

Alina Holdings PLC

**ALINA HOLDINGS PLC (formerly The Local Shopping REIT plc)
INTERIM REPORT
FOR THE SIX MONTHS TO 30 SEPTEMBER 2020**

Stock Code: ALNA

Alina Holdings PLC (“Alina” or the “Company”) is a company registered on the Main Market of the London Stock Exchange. Under its previous name, The Local Shopping REIT plc, the Company operated as a Real Estate Investment Trust (“REIT”) with a portfolio of local shopping assets in urban and suburban centres throughout the UK. Having disposed of the majority of its property assets, in September 2020 the Company adopted the new investment strategy summarised below and confirmed its departure from the UK REIT tax regime.

Our investment strategy is to identify and acquire interests in potential target businesses capable of delivering long term value for its shareholders. We intend to seek to acquire controlling stakes or all of the equity in target companies, businesses or assets, enabling us to take operational control to integrate and develop the target business. We may equally consider making investments or acquiring non-controlling interests in businesses or assets where the investment opportunity is attractive and our interest is sufficient to influence management of the target business or investment.

We will continue to actively manage our residual property portfolio at least until the current uncertainty overhanging the UK property market has ended and will sell properties only when it is considered to be in the best interests of the Company’s shareholders to do so.

Management Report

Corporate Activity

During the period the directors reviewed the options open to the Company for its future strategy, in tandem with the aim of restoring trading in the Company’s shares on the London Stock Exchange. This culminated in the publication, and subsequent approval by the Company’s shareholders in September 2020, of proposals for the Company’s new investment strategy (summarised above), in tandem with which the Company’s largest shareholder at that time, Thalassa Holdings Ltd, distributed the majority of its shares in the Company to its own shareholders. This enabled the Company to apply to the Financial Conduct Authority for the restoration of trading in the Company’s shares on the London Stock Exchange, which took place on 19 November 2020.

In accordance with the new investment strategy adopted by its shareholders, the Company changed its name to Alina Holdings PLC on 26 November 2020.

Economic Background & Market Conditions

Throughout the period reported on the Company operated under its previous investment strategy as a UK REIT specialising in local retail shopping assets. An element of the uncertainty that had overhung the property market for much of 2019 had to some extent been dissipated prior to the period reported on, following the general election in December 2019. Nevertheless, concerns over the potential impact of the UK’s departure from the European Union and uncertainty over its future trading relationship with the bloc continued to influence property values and transaction volumes throughout the period. This situation was greatly compounded by the COVID-19 outbreak, confirmed as a global pandemic by the World Health Organisation immediately prior to the period, which impacted all owners and occupiers of commercial property. The effects of the pandemic, and the measures taken by Government to contain it, have been particularly severe in the retail and leisure segments. However, even during the most severe lockdown restrictions, those smaller local and convenience shops supplying essential items to their localities could continue to trade.

Financial Results

The Group made an IFRS loss before tax for the six-months period to 30 September 2020 of £0.652 million (or loss per share of 2.87p), compared with a profit of £0.026 million (or 0.03 pence per share) for the equivalent period in 2019 and a loss of £0.06 million (or 0.26 pence per share) for the six months period to 31 March 2020 and a loss of £1.90 million (or 2.37 pence per share) for the six-months period to 31 March 2019. The loss for the Group reflected the loss of income resulting from the disposal of property assets during the previous periods, the revaluation of the residual portfolio and the effect of currency market fluctuations on the Group’s cash holdings.

Property Portfolio and Asset Management

At 30 September 2020 the Company's portfolio comprised six properties, with an annual gross rental income, after deducting head rent payments, of £0.45 million (30 September 2019: eight properties, gross rental income £0.48 million). The portfolio included 61 letting units (2019: 65 letting units). One of the property assets was considered to be held for sale.

Asset management activities during the period focused on maximising property occupancy and opportunities for rental growth, as well as a number of repair and maintenance projects. Marketing and letting activities continued, albeit with appropriate precautions to address lockdown requirements.

Portfolio Valuation

The fair value of the property portfolio of six assets held at 30 September 2020 was £2.795 million (30 September 2019: eight assets, £3.465 million; 31 March 2020: six assets, £3.120 million). The valuation was provided by Allsop LLP, a firm of independent chartered surveyors. In line with the Company's established valuation policy, two of the larger assets were subject to full RICS valuations, with the remainder subject to desktop updates of their previous full valuations provided by Allsop LLP in July 2019. The holding value of the property assets in the Company's accounts of the one remaining property considered to be held for sale took account of agreed pricing and potential transaction costs.

Cash

At 30 September 2020 the Company held £3.818 million in cash (31 March 2020: £4.023 million; 30 September 2019: £3.566 million).

Net Asset Value

The Net Asset Value at 30 September 2020 was £6.281 million or 27.67p per share (31 March 2020: £6.933 million, 30.55p per share; 30 September 2019: £6.992 million or 30.81p per share). The reduction in Net Asset Value reflected the reduction in the valuation of the Company's property portfolio, which in turn reflected general trends in the UK property market, together with the reduction in rental income as a result of property disposals in previous periods and the effect of currency market fluctuations on the Group's cash holdings.

Basis of Preparation of Financial Statements

The Company's financial statements at 31 March 2019 were prepared on a break-up basis in view of the progress with the property sales programme then in place. Following the decision of the new directors to suspend the property disposal programme in October 2019, the directors decided that it was appropriate for the Company's financial statements for 30 September 2019 onwards should be prepared on the going concern basis.

Financing

The Company did not utilise any external funding facilities during the period.

Taxation

As a result of the share buy-back offer concluded in October 2019, the Company no longer fulfilled the conditions of the UK REIT tax regime. It was subsequently agreed with HM Revenue & Customs, that the Group would be considered to remain in the REIT regime until 30 September 2020, at which time it would depart from the REIT regime unless it had fulfilled the relevant conditions by that date. However, in September 2020 the Company's shareholders adopted a new investment strategy, including the re-listing of the Company's shares on the Standard element of the Main Market of the London Stock Exchange and, in consequence, to leave the UK REIT tax regime. Under the UK REIT rules the Company is considered to have exited the REIT regime for the entirety of its financial year beginning 1 October 2018, being the beginning of the first tax year of the Company during which it did not fulfil all the REIT conditions. The Company is therefore deemed to be subject to corporation tax in the usual way from that date. However, in the light of the losses incurred during 2018-19, it is not anticipated that any corporation tax liability has arisen in respect of that year.

Dividend

In line with the Group's current dividend distribution policy no interim dividend will be paid. The directors will continue to review the dividend policy in line with progress with the Company's new investment strategy.

Related Party

The Company has been internally managed since 24 November 2019, when its previous fund management contract with Principal Real Estate Limited terminated. During the period the Company had an arrangement with Thalassa Holdings Ltd, its then largest shareholder, for the provision of accountancy and registered office services. The services were supplied to the Company at cost, which was not considered to be material, and the directors did not consider the arrangement to amount to a related party transaction.

Principal Risks and Uncertainties for the Remaining Six Months of the Financial Period

The risks facing the Group for the foreseeable future remain consistent with those described in detail in the annual report for the year to 30 September 2019 (available on the Group's website: www.alina-holdings.com).

These centre on:

- Changes in the macroeconomic environment, particularly those arising from the COVID-19 epidemic
- Higher than anticipated property maintenance costs
- Changes to legal environment, planning law or local planning policy
- Regulatory requirements in connection with the property portfolio
- Information technology systems and data security
- Non-payment of trade receivables by tenants, potentially exacerbated by the COVID-19 epidemic
- Financial and property market conditions
- Uncontrolled exit from the UK REIT regime

The potential impact of a number of these risk areas on the Company is mitigated by the significant proportion of the Company's assets held in cash.

The Board was satisfied that its approach to macroeconomic risks supplied an appropriate response to the effects of the COVID-19 pandemic during the period.

The Group's exit from the UK REIT regime was the subject of consultation with HM Revenue and Customs the Company's tax advisers and was thus under control.

The Board will continue to review its risk management approach to ensure that it reflects the risk profile of the revised investment strategy recently approved by the Company's shareholders.

The Group does not speculate in derivative financial instruments.

The Group's exposure to the risk of non-payment of trade receivables by its tenants was considered to have been heightened during the period reported on as a direct result of the COVID-19 virus and the consequent lockdown imposed by the UK Government, which restricted the ability of the Group's tenants to trade in their properties. The lockdown has also impacted on the ability of the Company to refurbish, market and let vacant properties. The directors monitor the level of rent and service charge arrears, as well as progress with letting void properties, on a continual basis.

Auditors' Review

This interim financial report has been reviewed but not audited by auditors pursuant to the Financial Reporting Council guidance on Review of Interim Financial Information.

Responsibility Statement

We confirm that to the best of our knowledge that:

(a) the condensed set of financial statements has been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the EU: and

(b) the Interim Management Report includes a fair review of the information required by:

DTR 4.2.7R of the Disclosure and Transparency Rules, being an indication of important events that have occurred during the six months of the financial period and their impact on the condensed set of financial statements; and a description of the principal risks and uncertainties for the remaining three months of the financial period; and

DTR 4.2.8R of the Disclosure and Transparency Rules, being related party transactions that have taken place in the six months of the current financial period and that have materially affected the financial position or performance of the entity during that period; and any changes in the related party transactions described in the last annual report that could do so.

Signed on behalf of the Board who approved the interim management report on 29 December 2020.

Duncan Soukup
Chairman

Condensed Consolidated Income Statement for the six months ended 30 September 2020

	Note	Unaudited Twelve months ended 30 September 2020 £000s	Unaudited Six months ended 30 September 2020 £000s	Unaudited Six months ended 31 March 2020 £000s	Audited Twelve months ended 30 September 2019 £000s	Unaudited Six months ended 30 September 2019 £000s	Unaudited Six months ended 31 March 2019 £000s
Gross rental income		453	224	229	764	305	459
Property operating expenses	3	(133)	(88)	(45)	(695)	(23)	(672)
Net rental income		320	136	184	69	282	(213)
Profit/Loss on disposal of investment properties held for sale	4	1	-	1	(148)	(1)	(147)
(Loss)/Profit from change in fair value of investment properties	9	(325)	(325)	-	(258)	37	(295)
Administrative expenses including non-recurring items	5	(428)	(273)	(155)	(1,580)	(319)	(1,261)
Operating (loss)/profit before net financing costs		(432)	(462)	30	(1,917)	(1)	(1,916)
Financing income	6	3	-	3	49	29	20
Financing expenses	6	(282)	(190)	(92)	(6)	(2)	(4)
(Loss)/profit before tax		(711)	(652)	(59)	(1,874)	26	(1,900)
Taxation	7	-	-	-	-	-	-
(Loss)/profit for the period from continuing operations		(711)	(652)	(59)	(1,874)	26	(1,900)
(Loss)/profit for the financial period attributable to equity holders of the Company		(711)	(652)	(59)	(1,874)	26	(1,900)
Basic and diluted loss per share on (loss)/profit for the period	10	(3.13)p	(2.87)p	(0.26)p	(2.34)p	0.03p	(2.30)p
Basic and diluted (loss)/profit per share on operations for the period	10	(3.13)p	(2.87)p	(0.26)p	(2.34)p	0.03p	(2.30)p

Condensed Consolidated Statement of Comprehensive Income for the six months ended 30 September 2020

	Unaudited Twelve months ended 30 September 2020 £000s	Unaudited Six months ended 30 September 2020 £000s	Unaudited Six months ended 31 March 2020 £000s	Audited Twelve months ended 30 September 2019 £000s	Unaudited Six months ended 30 September 2019 £000s	Unaudited Six months ended 31 March 2019 £000s
Loss for the financial period	(711)	(652)	(59)	(1,874)	26	(1,900)
Total comprehensive loss for the period	(711)	(652)	(59)	(1,874)	26	(1,900)
Attributable to:						
Equity holders of the parent Company	(711)	(652)	(59)	(1,874)	26	(1,900)

Condensed Consolidated Balance Sheet as at 30 September 2020

	Note	Unaudited as at 30 September 2020 £000s	Unaudited as at 31 March 2020 £000s	Audited as at 30 September 2019 £000s	Unaudited as at 31 March 2019 £000s
Non-current assets					
Investment properties	9	2,814	3,139	3,139	-
		2,814	3,139	3,139	-
Current assets					
Trade and other receivables		243	192	378	844
Investment properties held for sale	9	330	330	677	3,656
Cash		3,818	4,023	3,566	22,755
		4,391	4,545	4,621	27,255
Total assets		7,205	7,684	7,760	27,255
Non-current liabilities					
Finance lease liabilities		(350)	(350)	(350)	-
		(350)	(350)	(350)	-
Current liabilities					
Trade and other payables		(574)	(401)	(418)	(1,402)
		(574)	(401)	(418)	(1,402)
Total liabilities		(924)	(751)	(768)	(1,402)
Net assets		6,281	6,933	6,992	25,853
Equity					
Issued capital		319	319	319	18,334
Capital redemption reserve		598	598	598	1,764
Retained earnings		5,364	6,016	6,075	5,755
Total attributable to equity holders of the Company		6,281	6,933	6,992	25,853

Condensed Consolidated Statement of Cash Flows for the six months ended 30 September 2020

	Note	Unaudited Twelve months ended 30 September 2020 £000s	Unaudited Six months ended 30 September 2020 £000s	Unaudited Six months ended 31 March 2020 £000s	Audited Twelve months ended 30 September 2019 £000s	Unaudited Six months ended 30 September 2019 £000s	Unaudited Six months ended 31 March 2019 £000s
Operating activities							
(Loss)/Profit for the period		(711)	(652)	(59)	(1,874)	26	(1,900)
Adjustments for:							
Loss/(Profit) from change in fair value of investment properties		325	325		258	(37)	295
Net financing loss/(income)	6	279	190	89	(43)	(27)	(16)
(Profit)/Loss on disposal of investment properties		(1)	-	(1)	148	1	147
Equity secured share-based payment expenses		-			40	20	20
		(108)	(137)	29	(1,471)	(17)	(1,454)
Decrease/ (Increase) in trade and other receivables		135	(51)	186	3,963	466	3,497
Decrease in trade and other payables		156	173	(17)	(1,818)	(1,003)	(815)
		183	(15)	198	674	(554)	1,228
Loss on foreign exchange		(282)	(190)	(92)	-	-	
Loan arrangement fees paid		-	-	-	(6)	(2)	(4)
Interest received		3	-	3	49	29	20
Net cash (outflow)/inflow from operating activities		(96)	(205)	109	717	(527)	1,244
Investing activities							
Net proceeds from sale of investment properties		348	-	348	18,468	246	18,222
Acquisition and improvements to investment properties		-	-		(4)	(1)	(3)
Cash flows from investing activities		348	-	348	18,464	245	18,219
Net cash flows from operating activities and investing activities		252	(205)	457	19,181	(282)	19,463
Financing activities							
Repayment of borrowings		-	-	-	-	-	-
Reduction in share capital		-			(18,907)	(18,907)	-
Cash flows from financing activities		-			(18,907)	(18,907)	-
Net decrease in cash		252	(205)	457	274	(19,189)	19,463
Cash at beginning of period		3,566	4,023	3,566	3,292	22,755	3,292
Cash at end of period		3,818	3,818	4,023	3,566	3,566	22,755

Condensed Consolidated Statement of Changes in Equity for the six months ended 30 September 2020

	Share capital £000	Reserves £000	Capital redemption reserve £000	Retained earnings £000	Total £000
At 30 September 2018	18,334	3,773	1,764	3,862	27,733
Total comprehensive expense for the period					
Loss for the period	-	-	-	(1,900)	(1,900)
Transactions with owners, recorded directly in equity					
Dividends	-	-	-	-	-
Share based payments	-	-	-	20	20
Total contributions by and distributions to owners	-	-	-	-	-
Release of Gilfin acquisition reserve to distributable reserve	-	(3,773)	-	3,773	-
At 31 March 2019	18,334	-	1,764	5,755	25,853
Total comprehensive loss for the period					
Profit for the period	-	-	-	26	26
Transactions with owners recorded directly in equity					
Dividends	-	-	-	-	-
Share based payments	-	-	-	20	20
Total contributions by and distributions to owners	-	-	-	-	-
Capital reduction (Note a)	(17,417)	-	-	17,417	-
Transfer capital reserves to revenue (Note b)	-	-	(1,764)	1,764	-
Cost of own shares acquired (note c)	(598)	-	-	(18,309)	(18,907)
Creation of Capital Redemption Reserve (note d)	-	-	598	(598)	-
At 30 September 2019	319	-	598	6,075	6,992
Total comprehensive profit for the period					
Loss for the period	-	-	-	(59)	(59)
Transactions with owners, recorded directly in equity					
Dividends	-	-	-	-	-
Share based payments	-	-	-	-	-
Total contributions by and distributions to owners	-	-	-	-	-
At 31 March 2020	319	-	598	6,016	6,933
Total comprehensive profit for the period					
Loss for the period	-	-	-	(652)	(652)
Transactions with owners, recorded directly in equity					
Dividends	-	-	-	-	-
Share based payments	-	-	-	-	-
Total contributions by and distributions to owners	-	-	-	-	-
At 30 September 2020	319	-	598	5,364	6,281

During the six months period to 30 September 2019 the Company successfully applied to the High Court to undertake a capital restructuring in order to facilitate a share buy-back tender offer. Under this restructuring and buy-back:

- (a) The nominal value of each Ordinary Share was reduced from 20p to 1p, resulting in £17.417m being released to retained earnings.
- (b) The capital redemption reserves and other reserves were transferred to retained earnings as part of the Court approved capital restructuring.
- (c) 59,808,456 ordinary 1p shares were purchased, representing 72.5% of total share capital at the time, at a price of 31.33p each and then cancelled, the total cost comprising:

			£000s
59,808,456 shares purchased at	1p nominal value of each share		598
	plus premium 30.33p on each share		18,140
			18,738
	legal costs of restructuring and buy back		169
			18,907

- (d) A new capital redemption reserve of £0.598m was created to replace the nominal value of shares bought.

Notes to the interim report for the six months ended 30 September 2020

1. Accounting policies

Basis of preparation

The condensed unaudited set of financial statements has been prepared in accordance with IAS 34 “Interim Financial Reporting” as adopted by the EU.

The annual financial statements of the Group are prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU. As required by the Disclosure and Transparency Rules of the Financial Services Authority, the condensed set of financial statements has been prepared applying the accounting policies and presentation that were applied in the preparation of the Company’s published consolidated financial statements for the year ended 30 September 2019 (with which they should be read in conjunction). The independent auditor’s report on the 2019 financial statements was not qualified.

The Group adopted IFRS 15 Revenue from Contracts with Customers, IFRS 9 Financial Instruments and IFRS 16 Leases from 1 January 2019. None of these standards has a material effect on the Group’s financial statements.

The financial statements are prepared on a going concern basis, as were the financial statements for the year ended 30 September 2019. The financial statements for the six months ended 31 March 2019 were prepared on a break-up basis.

2. Segmental reporting

IFRS 8 requires operating segments to be identified on the basis of internal reports that are regularly reported to the chief operating decision maker to allocate resources to the segments and to assess their performance.

The Group has identified one operation and one reporting segment which is reported to the Board on a quarterly basis. The Board of directors is considered to be the chief operating decision maker.

3. Property Operating Expenses

	Unaudited Twelve months ended 30 September 2020 £000	Unaudited Six months ended 30 September 2020 £000	Unaudited Six months ended 31 March 2020 £000	Audited Twelve months ended 30 September 2019 £000	Unaudited Six months ended 30 September 2019 £000	Unaudited Six months ended 31 March 2019 £000
Bad debt charge	13	4	9	108	134	(26)
Head rent payments	(21)	(13)	(8)	(11)	(8)	(3)
Repairs	(25)	(13)	(12)	(211)	(2)	(209)
Business rates and council tax	(24)	(10)	(14)	(25)	(23)	(2)
Irrecoverable service charge	3	(5)	8	(39)	2	(41)
Utilities	9	3	6	(109)	(15)	(94)
Insurance	(12)	(5)	(7)	(36)	(25)	(11)
Managing agent fees	(32)	(14)	(18)	(123)	(24)	(99)
Letting and review fees	-	-	-	(36)	(4)	(32)
Legal & professional	(28)	(22)	(6)	(113)	(39)	(74)
EPC amortisation, Abortives, and Misc	(16)	(13)	(3)	(100)	(19)	(81)
Total property operating expenses	(133)	(88)	(45)	(695)	(23)	(672)

In common with many property organisations, the Company's portfolio is a mix of residential, opted and non-opted properties for VAT. In the above table the applicable VAT which is not recovered has been included directly in the cost.

During the period the rate of rent collection improved, enabling a reduction in the bad debt provision.

4. Property disposals

	Unaudited Twelve months ended 30 September 2020 Number	Unaudited Six months ended 30 September 2020 Number	Unaudited Six months ended 31 March 2020 Number	Audited Twelve months ended 30 September 2019 Number	Unaudited Six months ended 30 September 2019 Number	Unaudited Six months ended 31 March 2019 Number
Number of sales	2	-	2	66	1	65
	£000	£000	£000	£000	£000	£000
Average value	177		177	287	260	288
Sales						
Total sales	355	-	355	18,955	260	18,695
Carrying value	(347)	-	(347)	(18,616)	(247)	(18,369)
Profit/(Loss) on disposals before transaction costs	8	-	8	339	13	326
Transaction costs						
Legal fees	(4)	-	(4)	(210)	(9)	(201)
Agent fees, marketing and brochure costs	(3)	-	(3)	(240)	(2)	(238)
Disbursements	-	-	-	(8)	(2)	(6)
Non recoverable VAT (on non- opted and residential elements)	-	-	-	(29)	(1)	(28)
Total transaction costs	(7)	-	(7)	(487)	(14)	(473)
Profit/(Loss) on disposals after transaction costs	1	-	1	(148)	(1)	(147)
Transaction costs as percentage of sales value	2.0%	0.0%	2.0%	2.6%	5.4%	2.5%

5. Administrative expenses

	Unaudited Twelve months ended 30 September 2020 £000	Unaudited Six months ended 30 September 2020 £000	Unaudited Six months ended 31 March 2020 £000	Audited Twelve months ended 30 September 2019 £000	Unaudited Six months ended 30 September 2019 £000	Unaudited Six months ended 31 March 2019 £000
Investment manager fees	(9)	(1)	(8)	(320)	(88)	(232)
Legal and professional	(167)	(147)	(20)	(1,177)	(292)	(885)
Tax and audit	(66)	(29)	(37)	(96)	(47)	(49)
Remuneration Costs*	(138)	(77)	(61)	(134)	(65)	(69)
Other	(20)	(13)	(7)	14	(15)	29
Irrecoverable VAT on Administration expenses **	(28)	(6)	(22)	(92)	(37)	(55)
Provision for liquidators' fees	-	-	-	225	225	-
Total administrative expenses	(428)	(273)	(155)	(1,580)	(319)	(1,261)

* Remuneration costs for the each of the two six months periods to 30 September 2020 include £nil (six months to 30 September 2019: £20,000; six months to 31 March 2019 £20,000) in respect of the expensing of employee share options which were capable of vesting in 2018 onwards. This amount has a corresponding entry in equity and has no impact on the Company's net assets now or in the future.

** The Company's portfolio contains residential elements and commercial properties not opted for VAT. Accordingly, VAT on overheads is not fully recoverable.

6. Net financing (loss)/income

	Unaudited Twelve months ended 30 September 2020 £000	Unaudited Six months ended 30 September 2020 £000	Unaudited Six months ended 31 March 2020 £000	Audited Twelve months ended 30 September 2019 £000	Unaudited Six months ended 30 September 2019 £000	Unaudited Six months ended 31 March 2019 £000
Interest receivable	3	-	3	49	29	20
Financing income	3	-	3	49	29	20
Bank facility fees	-		-	(6)	(2)	(4)
Loss on foreign exchange	(282)	(190)	(92)			
Financing expenses	(282)	(190)	(92)	(6)	(2)	(4)
Net financing (loss)/income	(279)	(190)	(89)	43	27	16

Funds held in non-sterling accounts are revalued at the prevailing exchange rate at each period end. These revaluation gains and losses and those which have crystallised in the period are reflected in the Income Statement.

At 30 September 2020 the Company held \$US4.248m (£3.300m). At 31 March 2020 the Company held €3.948m (£3.509m).

7. Taxation

From 11 May 2007, the Group elected to join the UK REIT tax regime. As a result, the Group was exempt from corporation tax on the profits and gains from its investment business from this date, provided it met certain conditions. Non-qualifying profits and gains of the Group (the residual business) continued to be subject to corporation tax. The directors consider that all the rental income post 11 May 2007 originates from the Group's tax-exempt business whilst it participated in the UK REIT tax regime.

From the first closing date of the Company's share buy-back offer on 16 September 2019, the Group no longer fulfilled certain of the REIT tax regime conditions, principally owing to the proportion of the Company's issued share capital that had thereby come to be held by Thalassa Holdings Ltd. As a consequence of this and the Company's adoption of its new investment policy in September 2020, it is considered that the Group had exited the REIT regime with effect from 1 October 2018 and is from that date fully subject to corporation tax. However, the Board believes that the Group's activities since then and the availability of tax losses means that the Company's activities are unlikely to have generated any material corporation tax liability for periods since 1 October 2018 and no provision for corporation tax has been made in these financial statements.

8. Dividends

No dividends have been paid since December 2012.

9. Investment properties

Allsop LLP, a firm of independent chartered surveyors valued the Group's property portfolio at 30 September 2018 and 31 March 2019. On each of these dates Allsop LLP performed a full valuation of 25% of the Group's properties (including site inspections) and a desktop valuation of the remainder, such that all properties owned by the Group are inspected and valued over the two-year period. The valuations, using assumptions regarding yield rates, void levels and comparable market transactions, were undertaken in accordance with the Royal Institute of Chartered Surveyors Appraisal and Valuation Standards on the basis of market value. Market value is defined as the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's length transaction, after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

In July 2019 Allsop LLP provided a full valuation (including site visits) on all the properties then held by the Group. In the light of that valuation, for the 30 September 2019 financial statements the Company had desktop valuations prepared by Allsop LLP for all the properties in the portfolio at that date, except for three properties which were considered to be held for sale and were therefore valued at their expected sale price less sales costs.

During the six months' period to 31 March 2020 sales were completed on two properties considered at 30 September 2019 to be held for sale.

In view of the market uncertainty and the operational restrictions arising from the COVID-19 outbreak, the directors did not consider it appropriate to carry out a fresh valuation of the property portfolio at 31 March 2020. The six properties contained in the portfolio therefore continued to be recognised at 31 March 2020 in the financial statements at their holding value in the Company's accounts at 30 September 2019.

The six property assets held at 30 September 2020 were valued at that date by Allsop LLP. In line with the Company's established valuation policy, two of the larger assets were subject to full RICS valuations, including site inspections, with the remainder subject to desktop updates of their previous carrying values.

One property is considered to be held for sale and its holding value in the Company's accounts therefore takes account of agreed pricing and sales costs.

Material valuation uncertainty

The outbreak of the Coronavirus (COVID-19), declared by the World Health Organization as a “Global Pandemic” on 11 March 2020, significantly impacted the global economy, including the UK property market. Given the unknown future impact that COVID-19 might have on the real estate market, less certainty should be attached to the valuation than would normally be the case.

A reconciliation of the portfolio valuation at 30 September 2020 to the total value for investment properties given in the Consolidated Balance Sheet is as follows:

	30 September 2020 £000s	31 March 2020 £000s	30 September 2019 £000s	31 March 2019 £000s
Portfolio valuation *	2,775	3,100	3,447	3,656
Investment properties held for sale	(330)	(330)	(677)	(3,656)
Head leases treated as investment properties held under finance leases in accordance with IFRS 16	369	369	369	-
Total per consolidated Balance Sheet	2,814	3,139	3,139	-

* Revalued assets and held for sale at net realisable value

10. Earnings per share and basic earnings per share

The calculation of basic earnings per share was based on the profit attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding, calculated as follows:

	Unaudited Twelve months ended 30 September 2020 £000	Unaudited Six months ended 30 September 2020 £000	Unaudited Six months ended 31 March 2020 £000	Audited Twelve months ended 30 September 2019 £000	Unaudited Six months ended 30 September 2019 £000	Unaudited Six months ended 31 March 2019 £000
(Loss)/profit for the period (£'000)	(711)	(652)	(59)	(1,874)	26	(1,900)
Weighted average number of shares (000s)	31,861	31,861	31,861	31,861	31,861	91,670
Treasury shares (000s)	(9,164)	(9,164)	(9,164)	(9,164)	(9,164)	(9,164)
	-	-	-	-	-	-
Effective weighted average number of shares (000s)	22,697	22,697	22,697	80,231	80,231	82,506
Earnings/(loss) per share (pence)	(3.13)	(2.87)	(0.26)	(2.34)	0.03	(2.30)
Diluted earnings/(loss) per share (pence)	(3.13)	(2.87)	(0.26)	(2.34)	0.03	(2.30)

Note: The aggregate of the two six months periods to 30 September 2019 do not equal the total for the year owing to different weighted average number of shares in each period. The weighted aggregate number of shares in the six months period to September 2020 is the same as the equivalent figure for the six months period to 31 March 2020.

11. Net asset value (NAV)

	30 September 2020 £000s	31 March 2020 £000s	30 September 2019 £000s	31 March 2019 £000s
Number of shares in issue	31,861	31,861	31,861	91,670
Less: shares held in Treasury	(9,164)	(9,164)	(9,164)	(9,164)
Weighted average number of	22,697	22,697	22,697	82,506
	30 September 2020 £000s	31 March 2020 £000s	30 September 2019 £000s	31 March 2019 £000s
Net assets per Consolidated Balance Sheet	6,281	6,933	6,992	25,853
Net asset value per share	£0.28	£0.31	£0.31	£0.31

12. Related parties

There have been no transactions with related parties which have materially affected the financial position or performance of the Group during the current or previous period nor have there been any changes in related party transactions which could have a material effect on the financial position or performance of the Company during the six months of the current financial period. Following the termination of the investment advisory agreement between the Company and Principal Real Estate Europe Limited on 24 November 2019, including the period reported on, Thalassa Holdings Ltd, a significant shareholder of the Company, has provided management accounting and registered office facilities to the Company. Those services have been supplied at cost, the value of which is not regarded as material, and it is not considered that the arrangement comprised a related party transaction.

13. Significant contracts

The management agreement between the Company and Principal Real Estate Europe Limited ("Principal") was terminated on 24 November 2019. Under this agreement the Company had paid to Principal:

1. an annual management fee of 0.70% of the gross asset value of the Company, subject to a minimum fee of £1m in each of the first two years, £0.95m for the third year and £0.9m for the fourth year. This minimum fell away in July 2018;
2. an annual performance fee of 20% of the recurring operating profits above a pre-agreed target recurring profit;
3. fees for property sales, as follows:
 - up to £50m: nil
 - £50m - £150m: 0.5% of sales
 - over £150m: 1% of sales.

The Company paid no fees to Principal in respect of the six months period to 30 September 2020. For the six months period to 31 March 2020 fees paid to Principal totalled £8,000 (6 months to 31 March 2019: £232,000; 12 months to 30 September 2020: £320,000).

Registered Office

Alina Holdings Plc
Eastleigh Court
Bishopstrow
Warminster
BA12 9HW

Registration Number: 05304743

Website: www.alina-holdings.com

London Stock Exchange Stock Code: ALNA