Alina Holdings PLC

ALINA HOLDINGS PLC (formerly The Local Shopping REIT plc)

REPORT FOR THE 15 MONTHS TO 31 DECEMBER 2020

Stock Code: ALNA

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(formerly The Local Shopping REIT plc)

Report for the 15 Months to 31 December 2020

Alina Holdings PLC ("Alina" or the "Company") is a company registered on the Main Market of the London Stock Exchange.

In December 2020 the Company changed its accounting reference date to 31 December in each year, following which it published an interim report for the six months to its previous accounting reference date of 30 September 2020. The period reported on in this document is therefore the fifteen months between the date of the Company's previous annual report (30 September 2019) and 31 December 2020, thereby ensuring continuity in the Company's financial reporting. However, as these two periods are not of equal length, they are not directly comparable. Future financial statements will report on 12 months periods to 31 December.

Investment Strategy

The Company's current 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 interests in companies in the leisure, hospitality and entertainment sectors within Europe. Whilst we have no specific preferred countries, our initial focus is likely to be on less developed destinations, which we consider likely to offer the best value as they emerge from the Covid-19 pandemic.

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 the directors consider it to be in the best interests of the Company's shareholders to do so.

Chairman's Statement

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, which had been suspended in October 2019. 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.

On 19 November 2020, the restoration of trading in the Company's shares on the London Stock Exchange took place.

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

Financial Performance

The Company made a loss for the 15 months to 31 December 2020 (the "reporting period") of £0.465 million (12 months to 30 September 2019: loss £1.874 million) on an IFRS basis.

The holding value of the Company's property investment portfolio, incorporating the adjustment for the value of head leases under IFRS 16, as at 31 December 2020 was £3.092 million (30 September 2019: £3.816 million).

As at 31 December 2020, the Company held £4.073 million of cash (30 September 2019: £3.566 million).

Throughout the reporting period we continued to operate our portfolio of local shopping arcade assets. At the beginning of the period the property market continued to be affected by the political uncertainty that overhung the economy generally at that time. Whilst this was to an extent dissipated following the general election in December 2019, concerns regarding the impact of the UK's departure from the European Union continued to influence the property market throughout the period, and a number of these remain.

However, the impact of these issues was far exceeded by the COVID-19 pandemic, which profoundly affected life in the UK from March 2020 onwards. The impact of the consequent social restrictions, which have been particularly severe in the retail and leisure segments, are well known and have impacted all owners and occupiers of commercial property. In tandem with other macro-economic factors, they are likely to have long-term consequences for the nature of retail shopping and the occupation of town centres generally. However, even during the most severe lockdown restrictions, those smaller local and convenience shops supplying essential items to their localities were able to continue to trade and we were pleased at the robust reaction of many of our tenants in the face of unprecedented challenges.

Many of our tenants are local sole traders and we have done our best to support them by taking a flexible approach to rent and service charge payment patterns. We have also done our best to support our tenants in applying for the various Government grants and other support available to them. Our approach has proven beneficial and resulted in more than 90% collection of all rents due since taking control of the business. Further, during a period of immense stress, we have succeeded in reducing vacancies, and the units in our portfolio are now 91% occupied.

Our Property Assets are currently, independently valued, however, given the fact that the Company currently has no debt, and its properties have an equivalent yield of 15.7%, the Board is investigating alternative strategies to enhance the carrying value of these assets, including but not limited to the development of certain assets, or the sale thereof. The Company's main assets are located in Oldham, Bristol and Hastings.

Duncan Soukup, Chairman
7 June 2021

Strategic Report

The Strategic Report includes the Chairman's Statement on pages 2 and 3.

Operating Review

Business Model

During the year, the business concentrated on obtaining maximum value from its property portfolio. As noted in the Chairman's Statement, during the year the directors brought forward recommendations for changing the Company's investment strategy, which were adopted by the Company's shareholders shortly before the year end.

Market Context

For much of the reporting period the Company operated under its previous investment strategy as a UK REIT specialising in local retail shopping assets and the Company continues to operate its residual property assets whilst it develops its new strategy.

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 year. However, this effect on the market came to be dwarfed by the COVID-19 outbreak form the latter part of March 2020. The effects of the pandemic, and the measures taken by Government to contain it, were particularly felt in the retail and leisure segments. The structural consequences for some elements of the UK property market appear likely to continue for the foreseeable future. However, even during the most severe lockdown restrictions, those smaller local and convenience shops supplying essential items to their localities, typical of our assets, were largely able to continue trading, albeit at a reduced level.

Operating Results & Portfolio Performance

The Group made an IFRS loss before tax for the fifteen months to 31 December 2020 of £0.465 million (or 2.05 pence per share), compared with a loss of £1.874 million (2.34 pence per share) for the 12 months to 30 September 2019. The loss for the Group reflected the loss of income resulting from the disposal of property assets during the year and during the latter part of the preceding year under the previously prevailing policy of disinvestment, the revaluation of the remaining portfolio and the effect of currency market fluctuations on the Group's cash holdings.

The portfolio achieved gross rental income for the fifteen months period of £0.598 million (12 months to 30 September 2019: £0.764 million). This reduction principally reflected the sale of property assets during the year.

At 31 December 2020 the portfolio comprised six properties, with an annual gross rental income, after deducting head rent payments, of £0.48 million (30 September 2019: eight properties; annual rental income £0.48 million). The portfolio included 61 letting units (30 September 2019: 65 letting units). The rental income lost by the sale of assets was made up through additional lettings at the retained properties.

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.

Further details of operating performance are given in the Finance Review.

Property Sales

Following the reconstitution of the Company's board of directors in October 2019 the new directors decided that the previous programme of property sales should cease pending the formulation of the Company's new investment strategy. The sales of two properties, which had been contracted during the previous year, were completed during the reporting period, at an aggregate gross sale price of £0.355 million. The holding value of those properties in the Company's accounts at 30 September 2019 took account of agreed pricing and sales costs.

Of the six property assets now held by the Company, one asset is considered to be held for sale, at a gross sale price of £0.350 million, with anticipated execution costs resulting in a carrying value of £0.330 million.

Revaluation

The fair value of the property portfolio of six assets held at 31 December 2020 was £2.795 million (30 September 2019: eight assets, £3.465 million), based on the valuation provided by Allsop LLP, a firm of independent chartered surveyors, as at 30 September 2020. The directors considered that it was not appropriate to undertake a further valuation of the property assets during the prevailing epidemic, bearing in mind the recent date of the previous valuation. 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 financial statements takes account of the agreed pricing for disposal of the one remaining property considered to be held for sale and also incorporates the estimated transaction costs for the sale. The aggregate holding value of the property investment portfolio in the Company's accounts, incorporating the adjustment for the value of head leases under IFRS 16, was £3.092 million (30 September 2019: £3.816 million).

On a like-for-like basis (excluding the value of properties disposed of during the year), the property valuation at 31 December 2020 showed a reduction on the 30 September 2019 valuation of 10.42%.

Investment Property Portfolio as at 31 December 2020

Fair value per independent valuation	£2.795m
Carrying value per financial statements	£2.775m
Net Initial Yield ("IY")	14.35%
Reversionary Yield ("RY")	16.24%
Equivalent Yield ("EY")	15.7%
Rent per annum*	£0.441
Market Rent per annum*	£0.487

*Net of head rents payable.

All yields quoted exclude the residential element which is valued at a discount to vacant possession value.

Following the changing of Alina Holdings' listing category from a premium listing to standard listing in November 2020 and the change of the Company's investment strategy which resulted in its exit from the UK REIT regime, your Board is reviewing the basis of valuation for the remaining property portfolio. Historically the property portfolio has been valued on an RICS "Red Book" basis. However, your Board feels that this basis of valuation is not appropriate for a trading company and is seeking professional advice as to more relevant valuation methods for its new business model. We will let you know what the conclusion is and the reasoning once the advice has been received and adopted.

Finance Review

The financial statements contained in this report have been prepared in accordance with International Financial Reporting Standards ("IFRS").

Result

The Group recorded an IFRS loss for the fifteen months to 31 December 2020 of £0.465 million, or 2.05 pps (12 months to 30 September 2019: loss £1.874 million, or 2.34 pps).

Key Performance Indicators ("KPI's")

Throughout the reporting period the Group had no borrowings and held cash reserves at 31 December 2020 of £4.073 million (30 September 2019: £3.566 million). The KPI's relating to Interest Cover, Loan to Value and Gearing, shown in previous reports, are therefore no longer applicable. The Net Asset Value per Share at 31 December 2020 was 29p (30 September 2020: 31p).

It is the directors' intention to introduce key performance indicators more relevant to the revised investment policy as investments are made under the new policy.

Property Operating Expenses

Property operating expenses for the reporting period were £0.16 million (12 months to 30 September 2019: £0.69 million).

Further details of property operating expenses are contained in Note 2 to the financial statements.

Administrative Expenses

Administrative expenses were £0.489 million during the reporting period (12 months to 30 September 2019: £1.58 million). Further detail of administration expenses is contained in Note 4 to the financial statements.

Net Asset Value ("NAV")

The NAV at 31 December 2020 was £6.53 million or 28.76p per share, based on 22.7 million shares in issue, excluding those held in treasury (30 September 2019: £6.99 million, 30.81p per share, based on 22.7 million shares in issue).

At 31 December 2020 the Group held £4.073 million of cash (30 September 2019: £3.566 million). At 31 December 2020 the Group had no banking debt (30 September 2019: £nil).

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.

For the Group as a whole, Allsop LLP, a firm of independent chartered surveyors, valued the Group's property portfolio at 30 September 2019 and 30 September 2020. In view of the restrictions imposed as a result of the COVID-19 epidemic, the directors have adopted the valuations at 30 September 2020 for use in the 31 December 2020 financial statements.

For 30 September 2019 Allsop LLP performed a desktop valuation of the Group's properties, which comprised an update of the full valuation (including site inspections) of the properties that they had carried out in July 2019. The 30 September 2020 valuation comprised a full valuation of two of the Group's larger properties and a desktop valuation of the remainder.

One property considered to be held for sale at 31 December 2020 is valued in the Company's accounts at that date at its anticipated sale price less sales costs.

The valuations 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.

Financing

The Company had no borrowings during the reporting period. Throughout the year the Company's operations were financed from its property income and the proceeds of the sale of investment properties.

During the reporting period the Company held some of its cash in foreign currencies. These holdings generated a loss at the end of the period, primarily resulting from an increase in the value of sterling prior to the end of the reporting period, due to the completion of the UK-EU trade agreement. The risk associated with foreign currency holdings is described in Note 15 to the financial statements.

Taxation

As a result of the share buy-back offer finalised at the beginning of the reporting period, 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 continue to operate within 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. In the event, the Company's shareholders decided, during September 2020, to adopt a new investment strategy and re-list on the Standard element of the Main Market of the London Stock Exchange and, in consequence, leave the REIT regime. In consequence of this, the Group is considered to have exited the REIT regime for the entirety of its financial year beginning 1 October 2018, being the first year during which the Company did not fulfil all the REIT conditions and is deemed to be liable to corporation tax from that date. However, in the light of the losses incurred since 1 October 2018 there was no corporation tax liability for 2018-19 and it is not anticipated that any corporation tax liability will have arisen in respect of 2019-20.

Dividend

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

Risk Management & Operational Controls

The directors recognise that commercial activities invariably involve an element of risk. A number of the risks to which the business is exposed, such as the condition of the UK domestic economy and sentiment in the UK property market, are beyond the Company's influence. However, such risk areas are monitored and appropriate mitigating action, such as reviewing the substance and timing of the Company's operational plans, is taken wherever practicable in response to significant changes. The directors consider the risk areas the Company is exposed to in the light of prevailing economic conditions and the risk areas set out in this section are subject to review.

In relation to asset management, the Company's approach to risk reflects the Company's granular business model and position in the market and involves the expertise of its directors, management and third-party advisers. Operational progress and key investment and disposal decisions are considered in regular management team meetings as well as being subject to informal peer review.

Higher level risks and financial exposures are subject to constant monitoring. Major investment and disposal decisions are subject to review by the directors (all of whom are non-executive) in accordance with a protocol set by the Board.

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

The Board continues to review its risk management approach to ensure that it reflects the risk profile of the Company's revised investment strategy and the challenges highlighted by the COVID-19 pandemic.

The Board's approach in this area is further explained in the Governance section, under Risk & Internal Control.

Principal Risks and Uncertainties

Potential Risk	Impact	Mitigation
Property Portfolio Performance		
Effect on tenants of downturn in macroeconomic environment	• Tenant defaults • Reduced rental income • Increased void costs • Reduction in Net Asset Value and realisation value of assets	• Actual and prospective voids and rental arrears continually monitored. • Early identification of / discussions with tenants in difficulties • Regular review of all properties for lease terminations and tenant risk, with early action to take control of units as appropriate • Limited requirement for tenant incentives within sub-sector

		• Close liaison with local agents enables swift decisions on individual properties • Tendency of small traders to take early action in response to economic conditions • Diverse tenant base • Sustainable location and property use
Higher than anticipated property maintenance costs	• Income insufficient to cover costs • Decline in property value	• All material expenditure subject to authorisation regime • Capital expenditure subject to regular review
Changes to legal environment, planning law or local planning policy	• Adverse impact on portfolio • Loss of development opportunity • Reduction in realisation value of assets	• Monitoring of UK property environment and regulatory proposals • Close liaison with agents and advisers • Membership of and dialogue with relevant industry bodies
Failure to comply with regulatory requirements in connection with property portfolio, including health, safety and environmental	• Tenant and third-party claims resulting in financial loss • Reputational damage	• Guidance on regulatory requirements provided by managing agents and professional advisers • Individual properties monitored by asset managers and agents • Managing agents operate formal regulatory certification process for residential accommodation • Ongoing programme of risk assessments for key multi-tenanted sites • Key risks covered by insurance policies
Corporate Governance & Management		
Non-availability of information technology systems or failure of data security	• Impact on operations and reporting ability • Financial claims arising from leak of confidential information	• Provision of effective security regime with automatic off-site data and systems back-up
Financial and property market conditions	• Insufficient finance available at acceptable rates to fulfil business plans • Inability to execute investment property disposal strategy owing to fall in property market values • Financial impact of debt interest • Breach of banking covenants	• The Group is been debt-free and debt finance has not been required. • Finance risks reduced with provision of cash reserve • Impact of interest rates on property yields monitored

Operational Controls

During the year, the directors continued to recognise that the Company's ability to operate successfully is largely dependent on the maintenance of its straightforward approach to doing business and its reputation for integrity. All those who act on the Company's behalf are required to behave and transact business in accordance with the highest professional standards. As well as compliance with all relevant regulatory requirements, this extends to customer care and external complaint guidelines. The Company has adopted a Code, Policy and Procedures under the Market Abuse Regulation. The Company's arrangements with Principal Real Estate Limited ("Principal") that applied for the initial part of the reporting period included the provision of all applicable compliance procedures, and the directors were satisfied that the governance procedures adopted by Principal in relation to its clients were appropriate and protected the Company's interests. The Company's corporate governance regime is underpinned by a whistle-blowing procedure, enabling perceived irregularities to be notified to members of the Board, principally the senior independent non-executive director.

The Board has overall responsibility for the Company's internal control systems and for monitoring its effectiveness. The Board's approach is designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable assurance against material misstatements or loss. The directors have not considered it appropriate to establish a separate internal audit function, having regard to the Company's size. The Board's approach to internal controls covers all companies within the Group and there are no associate or joint venture entities which it does not cover.

The principal foundations of the Company's internal control framework during the reporting period were:

- statements of areas of responsibility reserved to the directors, with prescribed limits to executive authority to commit to expenditure and borrowing;
- effective committee structure with terms of reference and reporting arrangements to the Board;
- clear remits for the delegation of executive direction and internal operational management functions;
- framework for independent directors to provide advice and support to executive directors on an individual basis;
- top-level risk identification, evaluation and management framework;
- effective systems for authorising capital expenditure and significant revenue items and monitoring actual cost incurred;
- ongoing reporting to the Board of operational activity and results;
- regular review of operational forecasts and consideration by the directors;
- ongoing reporting to the directors on health, safety and environmental matters.

The Board reviews the effectiveness of the Company's risk management systems against the principal risks facing the business and their associated mitigating factors, taking account of the findings and recommendations of the auditors at the Company's half-year and year-end. Following its review of the auditors' findings during the reporting period, the Board considers that the Company's approach remains effective and appropriate for a business of the Company's size and complexity.

Key Contracts

There are currently no contracts for which require third party approval for any change to the nature, constitution, management or ownership of the business. The appointment agreements of directors do not contain any provisions specifically relating to a change of control.

Until 24 November 2019, the Company had in place an agreement with Principal Real Estate Limited ("Principal") to execute the Group's investment policy and to take responsibility for the management and performance of the Company's investment property portfolio. Since that date, the Company has been internally managed. Details of the investment advisory agreement with Principal, including remuneration arrangements, are contained in Note 20 to the financial statements.

Charitable and Political Donations

During the reporting period the Company made no donations for charitable or political purposes (2019: nil).

Section 172 Companies Act 2006

The Directors acknowledge their duty under s.172 of the Companies Act 2006 and consider that they have, both individually and together, acted in the way that, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole. In doing so, they have had regard (amongst other matters) to:

- the likely consequences of any decision in the long term. The Group's long-term investment strategy is shown in the Chairman's Report on page 2, with associated risks highlighted in the Strategic report on Page 8.
- the interests of the Company's employees. Our employees are fundamental to us achieving our long-term strategic objectives.
- the impact of the Company's operations on the community and the environment. The Group operates honestly and transparently. We consider the impact on the environment on our day-to-day operations and how we can minimise this.
- the desirability of the Company maintaining a reputation for high standards of business conduct. Our intention is to behave in a responsible manner, operating within the high standard of business conduct and good corporate governance, as highlighted in the Corporate Governance Statement on page 13.
- the need to act fairly as between members of the Company. Our intention is to behave responsibly towards our shareholders and treat them fairly and equally so that they may benefit from the successful delivery of our strategic objectives.

This Strategic Report was approved by the directors on 7 June 2021.

Duncan Soukup, Chairman
7 June 2021

Corporate Responsibility Statement

During the year we continued to focus on the three principal contributors to the success of our business:

- the talent and commitment of our executives;
- our relationships with national and local advisers, partners and clients; and
- the well-being of the businesses that occupy our properties and the communities in which they operate.

Following the termination of the investment advisory agreement between the Company and Principal Real Estate Europe Limited terminated on 24 November 2019 the Company has been internally managed.

The directors remain conscious that the Company's ability to operate effectively rests on our reputation for fairness and a straightforward and honest approach to conducting business. We therefore strive to transact business in accordance with the highest professional standards and all those who act on our behalf are expected to do the same. Besides complying with all relevant legislation and professional guidelines, this includes customer care and external complaint procedures.

We have again considered whether it is appropriate to report on relevant human rights issues. In the context of our business and the reduced size of our investment portfolio, we do not believe that the provision of detailed information in this area would provide any meaningful enhancement to the understanding of the performance of our business. However, we are confident that our approach to doing business does not contravene any human rights principles or applicable legislation.

Our approach to corporate responsibility matters is underpinned by a whistle-blowing procedure, enabling perceived irregularities to be notified to directors, principally the senior independent non-executive director.

Employees

The Company had one employee during the reporting period (2019: no employees). During the reporting period the Company initially had three directors, who resigned in October 2019 and were replaced by two directors (2019: three directors).

Diversity

The Company has a formal diversity and equal opportunities policy in place and is committed a culture of equal opportunities for all regardless of age, race or gender. The Board currently comprises two male directors.

Health, Safety and Welfare

The directors were responsible for ensuring that the Company discharged its obligations for health, safety and welfare during the reporting period, including matters delegated to the Company's managing agents and other contractors. No material health, safety and welfare incidents were notified during the period. Our property managers and contractors continued to be required to ensure that property management, maintenance and construction activities conform to all relevant regulations, with due consideration being given to the welfare of occupants and neighbours.

Environmental, Social and Governance

We have always believed that our local asset model is by its nature supportive of reducing the carbon impact of retail shopping. Our past development activity has been aimed at returning to profitable use redundant space that would otherwise remain vacant, potentially relieving development pressure on greenfield sites elsewhere. Any development activity undertaken is carried out in accordance with applicable energy and resource saving standards, noise impact reduction requirements, and, where relevant, the need to preserve the character of buildings, including listed properties. Our contractors are required to dispose of waste in accordance with best practice. We continue to take action to upgrade the energy performance of our letting units wherever required.

It is our policy to seek to deal constructively with all stakeholders in relation to any community issues that arise in relation to our properties. Our policy is to prefer to use local advisers, agents and contractors whenever appropriate to do so.

It is our intention to review our response to environmental, social and governance factors in line with the development of our new investment policy to ensure that our policies are appropriate to the revised strategy and operational profile. This review will take account of related issues, such as modern slavery.

Anti-Corruption and Anti-Bribery

The Company has in place an Anti-Bribery and Anti-Corruption Policy which the directors consider fulfils UK Government guidelines for compliance with UK Bribery Act 2010.

Governance

Regulatory Compliance

The Company is subject to, and seeks to comply with, the Financial Conduct Authority's ("FCA") Listing Rules ("Listing Rules"), the Market Abuse Regulation and the Disclosure Guidance and Transparency Rules of the Financial Conduct Authority. The Company is also subject to the UK City Code on Takeovers and Mergers. For part of the reporting period the Company held a Premium Listing on the Main List of the London Stock Exchange, during which time it was therefore also subject to the UK Corporate Governance Code, promulgated by the Financial Reporting Council (the "Code"). The Code may be viewed on the website of the Financial Reporting Council: www.frc.org.uk. Subject to matters set out below, the directors consider that the Company complied with the provisions of the Code to the extent to which they apply to companies outside the FTSE 350 for the part-period during which the Code applied to the Company.

Following the Company's move from the Premium category to the Standard category of the Main List of the London Stock Exchange the Code no longer applied to the Company. However, the directors then adopted the Corporate Governance Code of the Quoted Companies Alliance (the "QCA Code"). The directors consider that the QCA Code provides a corporate governance framework proportionate to the risks inherent to the size and complexity of the Company's operations. The directors apply the QCA Code in the ways set out below.

Board Level Responsibility

The Company's directors are ultimately responsible for the effective stewardship of the business, with the Chairman holding specific responsibility for corporate governance and effective leadership of the Board. In discharging this obligation, the Chairman regularly consults the Company's Senior Independent Non-Executive Director (who is qualified by background and experience to assist in this sphere), as well as the Company's legal advisers and the Company Secretary.

Conflicts of Interest

The Company's Articles of Association provide a framework for directors to report actual or potential situational conflicts, enabling the Board to give such situational conflicts appropriate and early consideration. All directors are aware of the importance of consulting the Company Secretary regarding possible situational conflicts.

Board Leadership

The Company is led by its Board, which is responsible for determining the strategy of the business and its effective stewardship. All major strategic and investment decisions are taken by the Board as a whole, which monitors the resources available to the Company, to ensure that they are sufficient to enable its goals to be achieved. The Board meets regularly to review the Company's operations and progress with its strategy. The directors are in regular liaison outside formal meetings. Risk management and controls are reviewed in the light of advice from the external auditors, who have access to all the directors.

The Board comprises an executive Chairman and an independent non-executive director (who was also the senior independent non-executive director), as set out below.

Duncan Soukup
Executive Chairman, aged 66

Duncan Soukup is the founder and Executive Chairman of Thalassa Holdings Ltd ("Thalassa"), a company listed on the London Stock Exchange, and has over 35 years of investment experience. Prior to establishing Thalassa, Mr Soukup worked in investment banking for 10 years, including as managing director in charge of the non-US equity business of Bear Sterns. Thereafter, he established the AIM-listed investment management business Acquisitor plc.

As the executive chairman with a beneficial interest in the Company's shares, Mr Soukup is not considered to be independent.

Gareth Edwards
Independent Non-Executive Director, aged 62

Gareth Edwards is a qualified solicitor and was formerly a partner at international law firm Pinsent Masons LLP. He has extensive experience as an adviser to boards and senior management of a range of public, private and entrepreneurial companies on their strategy and wider business and commercial issues. He is Chairman of Honye Financial Services Limited, a company listed on the Main Market of the London Stock Exchange. He is also a director of the AIM-listed company Cornerstone FS Plc. Gareth Edwards has an arm's length relationship with Thalassa as a business advisor. Nevertheless, when taking account of his professional career, his character and attributes Mr Edwards may be regarded as independent.

Division of Responsibilities

The responsibilities of each director are set out clearly in the director's letter of appointment, which is available for inspection by members of the Company at its registered office during normal office hours. All directors ensure that they provide sufficient time to fulfil their obligations. All directors have access to the advice and services of the Company Secretary and to independent legal advice at the Company's expense.

During the reporting period the directors monitored the Company's operational progress and the activities of the executive management. The Chairman is responsible for ensuring that due consideration is given to key items of business both at formal meetings of the directors and liaison outside these. The independent non-executive director provides a separate communication channel for shareholders and other interested parties and has a remit under the Company's "whistle-blowing" arrangements.

Biographical details for each of the directors as at the date of this report, including their membership of the Board's committees, are set out above. Stephen East, Brett Miller and Nicholas Vetch each held office throughout the year to 30 September 2019, each resigning on 4 October 2019.

Nomination, Audit and Remuneration Committees were in place throughout the reporting period, with responsibility for specific areas within the Company's overall corporate governance structure. During the reporting period there was no requirement for either of the Remuneration Committee or the Nomination Committee to meet. Each director's attendance record at Board and Committee meetings during the reporting period is set out in the table below:

Director	Board	Audit	Remuneration	Nomination
Stephen East	1	n/a	n/a	n/a
Brett Miller	1	n/a	n/a	n/a
Nick Vetch	1	n/a	n/a	n/a
Duncan Soukup	8	2	n/a	n/a
Gareth Edwards	8	2	n/a	n/a

Under the Company's Articles one-third of the directors are subject to retirement at each Annual General Meeting. Additionally, the Articles require that director appointments made by the Board directors are ratified at the subsequent General Meeting of the Company.

Arrangements are made to provide new directors with an induction programme into the Company's activities. Non-executive directors also meet with management on an informal basis. Arrangements are made for directors to inspect investment properties.

Risk & Internal Control

In addressing its responsibilities in this area, the Board pays particular attention to:

- monitoring the integrity of the Company's financial statements and formal announcements relating to its financial performance and reviewing significant financial reporting judgements contained in them;
- reviewing the adequacy and effectiveness of the Company's internal financial controls, internal control and risk management systems, fraud detection, regulatory compliance and whistle-blowing arrangements;
- making recommendations for the approval of shareholders on the appointment, re-engagement or removal of the external Auditors and approving the Auditors' terms of engagement and remuneration;
- overseeing the Company's relationship with the external Auditors, reviewing and monitoring the Auditors' independence and objectivity and effectiveness;
- approving the annual audit plan and reviewing the Auditors' findings and the effectiveness of the audit programme.

The Company's approach to risk management is set out on pages 8-9.

Directors' Remuneration Policy and Remuneration Implementation Report

There was no requirement for the Remuneration Committee to meet during the reporting period. The Company had no employee directors during the year and no share-related incentive schemes were in operation. Although it is not currently required, the remuneration policy for employee directors summarised below was approved by shareholders at the annual general meeting held in March 2020:

- within a competitive market, enabling the recruitment and retention of individuals whose talent matches the entrepreneurial and leadership needs of the business, enabling the Company to fulfil its investment objectives for its shareholders; and
- placing emphasis on performance-related rewards and focusing on incentive targets that are closely aligned with the interests of shareholders.

Base Salary	To be pitched at market median for the role, with advice taken from independent consultants.
Termination	Service contracts to be capable of termination at not more than one year's notice
Annual Bonus Scheme	Future scheme to be based on the achievement of profitability and cash generation targets based on the Company's annual budget. Individual awards to be capped at 100% of base salary.
Share Based Performance Scheme	Scheme to be based on the award of shares or cash equivalent. Awards to vest on the achievement of medium-term and long-term targets derived from the Company's investment strategy.
Pension	Company contribution to individuals' pension plans of up to 10% of base salary.
Health Plan	Individuals may participate in private healthcare arrangements supplied by the Company.

In applying the remuneration policy, the Board will use its discretion to provide a tailored mix of benefits that encourages individuals to maximise their efforts in the best interests of shareholders. In particular, the remuneration policy would be subject to any special considerations that may arise in relation to the execution of any revised investment policy approved by the Company's shareholders.

Non-Executive Pay

The Company's policy has been to provide remuneration to its non-executive directors commensurate with the need to attract and retain individuals with levels of skill and experience appropriate to the Company's needs. The former directors who served at the beginning of the period were paid at the rate of £30,000 per annum. No non-executive directors have participated in any bonus or share-based arrangements of the Company.

Directors' Remuneration

The below table highlighted total directors' remuneration in the period.

Director	Salary	Short term incentives	Long term incentives	Pension contributions	Benefits in kind	Total
Stephen East*	323	n/a	n/a	n/a	n/a	323
Brett Miller*	323	n/a	n/a	n/a	n/a	323
Nicholas Vetch*	323	n/a	n/a	n/a	n/a	323
Duncan Soukup**	-	-	-	-	-	-
Gareth Edwards**	10,000	-	-	-	-	10,000
Total	10,969	-	-	-	-	10,969

The aggregate directors' remuneration during the reporting period was £10,969 (12 months to 30 September 2020: £90,000).

Directors' Service Contracts

Non-executive directors	Date of initial appointment	Date of current appointment letter	Expiry of term
Duncan Soukup**	4 October 2019	4 October 2020	3 October 2021
Gareth Edwards**	4 October 2019	4 October 2020	3 October 2021

*Resigned 4 October 2019
**Appointed 4 October 2019

At the Company's 2020 Annual General Meeting shareholders passed a resolution approving the Remuneration Implementation Report for 2018–2019, with 100% of votes cast in favour of the Remuneration Implementation Report, no votes against and no votes withheld.

A similar resolution, on the remuneration of directors as set out above, will be put to the Company's Annual General Meeting for 2021.

Directors' Interests in the Company's Shares (audited)

The interests during the reporting period of the directors who held office during the reporting period in the issued share capital of the Company as at the date of this report are set out below:

Ordinary 1p Shares*		
Director	**2020**	**2019**
Stephen East**	-	-
Brett Miller**	-	-
Nicholas Vetch**	-	-
Duncan Soukup***	5,418,857	5,419,304
Gareth Edwards***	-	-

*Re-denominated from Ordinary 10p Shares 29 August 2019
**Resigned 4 October 2019
***Appointed 4 October 2019

In addition to the direct interest shown above, Duncan Soukup has an indirect interest in 4,618,001 and 1,734 Ordinary Shares arising from his interests in entities of Thalassa Discretionary Trust, and Thalassa Holdings Ltd.

Directors' Indemnities and Insurance Cover

To the extent permitted by law, the Company indemnifies its directors and officers against claims arising from their acts and omissions related to their office. The Company also maintains an insurance policy in respect of claims against directors.

Audit Committee Report

The Audit Committee, chaired by the independent non-executive director, met twice during the reporting period and representatives of the Company's auditors were in attendance on each occasion. The Committee paid particular attention to the significant areas set out below, which were discussed in detail with the Auditors:

Valuation of Investment Properties: the methodology adopted and valuations provided by Allsop LLP ("Allsop"), for both 30 September 2019 and 30 September 2020 and the directors' valuation as at 31 December 2020.

Going Concern Assumption: Following the change of control of the Company immediately prior to the reporting period and in the knowledge of the new Board's intention to propose to shareholders a resolution amending the Company's investment policy, the Committee recommended that the financial statements for 30 September 2019 and subsequent accounting periods should revert to being prepared on a Going Concern basis, which was approved by the Board. The Company's new investment policy was set out in the circular to shareholders issued by the directors on 28 September 2020 and was adopted by shareholders on 21 October 2020.

The Committee also considered the following items:

- ensuring that the format of the financial statements and the information supplied meets the standards set by the International Accounting Standards Board;
- reviewing the accounting treatment of receivables and ensuring effective co-ordination between the Company's records and those of its managing agents;
- ensuring that the audit scope properly reflected the risk profile of the business;
- ensuring that the Company has in place appropriate tax advice arrangements and that its exit from the UK REIT regime was appropriately managed appropriately and so as to minimise the Company's tax exposure;
- ensuring that the Committee's terms of reference continued to accord with regulatory requirements.

The Committee considered the independence of external auditors, seeking to ensure that any non-audit services provided, by external auditors do not impair the auditors' objectivity or independence. The Company's auditors, Jeffreys Henry LLP, did not supply any non-audit services to the Company during the period.

Having assessed the performance, objectivity and independence of the auditors, as well as the audit process and approach taken, the Committee recommended the re-appointment of Jeffreys Henry LLP at the Company's annual general meeting in 2020.

Gareth Edwards
Audit Committee Chairman
7 June 2021

Directors' Report

The directors of Alina Holdings Plc (formerly The Local Shopping REIT plc) ("the Company") present their report and the audited financial statements of the Company together with its subsidiary and associated undertakings ("the Group") for the period of fifteen months ended 31 December 2020.

In consequence of the change in the Company's accounting reference date to 31 December in each year, these financial statements report on the 15 months to 31 December 2020, with comparative figures for the year to 30 September 2019. As these two periods are not of equal length, they are not directly comparative. Future statements will report on 12 months periods to 31 December.

The Directors' Report also includes the information set out on pages 4 to 24, together with the description of the Company's investment policy and business model described on page 2.

The following directors held office during the reporting period:

Stephen East (resigned 4 October 2019)
Nicholas Vetch (resigned 4 October 2019)
Brett Miller (resigned 4 October 2019)
Gareth Edwards (appointed 4 October 2019)
Duncan Soukup (appointed 4 October 2019)

Group Result and Dividend

The loss for the Group attributable to shareholders for the period was £0.465 million (2019: loss £1.87 million). In accordance with the revised investment policy, no dividend has been or will be distributed in respect of the financial year. The directors continue to keep the dividend distribution policy under review.

Post Balance Sheet Events

No significant post-balance sheet events have been identified.

Going Concern Basis

The financial statements attached to this report have been prepared on the Going Concern basis. In deciding that the Going Concern basis is appropriate, the directors reviewed projections of future activity over the 12 months following the date of this report. The Directors concluded that there were no identifiable material uncertainties, and present cash reserves were sufficient to meet all liabilities as they fall due, up to and beyond that date.

Future Developments

This information has not been included in the Directors' Report as it is shown in the Strategic Report, as permitted by Section 414 c (11) of the Companies Act 2006.

Share Capital

Details of the Company's issued share capital are set out in note 12 to the financial statements. All of the Company's issued shares are listed on the London Stock Exchange. The Company's share capital comprises one class of Ordinary Shares of 1p each (re-denominated from Ordinary Shares of 10p each on 29 August 2019). All issued shares are fully paid up and rank equally. Certain of the Company's Articles impose requirements on shareholders in relation to distributions and the size of individual holdings, to ensure that the Company's adherence to the rules of the UK REIT tax regime. As the Company is no longer subject to the UK REIT these Articles no longer have effect and there are no restrictions on the transfer of shares or the size of holdings. The directors are not aware of any agreements between shareholders in relation to the Company's shares.

Transactions in the Company's shares

During the prior year, the Company implemented a tender offer and purchase of its ordinary shares at 31.33p per share, which concluded during the reporting period. Under the tender offer 59,808,456 ordinary shares, with a nominal value of £598,000, representing 72.49% of the then called up share capital of the Company (excluding shares held in treasury), were bought back by the Company, for an aggregate consideration of £18.738 million. The re-purchased shares were then cancelled. Of these, 59,177,398 shares were bought back and cancelled during the 2018-19 year and 631,058 shares were bought back during 2018-19 and cancelled at the beginning of the 2019-20 reporting period.

Investment Policy and Listing on the London Stock Exchange

During the reporting 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, which had been suspended in October 2019, in consequence of the share buy-back programme. This culminated in the approval by the Company's shareholders in September 2020, of the directors' proposals for the Company's new investment strategy, the change of the Company's name and the transfer of the Company's listing on the London Stock Exchange to a standard listing on Main List. In tandem with this, the Company's then largest shareholder, 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.

The Company has no rules in place in relation to the amendment of its Articles in addition to statutory provisions

Substantial Interests

As at 16 May 2021, the last practicable reporting date before the production of this document, the Company's share register showed the following major interests (of 3% or more, excluding shares held in treasury) in its issued share capital:

Shareholder	Ordinary Shares	%
HSBC Global Custody Nominee (UK) Limited*	10,036,857	44.22
Lynchwood Nominees Limited	6,430,365	28.33
Ferlim Nominees Limited	1,220,000	5.38

*Included within HSBC Global Custody Nominee (UK) Limited are shares of 5,418,857 owned by C D Soukup and 4,618,001 held by Thalassa Discretionary Trust. The Company has also been notified that 5,675,000 (25.00%) of its issued share capital are beneficially owned by Peter Gyllenhammar AB.

Independence

As a result of the share buy-back programme concluded in October 2019, for part of the period reported on, the Company had a controlling shareholder, Thalassa Holdings Ltd ("Thalassa"). For this part-period, the Company was required under the Listing Rules to ensure that: (a) transactions and arrangements with the controlling shareholder (and/or any of its associates) were conducted at arm's length and on normal commercial terms; and (b) neither the controlling shareholder nor any of its associates could take any action that would have the effect of preventing the Company from complying with its obligations under the Listing Rules. The Financial Conduct Authority was notified by the Company that it had a controlling shareholder as soon as the situation arose the relevant Listing Rule requirements were followed in practice. This situation was fully resolved when Thalassa transferred the majority of its shares in the Company to its own shareholders, following which Company no longer had a controlling shareholder.

Investor Relations

Subject to regulatory constraints, the directors are keen to engage with the Company's shareholders, placing considerable emphasis on effective communications with the Company's investors. Directors are happy to comply with shareholder requests for meetings as soon as practicable, subject to regulatory constraints. The Board is provided with feedback on such meetings, as well as regular commentary from investors and the Company's bankers and advisers. The Board provides reports and other announcements via the regulatory news service in accordance with regulatory requirements. Regulatory announcements and key publications can also be accessed via the Company's website. The Company's Annual General Meeting provides a further forum for investors to discuss the Company's progress and the Board encourages shareholders to attend. The Company complies with relevant regulatory requirements in relation to convening the meeting, its conduct and the announcement of voting on resolutions. The Annual Report and Notice of the Annual General Meeting are sent to shareholders at least 20 working days prior to the meeting and are available on the Company's website. The results of resolutions considered at the Annual General Meeting are announced to the Stock Exchange and are also published on the website and lodged with the National Storage Mechanism. Investors may elect to receive communications from the Company in electronic form and be advised by email that communications may be accessed via the Company's website.

Whistleblowing Policy

The Group has in place a whistleblowing policy which sets out the formal process by which an employee of the Group may in confidence raise concerns about possible improprieties in the Group's affairs, including financial reporting.

Emissions and Energy Consumption Reporting

The directors believe that the Company's outsourced business model, which focusses on the employment of agents, advisers and contractors who are local to our property assets, is inherently environmentally friendly. However, the collection of consumption data from such businesses is not practicable. It is also not possible for our national agents and advisers to separately identify such data in relation to the proportion of their work devoted to the Company's activities, particularly given the increase in staff working from home during the COVID-19 lockdown. It is not possible to measure the energy consumed by the Company's tenants (nor is this consumption within the Company's control). The consumption of water, waste output and greenhouse gases other than CO_2 within the Company's control is negligible.

For previous reporting periods the Company has supplied environmental reporting information focussed on energy consumed by the Company and its wholly owned subsidiaries through the activities of its office base, shared facilities provided by the Company within its property portfolio and activities within vacant properties within the Company's control.

In relation to Scope 1 Carbon Emissions (consumption of gas and fuel), since the termination of the Company's third-party investment advisory agreement and the relocation of its registered office it has not been possible to separately identify the energy consumed on the Company's activities. An element of the Company's administration activity is carried out at its registered office. However, this is a de minimis element of the overall activity and energy consumption at that site. Other activity is undertaken by the Company's directors and management working at home. In both cases, it has not been possible to separately identify the energy consumed on the Company's activities at those locations. In previous years, data has been supplied relating to fuel consumed on journeys on Company activities. As the Company does not operate company cars, all such journeys are made in employees' private vehicles or on public transport. The reduction in the Company's property portfolio has significantly reduced the requirement for such journeys, which were then further restricted during the reporting period by the COVID-19 lockdown regime. Accordingly, the directors do not consider that any meaningful Scope 1 data can be supplied.

Similar limitations apply to Scope 2 data, which in previous reports comprised an estimate of consumption for vacant property units for which the Company is responsible. The number of these and the related energy consumption has been de minimis throughout the reporting period.

Similarly, it has not been practicable to measure Scope 3 emissions.

The Company's direct usage and emissions of water is also minimal. Although a small element of utility supply charges within vacant premises relate to water and to gas, this largely relates to standing charges and consumption is negligible.

In relation to The Companies (Directors' Report) and LLP Partnerships (Energy and Carbon Report) Regulations 2018, the Company consumes less than 40,000 kWh of energy per annum and therefore qualifies as a low energy user and therefore does not come within the scope of those regulations.

Statement of Disclosure to Auditors

The directors who were in office at the date of the approval of the financial statements have confirmed that, as far as they are aware, there is no relevant audit information of which the auditors are unaware. Each of the directors has confirmed that they have taken all necessary steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that this has been communicated with the auditors.

This report was approved by the directors on 7 June 2021

William A Heaney
Company Secretary
7 June 2021

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ANNUAL REPORT AND THE FINANCIAL STATEMENTS

The directors are responsible for preparing the Annual Report and the Group and parent Company financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare Group and parent Company financial statements for each financial year. Under that law they are required to prepare the Group financial statements in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU) and applicable law and have elected to prepare the parent Company financial statements in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK*.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and parent Company and of their profit or loss for that period. In preparing each of the Group and parent Company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant, reliable and prudent;
- for the Group financial statements, state whether they have been prepared in accordance with IFRSs as adopted by the EU;
- for the parent Company financial statements, state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the parent company financial statements;
- assess the Group and parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Group or the parent Company or to cease operations or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the parent Company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the directors are also responsible for preparing a Strategic Report, Directors' Report, Directors' Remuneration Report and Corporate Responsibility Statement that complies with that law and those regulations.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Responsibility statement of the directors in respect of the annual financial report

We confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the company and the undertakings included in the consolidation taken as a whole; and

- the strategic report/directors' report includes a fair review of the development and performance of the business and the position of the issuer and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

We consider the annual report and accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the group's position and performance, business model and strategy.

The foregoing reports were approved by the directors on 7 June 2021

William A Heaney
Company Secretary
7 June 2021

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE LOCAL SHOPPING REIT PLC

Opinion

We have audited the financial statements of Alina Holdings Plc (the 'parent company') and its subsidiaries (the 'group') for the period ended 31 December 2020 which comprise the consolidated income statement, the consolidated statement of comprehensive income, the consolidated and company balance sheet, the consolidated statement of cash flows, the consolidated statements of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 (United Kingdom Generally Accepted Accounting Practice).

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2020 and of the group's loss for the period then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards to the group financial statements, Article 4 of the IAS Regulation

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to public listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the entity's ability to continue to adopt the going concern basis of accounting included reviews of expected cash flows for a period of 12 months, to determine expected cash burn, which was compared to the liquid assets held in the entity.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Our approach to the audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the directors made subjective judgments, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits we also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the Group and the Company, the accounting processes and controls, and the industry in which they operate.

The Group financial statements are a consolidation of six reporting units, comprising the Group's operating businesses and holding companies.

We performed audits of the complete financial information of Alina Holdings Plc, NOS 4 Ltd, NOS 5 Ltd and NOS 6 Ltd, which were individually financially significant and accounted for 100% of the Group's revenue and 100% of the Group's absolute profit before tax (i.e. the sum of the numerical values without regard to whether they were profits or losses for the relevant reporting units). Specific reviews undertaken for NOS 7 Ltd and Gilfin Property Holdings Ltd, as they were deemed to be insignificant components.

The Group engagement team performed all audit procedures.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. This is not a complete list of all risks identified by our audit.

Key audit matter	**How our audit addressed the key audit matter**
Valuation and presentation of investment property The Group holds £2,762,000 (2019: £3,139,000) as at the year end as well as	We reviewed the recognition, capitalisation and fair valuation of investment properties in conjunction with IAS 40 Investment Property and IFRS 13 Fair Value Measurement.

£330,000 (2019: £677,000) of assets held for sale. Investment properties are held at fair value which represents a significant area of management judgment. Assets held for sale are held at net realisable value being expected sales price less cost to sell.	We assessed the competence, capabilities, qualifications and objectivity of the external independent valuers employed by the Group. We have critically evaluated managements methodologies in reviewing valuations and adjusting the fair values of investment properties. All properties that the Group were in the process of selling were allocated as held for sale. We found no issues with the valuations and presentations of investment properties.
Value of parent investment in subsidiaries The parent company held £3,105,000 (2019: £3,277,000) of investments as at the year end. The directors are required to review the investments for impairments on an annual basis. Impairments are based on estimated recoverable amounts, which is based on estimates and judgments. The subsidiaries have historically been loss making which is a sign of impairment. Furthermore, as the companies have been disposing of properties in the year the net assets of the company have been falling on a year-on-year basis.	We reviewed the director's impairment review. An impairment had been made against individual subsidiaries to reduce the carrying value of the investments to that of the net assets in the respective companies. This appears to be a reasonable estimate of recoverable amount of the investment. The calculations have been reviewed as part of the audit. We found no issues with the valuation of investments in subsidiaries.

Our application of materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgment, we determined materiality for the financial statements as a whole as follows:

	Group financial statements	Company financial statements
Overall materiality	£74,000	£69,000
How we determined it	1% of group gross assets	1% of gross assets limited by Group materiality

Rationale for benchmark applied	We believe that net assets are the primary measures used by shareholders in assessing the Group's performance. It is considered a standard industry benchmark.	We believe that net assets are the primary measures used by shareholders in assessing the Company's performance. It is considered a standard industry benchmark.

For each component in the scope of our Group audit, we allocated a materiality that is less than our overall Group materiality. The range of materiality allocated across components was between £13,000 and £58,000.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £3,700 for the Group and £3,450 for the Company, as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

Other information

The other information comprises the 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 contained within the annual report. 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. 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 course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. 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.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements and the part of the director's remuneration report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 23, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and parent company'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 the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

The extent to which the audit was considered capable of detecting irregularities including fraud

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the senior statutory auditor ensured the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the company.
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud;
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates set out in Note 1 were indicative of potential bias;
- investigated the rationale behind significant or unusual transactions.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- reading the minutes of meetings of those charged with governance;
- enquiring of management as to actual and potential litigation and claims;
- Obtaining confirmation of compliance from the company's legal advisors.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Other matters which we are required to address

We were re-appointed by the members of the Company on 27 March 2020 to audit the financial statements for the year ending 31 December 2020 and subsequent financial periods. The period of total uninterrupted engagement is 2 years, covering the periods ended 30 September 2019 to 31 December 2020.

The non-audit services prohibited by the FRC's Ethical Standard were not provided to the group or the parent company and we remain independent of the group and the parent company in conducting our audit.

Our audit opinion is consistent with the additional report to the audit committee.

Use of this report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members 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 company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Sanjay Parmar

Senior Statutory Auditor

For and on behalf of
Jeffreys Henry LLP (Statutory Auditors)
Finsgate
5-7 Cranwood Street
London
EC1V 9EE
7 June 2021

Consolidated Income Statement for the 15 months ended 31 December 2020

	Note	15 months ended 31 December 2020 £000s	Year ended 30 September 2019 £000s
Gross rental income		598	764
Property operating expenses	2	(159)	(695)
Net rental income		**439**	**69**
Profit/Loss on disposal of investment properties	3	1	(148)
Loss from change in fair value of investment properties	7	(325)	(258)
Administrative expenses including non-recurring items	4	(489)	(1,580)
Operating loss before net financing costs		**(374)**	**(1,917)**
Financing income*	5	3	49
Financing expenses*	5	(94)	(6)
Loss before tax		**(465)**	**(1,874)**
Taxation	6	–	–
Loss for the period from continuing operations		**(465)**	**(1,874)**
Loss for the financial period attributable to equity holders of the Company		**(465)**	**(1,874)**
Basic and diluted loss per share on profit for the period	14	(2.05)p	(2.34)p
Basic and diluted loss per share on operations for the period	14	(2.05)p	(2.34)p

Consolidated Statement of Comprehensive Income for the 15 months ended 31 December 2020

	15 months ended 31 December 2020 £000s	Year ended 30 September 2019 £000s
Loss for the period	**(465)**	**(1,874)**
Total comprehensive loss for the period	**(465)**	**(1,874)**
Attributable to:		
Equity holders of the parent Company	**(465)**	**(1,874)**

Consolidated Balance Sheet as at 31 December 2020

	Note	31 December 2020 £000s	30 September 2019 £000s
Non-current assets			
Investment properties	**7**	2,762	3,139
		2,762	**3,139**
Current assets			
Trade and other receivables	**8**	228	378
Investment properties held for sale	**7**	330	677
Cash	**9**	4,073	3,566
		4,631	**4,621**
Total assets		**7,393**	**7,760**
Non-current liabilities			
Finance lease liabilities	**11**	(300)	(350)
		(300)	**(350)**
Current liabilities			
Trade and other payables	**10**	(566)	(418)
		(566)	**(418)**
Total liabilities		**(866)**	**(768)**
Net assets		**6,527**	**6,992**
Equity			
Issued capital	12	319	319
Capital redemption reserve	12	598	598
Retained earnings		5,610	6,075
Total attributable to equity holders of the Company		**6,527**	**6,992**

These financial statements were approved by the Board of directors on 7 June 2021 and signed on its behalf by:

C D Soukup

Consolidated Statement of Cash Flows for the 15 months ended 31 December 2020

	Note	**15 months ended 31 December 2020** **£000s**	**Year ended 30 September 2019** **£000s**
Operating activities			
Loss for the year		(465)	(1,874)
Adjustments for:			
Loss from change in fair value of investment properties	7	325	258
Loss from change in fair value of head leases	7	48	-
Net financing loss/(income)	5	91	(43)
(Profit)/Loss on disposal of investment properties		(1)	148
Equity secured share-based payment expenses		-	40
		(2)	**(1,471)**
Decrease/ (Increase) in trade and other receivables		150	3,963
Decrease in trade and other payables		146	(1,818)
		294	**674**
Loss on foreign exchange		(57)	-
Lease liability interest		(26)	-
Interest paid		(7)	-
Loan arrangement fees paid		-	(6)
Interest received		3	49
Net cash (outflow)/inflow from operating activities		**207**	**717**
Investing activities			
Net proceeds from sale of investment properties		348	18,468
Acquisition and improvements to investment properties	7	-	(4)
Cash flows from investing activities		**348**	**18,464**
Net cash flows from operating activities and investing activities		**555**	**19,181**
Financing activities			
Reduction in head lease liabilities		(48)	-
Reduction in share capital		-	(18,907)
Cash flows from financing activities		**(48)**	**(18,907)**
Net decrease in cash		**507**	**274**
Cash at beginning of year		3,566	3,292
Cash at end of year	9	**4,073**	**3,566**

Consolidated Statement of Changes in Equity for the 15 months ended 31 December 2020

	Share capital £000	Reserves £000	Capital redemption reserve £000	Retained earnings £000	Total £000
Balance at 1 October 2018	**18,334**	**3,773**	**1,764**	**3,862**	**27,733**
Share based payments				**40**	**40**
Capital reduction (Note a)	**(17,417)**	**-**	**-**	**17,417**	**-**
Transfer capital reserves to revenue Note b)	**-**	**(3,773)**	**(1,764)**	**5,537**	**-**
Cost of own shares acquired (note c)	**(598)**	**-**	**-**	**(18,309)**	**(18,907)**
Creation of Capital Redemption Reserve (note d)	**-**	**-**	**598**	**(598)**	**-**
Loss for year ended 30 September 2019	-	-	-	**(1,874)**	**(1,874)**
Balance at 30 September 2019	**319**	**-**	**598**	**6,075**	**6,992**
Loss for 15 months ended 31 December 2020	-	-	-	**(465)**	**(465)**
Balance at 30 September 2020	**319**	**-**	**598**	**5,610**	**6,527**

During the year ended 30 September 2019 the Company successfully applied to the High Court to undertake a capital restructuring to enable the Company to make a tender offer for the purchase of its Ordinary Shares. Under this restructuring and buy back:

(a) The nominal value of ordinary shares 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;
(c) 59,808,456 ordinary 1p shares were purchased at a price of 31.33p each, 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	
Legal costs of restructuring and buy back		169	
			18,309
			18,907

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

Notes to the Financial Statements for the 15 months ended 31 December 2020

1. Accounting Policies

Basis of Preparation

Alina Holdings plc (formerly The Local Shopping REIT plc) (the “Company”) is a public company incorporated, domiciled and registered in England, which is limited by shares. The Company’s registered number is 05304743 and the address of its registered office is Eastleigh Court, Bishopstrow, Warminster, BA12 9HW

The group financial statements consolidate those of the Company and its subsidiaries (together referred to as the “Group”). The parent company financial statements present information about the Company as a separate entity and not about its group.

The group financial statements have been prepared and approved by the directors in accordance with International Financial Reporting Standards as adopted by the EU (“Adopted IFRSs”) and in accordance with the provisions of the Companies Act 2006. The Company has elected to prepare its parent company financial statements in accordance with FRS 102; these are presented on pages 58 to 63.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these group financial statements.

Judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed later in this note under the heading “*Use of Estimates and Judgements”.*

The financial statements are prepared in pounds sterling, rounded to the nearest thousand. They have been prepared under the historical cost convention except for the following assets which are measured on the basis of fair value: investment properties, and investment properties held for sale.

Going Concern

Following the share buy-back in October 2019, the Company’s directors decided that the Company should continue to operate as a property investment business. In September 2020 the Company’s shareholders adopted the new investment strategy summarised in the report of the directors and, subsequently, trading in the Company’s shares was restored on the London Stock Exchange. Accordingly, these financial statements have been prepared on a going concern basis for the 15 months ended 31 December 2020. The Board is satisfied the Company has sufficient resources to continue trading for at least another 18 months.

Basis of Consolidation

The consolidated financial statements include the financial statements of the Company and all its subsidiary undertakings up to 31 December 2020. Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. In assessing control, the Group takes into consideration potential voting rights. The acquisition date is the date on which control is transferred to the acquirer. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The financial statements of subsidiaries are prepared using consistent accounting policies. Inter-company transactions and balances are eliminated.

Investment Property

Investment properties are those properties owned by the Group that are held to earn rental income or for capital appreciation or both and are not occupied by the Company or any of its subsidiaries.

Investment properties are revalued to market value at the end of each reporting period. 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.

Investment properties are treated as acquired at the point the Group assumes the significant risks and returns of ownership. Subsequent expenditure is charged to the asset's carrying value only when it is probable that future economic benefits associated with the expenditure will flow to the Group and the cost of each item can be reliably measured. All other repairs and maintenance costs are charged to the Income Statement during the period in which they are incurred.

Rental income from investment properties is accounted for as described below.

Investment Properties Held for Sale

Investment properties held for sale are included in the Balance Sheet at their fair value less estimated sales costs. In determining whether assets no longer meet the investment criteria of the Group, consideration has been given to the conditions required under IFRS 5.

An investment property shall classify a non-current asset as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use.

The asset must be available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets and its sale must be highly probable as at the year end.

Head Leases

Where a property is held under a head lease and is classified as an investment property, it is initially recognised as an asset based on the sum of the premium paid on acquisition and if the remaining life of the lease at the date of acquisition is considered to be material, the net present value of the minimum ground rent payments. The corresponding rent liability to the leaseholder was included in the Balance Sheet as a finance obligation in current and non-current liabilities.

This was discontinued for the September 2018 financial statements, and as the Company had no properties classified as investment properties at that Balance Sheet date, the head lease value and its corresponding liability were removed from the Balance Sheet. Following the change of decision of the directors in October 2019 to continue operations, this policy has been reinstated, and the appropriate values at the balance sheet date disclosed in the financial statements for 30 September 2019 and subsequent periods.

Trade and Other Receivables

Trade and other receivables are initially recognised at fair value and subsequently held at amortised cost less impairment. Impairment is made where it is established that there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivable. The impairment is recorded in the Income Statement.

Cash and Cash Equivalents

Cash and cash equivalents comprise cash balances and deposits held on call. Cash equivalents are short-term, highly liquid investments with original maturities of three months or less.

Financial instruments

Financial assets and financial liabilities are initially classified as measured at amortised cost, fair value through other comprehensive income, or fair value through profit and loss when the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognised when the contractual rights to the cash flows expire, or the Company no longer retains the significant risks or rewards of ownership of the financial asset. Financial liabilities are derecognised when the obligation is discharged, cancelled or expires.

Financial assets are classified dependent on the Company's business model for managing the financial and the cash flow characteristics of the asset. Financial liabilities are classified and measured at amortised cost except for trading liabilities, or where designated at original recognition to achieve more relevant presentation. The Company classifies its financial assets and liabilities into the following categories:

Financial assets at amortised cost
The Company's financial assets at amortised cost comprise trade and other receivables. These represent debt instruments with fixed or determinable payments that represent principal or interest and where the intention is to hold to collect these contractual cash flows. They are initially recognised at fair value, included in current and non-current assets, depending on the

nature of the transaction, and are subsequently measured at amortised cost using the effective interest method less any provision for impairment.

Impairment of trade and other receivables
In accordance with IFRS 9 an expected loss provisioning model is used to calculate an impairment provision. We have implemented the IFRS 9 simplified approach to measuring expected credit losses arising from trade and other receivables, being a lifetime expected credit loss. This is calculated based on an evaluation of our historic experience plus an adjustment based on our judgement of whether this historic experience is likely reflective of our view of the future at the balance sheet date. In the previous year the incurred loss model is used to calculate the impairment provision.

Financial liabilities at amortised cost
Financial liabilities at amortised cost comprise loan liabilities, including convertible loan note liability elements, and trade and other payables. They are classified as current and non-current liabilities depending on the nature of the transaction, are subsequently measured at amortised cost using the effective interest method. All convertible loan notes are held at amortised cost and no election has been made to hold them as fair value through profit and loss.

Financial assets at fair value through profit and loss
Financial assets at fair value are recognized and measured at fair value using the most recent available market price with gains and losses recognised immediately in the profit and loss.

The fair value measurement of the Company's financial and non- financial assets and liabilities utilises market observable inputs and data as far as possible. Inputs used in determining fair value measurements are categorised into different levels based on how observable the inputs used in the valuation technique utilised are (the 'fair value hierarchy').

Level 1 – Quoted prices in active markets
Level 2 – Observable direct or indirect inputs other than Level 1 inputs
Level 3 – Inputs that are not based on observable market data

Ordinary Share Capital

External costs directly attributable to the issue of new shares are shown in equity as a deduction from the proceeds.

Shares which have been repurchased are classified as treasury shares and shown in retained earnings. They are recognised at the trade date for the amount of consideration paid, together with directly attributable costs. This is presented as a deduction from total equity. Shares held by the Employee Benefit Trust were treated as being those of the Group until such time as they were distributed to beneficiaries, when they were expensed in the profit and loss account.

The nominal value of shares cancelled has been taken to a capital redemption reserve.

Rental Income

Rental income from investment properties leased out under operating leases is recognised in the Income Statement on a straight-line basis over the term of the lease. When the Group provides lease incentives to its tenants the cost of incentives are recognised over the lease term, on a straight-line basis, as a reduction to income.

Taxation

Corporation tax on the profit or loss for the year comprises current and deferred tax. Corporation tax is recognised in the Income Statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

As a Real Estate Investment Trust ("REIT"), the Group was exempt from corporation tax on the profits and gains from its property investment business, provided it met certain conditions. The Group was considered by HM Customs & Revenue to have exited the REIT tax regime on 30 September 2018. Since that date it has been subject to normal corporation tax rules. Therefore, current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date and any adjustment to tax payable in respect of previous years. Deferred tax is provided using the balance sheet liability method. Provision is made for temporary differences between the carrying amounts of assets and liabilities in the financial statements for financial reporting purposes and the amounts used for taxation purposes. Deferred income tax is calculated after taking account of any indexation allowances and capital losses on an undiscounted basis. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities using tax rates enacted or substantially enacted at the balance sheet date. Deferred tax assets are recognised only to the extent that it is probable that future profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised. Deferred tax assets and liabilities are only offset if there is a legally enforceable right of set-off.

Pensions

The Company has contribution only pension arrangements in operation for certain employees.

Share-based Payments

Share based payments are recognised as an employee expense, with a corresponding increase in equity.

Employee Benefit Trust

In 2007 the Group established an Employee Benefit Trust in connection with its various share-based incentive schemes. The Group either purchased its own shares directly or it funded the trust to acquire shares in the Company. Transactions of the Employee Benefit Trust were treated as being those of the Company and were therefore reflected in the Group financial statements. The shares held by the Employee Benefit Trust were fully distributed during the year ended 30 September 2019 and the Trust was subsequently wound up.

Use of Estimates and Judgements

To be able to prepare accounts according to generally accepted accounting principles, management must make estimates and assumptions that affect the asset and liability items and revenue and expense amounts recorded in the financial statements. These estimates are based on historical experience and various other assumptions that management and the Board of directors believe are reasonable under the circumstances. The results of these considerations form the basis for making judgements about the carrying value of assets and liabilities that are not readily available from other sources.

The areas requiring the use of estimates and judgements that may significantly impact the Group's earnings and financial position include the estimation of the fair value of investment properties.

The valuation basis of the Group's investment properties is set out above.

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.

Since the strategy review in July 2013 the Group has identified one operation and one reporting segment which is reported to the Board of directors on a quarterly basis. The Board of directors is considered to be the chief operating decision maker.

Adoption of new and revised standards

There are no IFRSs or IFRIC interpretations that are effective for the first time for the financial period beginning 1 October 2019 that would be expected to have a material impact on the Company. The new IFRSs adopted during the period are as follows:

IFRS 16 - Leases

The following new standards, amendments to standards and interpretations have been issued, but are not effective for the financial period beginning 1 October 2019 and have not been early adopted. The Directors anticipate that the adoption of these standard and the interpretations in future periods will have no material impact on the financial statements of the Company.

The new standards include:

IFRS 3	Business Combinations (amendments)[1]
IFRS 9	Financial instruments (amendments)[1]
IFRS 17	Insurance Contracts[2]
IAS 1	Presentation of Financial Statements (amendments)[1&3]
IAS 8	Accounting Policies, Changes in Accounting Estimates and Errors[1]
IAS 39	Financial instruments[1]

Amendments to conceptual framework [1]

1 Effective for annual periods beginning on or after 1 January 2020
2 Effective for annual periods beginning on or after 1 January 2021
3 Effective for annual periods beginning on or after 1 January 2022

The directors anticipate that the adoption of these standards and interpretations in future periods will have no material effect on the financial statements of the group. The adoption of

IFRS 16 has no impact on the Group's financials. The only assets where the Group acts as a lessee relates to headleases of properties, which had been held as finance leases under IAS 17.

2. Property Operating Expenses

	15 months ended 31 December 2020	Year ended 30 September 2019
	£000	£000
Bad debt charge	(1)	(108)
Head rent payments	37	11
Head rent treated as interest (Note 5)	(26)	-
Repairs	27	211
Business rates and council tax	32	25
Irrecoverable service charge	(3)	39
Utilities	(9)	109
Insurance	12	36
Managing agent fees	38	123
Letting and review fees	-	36
Legal & professional	36	113
EPC amortisation, Abortives, and Misc	16	100
Total property operating expenses	159	695

3. Property Disposals

	15 months ended 31 December 2020	**Year ended 30 September 2019**
	Number	Number
Number of sales	2	66
	£000	£000
Average value	177	287
Sales		
Total sales	355	18,955
Carrying value	(347)	(18,616)
Profit/(Loss) on disposals before transaction costs	8	339
Transaction costs		
Legal fees	(4)	(210)
Agent fees, marketing and brochure costs	(3)	(240)
Disbursements	-	(8)
Non recoverable VAT (on non-opted and residential elements)	-	(29)

Total transaction costs	(7)	(487)
Profit/(Loss) on disposals after transaction costs	1	(148)
Transaction costs as percentage of sales value	2.0%	2.6%

Note: Both properties sold were classified as held for sale at 30 September 2019

4. Administrative Expenses

	15 months ended 31 December 2020	**Year ended 30 September 2019**
	£000	£000
Investment manager fees	18	320
Legal and professional	163	952
Tax and audit	42	96
Remuneration Costs*	179	134
Other	55	(14)
Irrecoverable VAT on Administration expenses **	32	92
Total administrative expenses	**489**	**1,580**

*Remuneration costs include £Nil (30 September 2019: £ 40,000) in respect of the expensing of employee share options which vested in 2018 onwards or if liquidation targets are met. This amount has a corresponding entry in equity and has no impact on the Company's net assets now or in the future.
Other than the Directors, the Company had one employee during the period. Total number of employees during the period was 3 (2019: 3).

Financials

The following fees have been paid to the Group's Auditors:

	2020	2019
	£000	£000
Auditors' remuneration for audit services:		
Audit of parent Company	17	22
Audit related assurance services	-	-
Statutory audit of subsidiaries	18	18
Auditors' remuneration for non-audit services:		
Tax services	-	-
Other services supplied	-	-

5. Net Financing (Loss)/Income

	15 months ended 31 December 2020 £000	Year ended 30 September 2019 £000
Interest receivable	3	49
Financing income	**3**	**49**
Bank facility fees	-	(6)
Interest paid	(7)	-
Loss on foreign exchange	(57)	-
Finance lease depreciation	(4)	-
Head rents treated as finance leases (note 2)	(26)	-
Financing expenses	**(94)**	**(6)**
Net financing (loss)/income	**(91)**	**43**

6. Taxation

	15 months ended 31 December 2020 £000	Year ended 30 September 2019 £000
Loss before tax	(465)	(1,874)
Corporation tax in the UK of 20% (2019: 20%)	(93)	(356)
Effects of:		
Revaluation deficit and other non-deductible items	65	220
Deferred tax asset not recognised	28	136
Total tax	-	-

Factors that may affect future current and total tax charges

From 11 May 2007, the Group participated in 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 that 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 tender 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. In consequence of this and the Company's adoption of its new investment policy in September 2020, it is considered that the Group is considered by HM Customs & Revenue to have exited the REIT tax regime with effect from 1 October 2018 and, from that date, is 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. Accordingly, no provision for corporation tax has been made in these accounts. The deferred tax asset not recognised relating to these losses can be carried forward indefinitely. It is not anticipated that sufficient profits from the residual business will be generated in the foreseeable future to utilise the losses carried forward and therefore no deferred tax asset has been recognised in these accounts. The unprovided deferred tax asset at 31 December 2020 was £9.00m (2019: £9.09m).

7. Investment Properties

	Freehold Investment	**Leasehold Investment**	
	Properties	**Properties**	**Total**
	£000	**£000**	**£000**
At 30 September 2018	**-**	**-**	**-**
Additions	4	-	4
Disposals - property	(17,170)	(1,446)	(18,616)
Reinstated - head leases	-	369	369
Fair value adjustments	(68)	(190)	(258)
Movement on Investment properties held for sale	17,274	4,366	21,640
At 30 September 2019	**40**	**3,099**	**3,139**
Additions			-
Disposals - property		-	-
Fair value adjustment - head leases		(48)	(48)
Depreciation - head leases		(4)	(4)
Fair value adjustments - property		(325)	(325)
Movement on Investment properties held for sale			-
At 31 December 2020	**40**	**2,722**	**2,762**

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.

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

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.

In view of the proximity in time to the September valuations, 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 December 2020. The properties contained in the portfolio therefore continue to be recognised at 31 December 2020 at their holding value in the Group's financial statements at 30 September 2020. The directors consider that there has not been any significant change in values between 30 September 2020 and 31 December 2020. Of the six properties in the portfolio, 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. The directors consider that there has not been any significant change in values between 30 September 2020 and 31 December 2020.

Since the Balance Sheet date, no properties have exchanged contracts for sale, been sold at auction or have completed sale following an exchange of contracts during the period.

All rental income recognised in the Income Statement is generated by the investment properties held and all direct operating expenses incurred resulted from investment properties that generated rental income.

No properties have been used as security for loans during the periods or at the balance sheet date.

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

	31 December 2020	**30 September 2019**
	£000	£000
Portfolio valuation	2,775	3,447
Investment properties held for sale	(330)	(677)
Head leases treated as investment properties held under finance leases per IFRS 16	317	369
Total per Balance Sheet	**2,762**	**3,139**

8. Trade and Other Receivables

	31 December 2020	**30 September 2019**
	£000	£000
Trade receivables	147	83
Other receivables	8	189
Prepayments	73	106
	228	**378**

9. Cash

	31 December 2020 £000	30 September 2019 £000
Cash in the Statement of Cash Flows	**4,073**	**3,566**

10. Trade and Other Payables

	31 December 2020 £000	30 September 2019 £000
Trade payables	60	32
Other taxation and social security	7	-
Other payables (note 1)	157	203
Accruals and deferred income	221	164
Head lease liabilities	21	19
Due to associated company (note 2)	100	-
	566	**418**

1. Other payables include rent deposits held in respect of commercial tenants of £0.063m (2019: £0.041m).
2. During the period Thalassa Holdings Limited paid certain overhead costs on behalf of the Company. This balance is unsecured, interest free, and has no fixed term of repayment.

11. Leasing

Lease Liabilities

Finance lease liabilities on head rents are payable as follows:

	Minimum Lease Payment £000	Interest £000	Principal £000
At 30 September 2018	**-**	**-**	**-**
Reinstated	3,074	(2,705)	369
At 30 September 2019	**3,074**	**(2,705)**	**369**
Movement in value	(340)	292	(48)
At 30 September 2020	**2,734**	**(2,413)**	**321**

Short term liabilities	21	-	21
Long term liabilities	2,713	(2,413)	300
Total	**2,734**	**(2,413)**	**321**

In the above table, interest represents the difference between the carrying amount and the contractual liability/cash flow.

All leases expire in more than five years.

12. Capital and Reserves

Share Capital

	Number 000s	Amount £000s
Balance 1 October 2018 Ordinary 20p Shares	**91,670**	**18,334**
Converted to shares of 1p	**-**	**(17,417)**
Balance following court application	**91,670**	**917**
Shares bought back and cancelled	**(59,809)**	**(598)**
Balance 30 September 2019 Ordinary 1p shares	**31,861**	**319**
Balance 30 September 2020 Ordinary 1p shares	**31,861**	**319**

Of the shares bought back during the 2019 year, 59,177,398 shares were placed in treasury and cancelled during the year ended 30 September 2019. The balance of 631,058 shares were acquired immediately prior to the year end and placed in treasury and subsequently cancelled on 1 October 2019.

Investment in Own Shares

At the year-end, 9,164,017 shares were held in treasury (2019: 9,795,075), and at the date of this report 9,164,017 were held in treasury.

Employee Benefit Trust ("EBT")

The shares held by the Company's Employee Benefit Trust were fully distributed in 2018 and the Trust was subsequently wound up.

Reserves

The value of shares issued to purchase Gilfin Property Holdings Limited ("Gilfin") in excess of their nominal value was previously shown as a separate reserve in accordance with the Companies Act 2006. Following the commencement of liquidation of Gilfin in March 2019 and a distribution from the liquidator of £ 2.1m this reserve was released by transfer to distributable reserves.

Capital Redemption Reserve

The brought forward capital redemption reserve arose in prior years on the cancellation of 8,822,920 Ordinary 20p Shares.
As part of the share buy-back arrangement described above, this reserve was released by Court permission to distributable reserves. Following the purchase by the Company of 59,808,456 of its 1p shares, a capital redemption reserve in the sum of £598,084 was established.

Calculation of Net Asset Value Per Share (NAV)

	2020 £000s	2019 £000s
Net Assets	**6,527**	**6,992**

	2020 Number 000s	2019 Number 000s
Alloted, called up and fully paid shares	**31,861**	**31,861**
Treasury shares	**(9,164)**	**(9,795)**
Number of shares	**22,697**	**22,697**
NAV per share	**29p**	**31p**

13.Dividends

No dividends were paid during the current and previous year.

14. Earnings Per Share

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:

	15 months ended 31 December 2020 £000	**Year ended 30 September 2019** £000
Loss for the period (£'000)	(465)	(1,874)
Weighted average number of shares (000s)	31,861	89,395
Treasury shares (000s)	(9,164)	(9,795)

Effective weighted average number of shares (000s)	**22,697**	**80,231**
Loss) per share (pence)	**(2.05)**	**(2.34)**
Diluted loss per share (pence)	**(2.05)**	**(2.34)**

As the Company is loss making, all potentially dilutive items are considered anti-dilutive, and so are disregarded in the diluted loss per share calculation.

15. Financial Instruments and Risk Management

The Board of directors has overall responsibility for the establishment and oversight of the Group's risk management framework.

As described in the Corporate Governance report, this responsibility has been assigned to the executive directors with support and feedback from the Audit Committee. The Audit Committee oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

The Group has identified exposure to the following financial risks from its use of financial instruments: capital management risk, market risk, credit risk and liquidity risk.

Capital Management Risk

The Group's capital consists of cash and equity attributable to the shareholders. Following repayment of the bank borrowing, the Board do not consider there is any material capital management risk exposure.

Market Risk

Market risk is the risk that changes in market conditions, such as interest rates, foreign exchange rates and equity prices, will affect the Group's profit or loss and cash flows. The Group's exposure to market risks was restricted to interest rate risk only. Following repayment of the bank borrowing, the Board do not consider there is any material market risk exposure.

The Group does not speculate in financial instruments, which in the past have only been used to limit exposure to interest rate fluctuations.

Sensitivity Analysis

IFRS 7 requires an illustration of the impact on the Group's financial performance of changes in interest rates. The following sensitivity analysis has been prepared in accordance with the Group's existing accounting policies and considers the impact on the Income Statement and on equity of an increase of 100 basis points (1%) in interest rates. As interest rates were below 1% in the current and previous year, it has not been possible to consider the impact of a decrease of 100 basis points on interest income and expense as it would result in a negative rate of interest. Therefore, the impact of a fall in interest rates has been restricted to a floor of 0%. All other variables remain the same and any consequential tax impact is excluded.

Actual results in the future may differ materially from these assumptions and, as such, these tables should not be considered as a projection of likely future gains and losses.

	15 months ended 31 December 2020				Year ended 30 September 2019			
	Impact on Income		**Impact on Equity**		**Impact on Income**		**Impact on Equity**	
	Increase by 1%	Decrease to 0%	Increase by 1%	Decrease to 0%	Increase by 1%	Decrease to 0%	Increase by 1%	Decrease to 0%
Impact on Interest Income and expenses in £000s	+8	nil	+8	nil	+138	nil	+138	nil

Fair value measurements recognised in the statement of financial position

Investment properties and Investment properties held for sale are measured subsequent to initial recognition at fair value and have been group as Level 3 (2019: level 3) based on the degree to which fair value is observable.

— Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets and liabilities;

— Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

— Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Investment properties have been valued using the investment method which involves applying a yield to rental income streams.

Inputs include equivalent yield, tenancy information, and leasing assumptions. Valuation reports are based on both information provided by the Company e.g. tenancy information including current rents, which are derived from the Company's financial and property management systems and are subject to the Company's overall control environment, and assumptions applied by the valuers e.g. ERVs, and yields. These assumptions are based on market observation and the valuers' professional judgement.

An increase/decrease in equivalent yields will decrease/increase valuations, and an increase or decrease in rental values will increase or decrease valuations. Other inputs include ERVs, and likely void and rent-free periods. There are interrelationships between these inputs as they are determined by market conditions. The valuation movement in a period depends on the balance of those inputs.

Below is a sensitivity analysis of the impact of a 1% increase or decrease in equivalent yields on income and equity. Actual results may differ materially from these assumptions and, as such, these tables should not be considered as a projection of likely future gains and losses.

	15 months ended 31 December 2020				Year ended 30 September 2019			
	Impact on Income		Impact on Equity		Impact on Income		Impact on Equity	
	Increase by 1%	Decrease by 1%	Increase by 1%	Decrease by 1%	Increase by 1%	Decrease by 1%	Increase by 1%	Decrease by 1%
Impact in £000s	(176)	204	(176)	204	(237)	278	(237)	278

Below is a sensitivity analysis of the impact of a 1% increase or decrease in foreign exchange rates on income and equity. Actual results may differ materially from these assumptions and, as such, these tables should not be considered as a projection of likely future gains and losses.

	15 months ended 31 December 2020				**Year ended 30 September 2019**			
	Impact on Income		**Impact on Equity**		**Impact on Income**		**Impact on Equity**	
	Increase by 1%	Decrease by 1%	Increase by 1%	Decrease by 1%	Increase by 1%	Decrease by 1%	Increase by 1%	Decrease by 1%
Impact on Interest Income and expenses in £000s	35	(35)	35	(35)	N/A	N/A	N/A	N/A

Credit Risk

Credit risk is the risk of financial loss to the Group if a tenant, bank or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group's receivables from tenants, cash and cash equivalents held by the Group's bankers and derivative financial instruments entered into with the Group's bankers.

Trade and Other Receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each tenant. At 31 December 2020 the Group had over 60 letting units in six properties. There is no significant concentration of credit risk due to the large number of small balances owed by a wide range of tenants who operate across all retail sectors. There is no concentration of credit risk in any one geographic area of the UK. The level of arrears is monitored monthly by the Group on a tenant by tenant basis.

Cash, Cash Equivalents and Derivative Financial Instruments

One major UK bank provides the majority of the banking services used by the Group.

The Group's financial assets which are exposed to credit risk are classified as follows and are shown with their fair value:

31 December 2020

	Available For Sale £000	At Amortised Cost £000	Total Carrying Amount £000	At Fair Value £000
Cash and cash equivalents	4,073	-	**4,073**	4,073
Trade receivables	-	147	**147**	147
Other receivables	-	8	**8**	8
	4,073	**155**	**4,228**	**4,228**

30 September 2019

	Available For Sale £000	At Amortised Cost £000	Total Carrying Amount £000	At Fair Value £000
Cash and cash equivalents	3,566	--	**3,566**	3,566
Trade receivables	-	83	**83**	83
Other receivables	-	189	**189**	189
	3,566	**272**	**3,838**	**3,838**

For all classes of financial assets, the carrying amount is a reasonable approximation of fair value.

	At 31 December 2020			At 30 September 2019		
	Total £000	Impairment £000	After Impairment £000	Total £000	Impairment £000	After Impairment £000
Not yet due	58		**58**	22		**22**
Past due by one to 30 days	51		**51**	32		**32**
Past due by 30–60 days	2		**2**	5		**5**
Past due by 60–90 days	4		**4**	3		**3**
Past due by 90 days	141	(109)	**32**	196	(175)	**21**
	256	**(109)**	**147**	**258**	**(175)**	**83**
Impairment as percentage of total debt		**42.58%**			**67.83%**	

Trade receivables that are not impaired are expected to be recovered.

The movement in the trade receivables' impairment allowance during the year was as follows:

	15 months ended 31 December 2020	Year ended 30 September 2019

	£000	£000
Balance at beginning of period	175	647
Impairment loss (credited)/recognised	(66)	(272)
Trade receivables written off	-	(200)
Balance at end of year	**109**	**175**

The impairment loss recognised relates to the movement in the Group's assessment of the recoverability of outstanding trade receivables.

Liquidity Risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity risk is to ensure, as far as possible, that it will always have adequate resources to meet its liabilities when they fall due for both the operational needs of the business and to meet planned future investments. This position is formally reviewed on a quarterly basis or more frequently should events require it.

The Group's financial liabilities are classified and are shown with their fair value as follows:

31 December 2020

	At Amortised	Total Carrying	At
	Cost	Amount	Fair Value
	£000	£000	£000
Finance lease liabilities	**321**	**321**	**321**
Trade payables	**60**	**60**	**60**
Other payables	**164**	**164**	**164**
Due to associated company	**100**	**100**	**100**
Accruals	**221**	**221**	**221**
	866	**866**	**866**

30 September 2019

	At Amortised Cost £000	Total Carrying Amount £000	At Fair Value - £000
Finance lease liabilities	368	368	368
Trade payables	32	32	32
Other payables	203	203	203
Accruals	164	164	164
	767	**767**	**767**

For all classes of financial liabilities, the carrying amount is a reasonable approximation of fair value.

The maturity profiles of the Group's financial liabilities are as follows:

31 December 2020

	Carrying Value £000	Contractual Cash Flows £000	Within One Year £000	One to Two Years £000	Two to Three Years £000	Three to Four Years £000	Four to Five Years £000	Over Five Years £000
Finance lease liabilities	321	3,055	19	19	19	19	19	2,960
Trade payables	60	60	60					
Other payables	164	164	164					
Due to associated company	100	100	100					
Accruals	221	221	221					
	866	**3,600**	**564**	**19**	**19**	**19**	**19**	**2,960**

30 September 2019

	Carrying Value £000	Contractual Cash Flows £000	Within One Year £000	One to Two Years £000	Two to Three Years £000	Three to Four Years £000	Four to Five Years £000	Over Five Years £000
Finance lease liabilities	368	3,074	19	19	19	19	19	2,979
Trade payables	32	32	32					
Other payables	203	203	203					
Accruals	164	164	164					
	767	**3,473**	**418**	**19**	**19**	**19**	**19**	**2,979**

Contractual cash flows include the undiscounted committed interest cash flows and, where the amount payable is not fixed, the amount disclosed is determined by reference to the conditions existing at the year end.

16. Operating Lease as Lessor

The investment properties are let under operating leases. Future minimum lease payments receivable by the Group under non-cancellable operating leases are receivable as follows:

	31 December 2020	**30 September 2019**
	£000	**£000**
Less than one year	**320**	**352**
Between one and five years	**870**	**875**
More than five years	**478**	**561**
	1,668	**1,788**

17. Capital Commitments

Provision has been made for further anticipated expenditure on the properties as 31 December 2020 and 30 September 2019. No capital expenditure was planned at the balance sheet date.

18. Related Parties

Transactions with Key Management Personnel

The only transactions with key management personnel relate to remuneration which is set out in the Remuneration Report.

The key management personnel of the Group for the purposes of related party disclosures under IAS 24 comprise all executive and non-executive directors.

As at the year end the Group owed £99,700 (2019: £Nil) to Thalassa Holdings Limited ("Thalassa"), a company under common directorship. The bulk of this sum related to legal fees settled by Thalassa but payable by the Group. The remained related to accounting and registered office services supplied to the Group by Thalassa at cost. The total amount is treated as an unsecured, interest free loan made repayable on demand.

See also Note 20: Significant Contracts.

19. Group Entities

All the below companies are incorporated in the United Kingdom and 100% owned at 31 December 2020 and 30 September 2019

NOS 4 Limited
NOS 5 Limited
NOS 6 Limited
NOS 7 Limited
NOS Holdings Limited (incorporated 12 February 2020)
Gilfin Property Holding Limited (in liquidation)
LSR Trustee Limited (struck off on 12 January 2020)

20. Significant contracts

With effect from 22 July 2013 the Company entered into a management agreement with Internos Global Investors Limited ("Internos"), which subsequently changed its name to Principal Real Estate (Europe) Limited ("Principal"). Under this agreement the Company paid to Internos/Principal:

- An annual management fee of 0.70% of the gross asset value of the portfolio, 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.

- An annual performance fee of 20% of the recurring operating profits above a pre-agreed target recurring profit.

- Fees for cumulative property sales as follows:
  Up to £50m nil
  £50m–£150m 0.5% of sales
  Over £150m 1.0% of sales

The management agreement also provided for payment of a terminal fee equivalent to 5.7% of cash returned to the Company's shareholders in excess of a Terminal Fee Hurdle, subject to annual escalation of the Terminal Fee Hurdle. As at the 2019 year end the hurdle stood at 57.3p per share. During the year ended 30 September 2019, Principal gave notice to terminate the management agreement. Accordingly, no terminal fee was payable.

Under the terms of the agreement Principal received fees during the period of £0.018m (2019: £0.320m).

21. Contingent liabilities

A potential repair obligation at one of the Company's properties is currently under investigation, including the extent to which the relevant group company may be required to underwrite such costs as may arise and the extent to which the tenants of the property are liable to contribute to such costs under the terms of their tenancy agreements.

22. Controlling party

At 30 September 2019 the ultimate group in which the results were consolidated was Thalassa Holdings Limited, which was also the controlling party of the Company.

In October 2020 The Local Shopping REIT plc resolved to change its name to Alina Holdings PLC and shortly thereafter Thalassa Holdings Limited disposed of its controlling interest in Alina Holdings PLC.

Accordingly, at 31 December 2020 the Company had no ultimate controlling party..

The consolidated financial statements of both Alina Holdings PLC (formerly The Local Shopping REIT plc) and Thalassa Holdings Limited are available to the public and may be obtained from:

Eastleigh Court
Bishopstrow
Warminster
BA12 9HW

Company Balance Sheet as at 31 December 2020 with comparatives as at 30 September 2019

		2020		2019	
	Note	£000	£000	£000	£000
Fixed assets					
Investments	C2		3,105		3,277
			3,105		**3,277**
Current assets					
Debtors	C3	262		764	
Cash		3,575		3,127	
		3,837		**3,891**	
Creditors: Amounts falling due within one year	C4	(462)		(178)	
Net current assets			**3,375**		**3,713**
Total assets less current liabilities			**6,480**		**6,990**
Creditors: Amounts falling due after one year			–		–
Net assets			**6,480**		**6,990**

Capital and reserves					
Share capital	C5		319		319
Reserves	C5		-		-
Capital redemption reserve	C5		598		598
Profit and loss account	C5		5,563		6,073
Shareholders' funds			**6,480**		**6,990**

The Company has taken advantage of Section 408 of the Companies Act 2006 and has not included its own profit and loss account in these financial statements. The Company's loss for the period was £0.510m (12 months to 30 September 2019: £1.236m).

These financial statements were approved by the Board of directors on 7 June 2021 and were signed on its behalf by:

C D Soukup
Director

The registered number of the Company is 05304743.

Notes to the Financial Statements

C1. Accounting Policies

These financial statements were prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard* applicable in the UK (*"FRS 102"*) as issued in March 2018. The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

The consolidated financial statements of Alina Holdings PLC (formerly The Local Shopping REIT plc) are prepared in accordance with International Financial Reporting Standards as adopted by the EU and are available to the public. In these financial statements, the company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Reconciliation of the number of shares outstanding from the beginning to end of the period;
- Cash Flow Statement and related notes; and
- Key Management Personnel compensation.

As the consolidated financial statements include the equivalent disclosures, the Company has also taken the exemptions under FRS 102 available in respect of the following disclosures:

- Certain disclosures required by FRS 102.26 *Share Based Payments;* and,
- The disclosures required by FRS 102.11 *Basic Financial Instruments* and FRS 102.12 *Other Financial Instrument Issues* in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1.

The Company proposes to continue to adopt the reduced disclosure framework of FRS 102 in its next financial statements.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

There were no judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements, with a significant risk of material adjustment in the next year.

Measurement convention

The financial statements are prepared on the historical cost basis.

Classification of financial instruments issued by the Company

In accordance with FRS 102.22, financial instruments issued by the Company are treated as equity only to the extent that they meet the following two conditions:

(a) they include no contractual obligations upon the company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the company; and

(b) where the instrument will or may be settled in the company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the company's own equity instruments or is a derivative that will be settled by the company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

Basic financial instruments

Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

Investments in subsidiaries

These are separate financial statements of the company. Investments in subsidiaries are carried at cost less impairment.

Judgements and Estimates

In testing for impairment, management assesses the recoverable amount of investments and inter-company debtors by reference to the subsidiaries' net assets and their ability to recover these assets.

Provisions

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the amount required to settle the obligation at the reporting date.

Where the Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its group, the company treats the guarantee contract as a contingent liability until such time as it becomes probable that the company will be required to make a payment under the guarantee.

Interest receivable and Interest payable

Interest payable and similar charges include interest payable, finance charges on shares classified as liabilities and finance leases recognised in profit or loss using the effective interest method, unwinding of the discount on provisions, and net foreign exchange losses that are recognised in the profit and loss account.

Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met; and differences relating to investments in subsidiaries to the extent that it is not probable that they will reverse in the foreseeable future and the reporting entity is able to control the reversal of the timing difference. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted.
Unrelieved tax losses and other deferred tax assets are recognised only to the extent that is it probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

C2. Fixed Asset Investments

	Shares in Group Undertakings £000	**Total £000**
Cost		
At 30 September 2019	108,605	108,605
Disposals	-	-
At 31 December 2020	**108,605**	**108,605**
Provisions		
At 30 September 2019	(105,328)	(105,328)
Impairment charge for15 month period	(172)	(172)
Disposals	-	-
At 31 December 2020	**(105,500)**	**(105,500)**
Net book value		
At 31 December 2020	**3,105**	**3,105**
At 30 September 2019	3,277	3,277

An impairment review of the carrying value of the Company's investments in its subsidiary undertakings has been performed. In carrying out this review, the directors had due regard to the nature of the property investments held, which is commensurate with the funding arrangements in place. On the basis of this review which included a review of the underlying assets of the individual subsidiaries the directors have written down the value of investments in subsidiary undertakings to their estimated realisable value.

The companies in which the Company's interests at the period end were more than 20% are as follows:

	Nature of business	Ownership interest*
NOS 4 Limited**	Property investment	100%
NOS 5 Limited**	Property investment	100%
NOS 6 Limited**	Property investment	100%
NOS 7 Limited **	Property investment	100%
NOS Holdings Limited**	Non Trading	100%
Gilfin Property Holding Limited***	Property investment	100%

* All interests are in Ordinary Shares.

** Registered office: Eastleigh Court, Bishopstrow, Warminster BA12 9HW

***In liquidation - Registered office: No 2 Lochrin Square, 96 Fountainbridge, Edinburgh,EH3 9QA

C3. Debtors

	2020 **£000**	**2019** **£000**
Amounts owed by Group undertakings	260	708
Other debtors	-	47
Prepayments	2	9
	262	**764**

Amounts owed by group undertakings are interest free and repayable on demand

C4. Creditors

	2020 **£000**	**2019** **£000**
Trade creditors	36	2
Amounts owed to Group undertakings	225	72
Amounts owed to related party	100	-
Other creditors	1	-
Accruals	100	104
	462	**178**

Amounts owed to group undertakings are interest free and repayable on demand

C5. Reconciliation of Shareholders' Funds

Share Capital

	2020		2019	
	Ordinary 1p Shares		Ordinary 20p Shares	
	Number 000	Amount £000	Number 000	Amount £000
Allotted, called up and fully paid	31,861	319	31,861	319

As explained in note 12 to the Consolidated Financial Statements, the 20p shares were converted to 1p nominal value, and 59.809m shares bought and cancelled by the Company.

Investment in Own Shares

At the year-end, 9,164,017 shares were held in treasury (2019: 9,795,075), and at the date of this report 9,164,017 were held in treasury.

Statement of Changes in Equity for the 15 months ended 31 December 2020

	Share Capital £000	Reserves £000	Capital Redemption Reserve £000	Profit and Loss Account - £000	Total £000
At 30 September 2018	18,334	3,742	1,764	3,253	27,093
Capital reduction	(17,417)			17,417	-
Transfer of capital reserves to revenue		(3,742)	(1,764)	5,506	-
Cost of own shares acquired	(598)			(18,309)	(18,907)
Creation of capital redemption reserve			598	(598)	
Share-based payments		–	–	40	**40**
Loss for the financial year		–	–	(1,236)	**(1,236)**
At 30 September 2019	**319**	**-**	**598**	**6,073**	**6,990**
Loss for the financial period		–	–	(510)	**(510)**
At 31 December 2020	**319**	**-**	**598**	**5,563**	**6,480**

As explained in the notes to the Statement of changes in Equity on page 36 of the consolidated financial statements during the year to 30 September 2019 year, the Company underwent a Court approved restructure of capital and buy back of shares. Under this action the issued 20p shares were converted to 1p; capital reserves were transferred to distributable reserves; 59,808,456 shares were repurchased, and a new Capital Redemption Reserve of £0.598m was established.

C6. Controlling party

Please refer to note 22 in the Group financial statements

Glossary

Earnings Per Share (“EPS”)
EPS is calculated as profit attributable to shareholders divided by the weighted average number of shares in issue in the year.

Equivalent Yield
Equivalent yield is a weighted average of the initial yield and reversionary yield and represents the return a property will produce based upon the timing of the income received. In accordance with usual practice, the equivalent yields (as determined by the Group’s external valuers) assume rent received annually in arrears and on gross values including prospective purchasers’ costs (including stamp duty, and agents’ and legal fees).

Head Lease
A head lease is a lease under which the Group holds an investment property.

Initial Yield
Initial yield is the annualised net rent generated by a property expressed as a percentage of the property valuation. In accordance with usual practice the property value is grossed up to include prospective purchasers’ costs.

Like-for-like Market Rent
This is the Market Rent for the Group’s investment properties at the end of the financial year compared with the Market Rent for the same properties at the end of the prior year, i.e. excluding the Market Rent of those properties disposed of during the interim period.

Like-for-like rental income
This is the rental income for the Group’s investment properties at the end of the financial year compared with the rental income for the same properties at the end of the prior year, i.e. excluding rental income of those properties disposed of during the interim period.

Market Value
Market value is the estimated amount for which a property should exchange on the date of valuation between a willing buyer and willing seller in an arm’s length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

Market Rent
Market rent is the estimated amount for which a property should lease on the date of valuation between a willing lessor and a willing lessee on appropriate lease terms, in an arm’s length transaction, after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

Net Asset Value (“NAV”) per share
NAV per share is calculated as shareholders’ funds divided by the number of shares in issue at the year-end excluding treasury shares.

Real Estate Investment Trust (“REIT”)
A REIT is a listed property company which qualifies for and has elected to join the UK REIT tax regime, which exempts qualifying UK property rental income and gains on investment property disposals from corporation tax. The Group converted to REIT status on 11 May 2007 and left the REIT tax regime on 1 October 2018.

Reversionary Yield

Reversionary yield is the annualised net rent that would be generated by a property if it were fully let at market rent expressed as a percentage of the property valuation. In accordance with usual practice the property value is grossed up to include prospective purchasers' costs.

Shareholder Information

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