. Louth

There were no commitments or contingencies at the year-end which require disclosure in the financial statements.

18 Soft commissions

There were no soft commission arrangements in place for the financial year ended 30 September 2019 (2018: None).

19 Subsequent events

Brian Cahalin resigned as a Director effective on 31 October 2019.

In Budget 2020 the Irish Government increased the rate of Stamp Duty on acquisitions of commercial property to 7.5%. The new 7.5% rate came into effect for conveyances or transfers that are executed on or after 9 October 2019. This will adversely impact the value of properties held by the ICAV.

The ICAV acquired the following property on 20 December 2019:

| <u>Property location</u> | <u>Cost</u> <u>EUR</u> |
|--|---------------------------|
| 11 Magna Business Park, Citywest, Dublin 15, Ireland | 3,405,000 |

There are no other significant events post year end that need to be disclosed in these financial statements.

20 Comparatives

The comparative figures for the Statement of Financial Position are as at 30 September 2018. The comparative figures for the Statement of Comprehensive Income, Statement of Changes in Net Assets Attributable to Holders of Participating Shares and Statement of Cash Flows relate to the period from 1 October 2017 to 30 September 2018.

APPIAN INVESTMENTS ICAV

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For the financial year ended 30 September 2019

Notes to the Financial Statements (continued)

21 Net Asset Value

The published Net Asset Value ("NAV") for 30 September 2019 differs to the NAV disclosed in the financial statements due to adjustments to comply with IFRS. These differences are listed below:

| | 30-Sep-19 Class A EUR | 30-Sep-19 Class B EUR | 30-Sep-19 Class C EUR |
|----------------------------------|--------------------------|--------------------------|---------------------------|
| NAV | | | |
| NAV as per dealing NAV | 30,434,731 | 1,451,765 | 1,163,328 |
| NAV as per IFRS | 30,432,474 | 1,451,658 | 1,163,242 |
| Difference | 2,257 | 108 | 86 |
| Quantity of shares outstanding | 239,456 | 12,428 | 9,950 |
| NAV per share as per dealing NAV | 127.10 | 116.81 | 116.92 |
| NAV per share as per IFRS | 127.09 | 116.80 | 116.91 |
| | 30-Sep-18 Class A EUR | 30-Sep-18 Class B EUR | 30-Sep-18 Class C EUR* |
| NAV | | | |
| NAV as per dealing NAV | 26,250,860 | 1,340,697 | 982,419 |
| NAV as per IFRS | 26,237,525 | 1,340,016 | 981,920 |
| Difference | 13,335 | 681 | 499 |
| Quantity of shares outstanding | 223,648 | 12,428 | 9,111 |
| NAV per share as per dealing NAV | 117.38 | 107.88 | 107.82 |
| NAV per share as per IFRS | 117.32 | 107.82 | 107.77 |

- All fees and expenses relating to the establishment of the ICAV and the Fund including the fees of the ICAV's professional advisers (including legal, accounting and taxation advisers) are borne by the ICAV. The Fund amortises its set up fees over a period of five years, however under IAS 38: Intangible Assets this is not permissible in the financial statements. As such, the entire amount of the set-up fees are written off in the first set of financial statements;

In accordance with IFRS, all establishment expenses must be debited to the Statement of Comprehensive Income when incurred, resulting in a difference between the published Net Asset Value of the Funds share classes, which amortise the fees over a period of five years from the launch date of the Fund, and the Net Asset Value in these financial statements. This difference will be reduced each financial year for five years until the establishment expenses are fully amortised in the published Net Asset Value.

| | Expense - NAV | Expense - FS | Difference in NAV |
|--------------------|---------------|--------------|-------------------|
| Total set up costs | (36,445) | | |
| Year 1 (2017) | 9,962 | (36,445) | (26,483) |
| Year 2 (2018) | 11,966 | - | (14,517) |
| Year 3 (2019) | 12,066 | - | (2,451) |
| Year 4 (2020) | 2,451 | - | - |
| Year 5 (2021) | - | - | - |

22 Approval of financial statements

The Board of Directors approved and authorised for issue the financial statements on 24 January 2020.

APPIAN INVESTMENTS ICAV

ANNUAL REPORT AND AUDITED FINANCIAL STATEMENTS

For the financial year ended 30 September 2019

Schedule of Portfolio Investments 2019 (unaudited)

| Property location | Cost EUR | Valuation EUR | % of Net Assets |
|--------------------------|---------------------|--------------------------|----------------------------|
| <i><u>Ireland</u></i> | | | |
| Office | 21,655,585 | 25,095,000 | 75.94% |
| Retail | 21,301,099 | 20,520,000 | 62.08% |
| Industrial | 2,057,158 | 1,900,000 | 5.75% |
| | 45,013,841 | 47,515,000 | 143.77% |

Schedule of Portfolio Investments 2018 (unaudited)

| Property location | Cost EUR | Valuation EUR | % of Net Assets |
|--------------------------|---------------------|--------------------------|----------------------------|
| <i><u>Ireland</u></i> | | | |
| Office | 21,655,585 | 23,940,000 | 83.83% |
| Retail | 21,301,099 | 20,575,000 | 72.04% |
| Industrial | - | - | - |
| | 42,956,684 | 44,515,000 | 155.87% |

APPIAN INVESTMENTS ICAV

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For the financial year ended 30 September 2019

Remuneration Policy (unaudited)

Appian Asset Management Limited (the “Manager”), in its role as alternative investment fund manager (“AIFM”) of the ICAV, has implemented a remuneration policy (the “Policy”) in accordance with Regulation 23(2)(e) of the European Union (Alternative Investment Fund Managers) Regulations, 2013, as amended (the “AIFMD Regulations”). The AIFMD Regulations implement Directive 2011/61/EU on Alternative Investment Fund Managers (“AIFMD”) into Irish law.

Objectives of the Policy

The purpose of the Policy is to describe the remuneration principles and practices within the Manager. The Policy reflects the Manager’s recognition of the need to attract, motivate and retain its most successful employees to deliver sustainable and superior business performance. The Policy aligns the business strategy, objectives, values and interests of the Manager and the alternative investment funds (“AIFs”) it manages and is compliant with Schedule 2 to the AIFMD Regulations and the European Securities and Markets Authority’s (“ESMA”) Guidelines on Sound Remuneration Policies under the Alternative Investment Fund Managers Directive (the “ESMA Remuneration Guidelines”).

The Policy is designed to seek to ensure that the Manager’s compensation arrangements:

- are consistent with and promote sound and effective risk management;
- do not encourage inappropriate risk taking or risk taking that exceeds the level of risk tolerated by the Manager and the AIFs it manages; include measures to mitigate conflicts of interest; and
- include measures to mitigate conflicts of interest
- are in line with the Manager’s business strategy, objectives, values and long-term interests.

The underlying principles of the Policy are:

- remuneration is comprised of fixed and variable elements, with a level of total reward that is competitive within the Manager’s market; and
- variable performance-driven compensation must be closely aligned with and supportive of the Manager’s strategy and must not incentivise inappropriate risk taking.

Governance and Decision-Making Process

In view of the limited size of the AIFs it manages, the non-complex nature of the Manager’s internal structure and its activities, the Board of Directors of the Manager (the “Board”) does not consider it appropriate to establish a remuneration committee.

The Board is responsible for providing oversight of the implementation of the Policy and processes in line with the ESMA Remuneration Guidelines, which includes reviewing the Policy at least annually.

Identified Staff and Regional Scope

The Policy applies to employees and other staff of the Manager whose professional activities have a material impact on the risk profile of the Manager or of the AIFs it manages (“Identified Staff”). The regulatory criteria for classifying individuals as Identified Staff are as follows:

- those in senior management;
- risk takers;
- those in control functions; and
- employees receiving total remuneration that takes them into the same remuneration bracket as senior management and risk takers, whose professional activities have a material impact on the risk profile of the Manager or the AIFs it manages.

The individuals subject to the Policy include any employees of the Manager and the Manager’s senior management (i.e., its Directors) that are not paid remuneration in respect of their roles pursuant to the secondment arrangement described above or as otherwise described below. The policy also applies to any other categories of staff, including senior management, risk takers and control functions employed from time to time by the Manager whose professional activities have a material impact on the risk profile of the Manager and the AIFs.

APPIAN INVESTMENTS ICAV
ANNUAL REPORT AND AUDITED FINANCIAL STATEMENTS

For the financial year ended 30 September 2019

Remuneration Policy (unaudited)

Remuneration Components

Fixed Remuneration

The Manager pays employees a base salary, taking into account the relevant employee's experience and due consideration of the Manager's market competitors. The fixed remuneration primarily reflects relevant professional experience, performance and organisational responsibility as set out in the relevant employee's job description as part of the terms of employment.

The independent non-executive member(s) of the Board are remunerated through a fixed annual fee and they do not receive any variable compensation.

Variable Remuneration

The Manager operates several bonus schemes which are designed to align employee incentives with the interests of the Manager's clients, shareholders and business strategy.

The variable component of remuneration for employees is discretionary and dependent on the performance of the individual and the Manager. Variable remuneration is awarded based on performance against a number of financial and non-financial metrics.

| | |
|---|---------------|
| Quantitative Remuneration Disclosure Total remuneration paid to staff of the Manager during the financial year | EUR 1,725,649 |
| Fixed remuneration | EUR 1,597,399 |
| Variable remuneration | EUR 128,250 |
| Number of staff of the Manager ¹ | 26 |
| Aggregate remuneration of senior management ² of the Manager | EUR 546,423 |
| Aggregate remuneration of the staff of the Manager whose actions have a material impact on the risk profile of the AIFs managed by the Manager ³ | EUR 657,476 |
| Carried interest paid by the AIF | Nil |

¹ The staff numbers in this table comprise all staff of the Manager during the financial year, including individuals who became, or ceased to be, staff members during the year.

² "Senior management" includes the Board of Directors of the Manager (and any persons discharging the following functions within the Manager: the Head of Finance and the Head of Compliance).

³ This category of staff does not include the senior management referred to in footnote 2 above.