Alina Holdings PLC

Annual Report

For the Year Ended 31 December 2021

DIRECTORS, SECRETARY AND ADVISERS

Directors	C Duncan Soukup, Chairman T Donell M Porter
Registered Office	Eastleigh Court, Bishopstrow Warminster BA12 9HW
Company Secretary	Alasdair Johnston
Solicitors to the Company	Locke Lord (UK) LLP 201 Bishopsgate London EC2M 3AB Eversheds Sutherland One Wood Street London EC2V 7WS
Auditors	Jeffreys Henry LLP Finsgate 5-7 Cranwood Street London EC1V 9EE
Registrars	Equiniti Limited Aspect House Spencer Street Lancing BN99 6QQ
Company website	www.alina-holdings.com

CONTENTS

HIGHLIGHTS FOR THE YEAR ENDED 31 DECEMBER 2021

GROUP RESULTS 2021 VERSUS 2020

• Group Net Profit / (Loss) for the period - £000	(£294) vs (£465)
• Group Earnings / (Loss) Per Share (both basic and diluted)*1	(1.30p) vs (2.05p)
• Reported Book value per share*2	27.5p vs 28.8p
• Cash - £000	£1,767 vs £4,073
• Available for sale financial assets - £000	£1,819 vs £nil
• Property Holdings - £000	£2,784 vs £2,762
• Current assets - £000	£585 vs £558

*1 based on weighted average number of shares in issue of 22,697,000 (2020: 22,697,000)

*2 based on actual number of shares in issue as at 31 December 2021 of 22,697,000 (2020: 22,697,000)

REPORT FOR THE YEAR TO 31 DECEMBER 2021

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, giving rise to a fifteen-month period. The period reported on in this document is for the 12 months to 31 December 2021, however the comparable figures are for a fifteen-month period as per IAS 1.

Future financial statements will report on 12 months periods to 31 December.

INVESTMENT STRATEGY

The Company's investment strategy is to identify and acquire interests in businesses, which, in the opinion of the directors, are capable of delivering long term value for its shareholders. The Company's initial strategy, as set out in its RNS of 28 September 2020, was to seek to acquire interests in companies in the European leisure, hospitality and entertainment sectors. The extended impact of Covid-19, rapidly followed by the war in Ukraine and excessive valuations in many markets has resulted in the directors researching and purchasing holdings, which the directors consider to offer better value, outside of the travel and leisure industries, whilst at the same time trying to mitigate market exposure.

The directors will continue to actively manage the Company's property portfolio 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

REGARDING SOCK MARKET MANIAS

"I CAN CALCULATE THE MOVEMENT OF STARS, BUT NOT THE MADNESS OF MEN."

Sir Isaac Newton commenting on the madness in the trading of the South Sea Bubble.

REGARDING THE STUPIDITY OF WAR

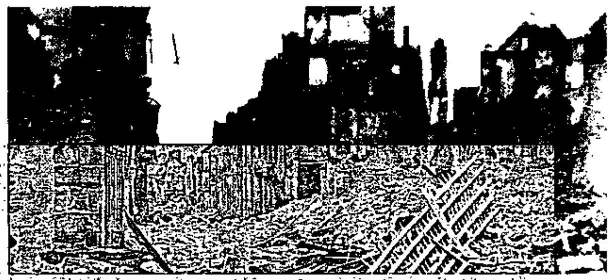
"NO-MAN'S LAND UNDER SNOW IS LIKE THF FACE OF THE MOON: CHAOTIC, CRATER RIDDEN, UNINHABITABLE, AWFUL, THE ABODE OF MADNESS."

Lieutenant Wilfred Owen, in a letter to his mother, January 1917

Borodyanka Ukraine 6 April 2022

Verdun The First Day February 21 1916

The remnants of the woods of the Bois des Caures after the ten-hour German bombardment.



Destruction in Vire Normandy France 1944

Given the war, destruction and suffering in Ukraine, shareholders will, I hope, forgive me for not using the usual "I am pleased to present the accounts ..."

I am anything but pleased. In fact, it is with considerable concern that I look to the future and present the Company's accounts to 31 December 2021.

Notwithstanding substantial ambivalence, I fear that the war in Ukraine will continue for some time and that if Western backed Ukrainian forces inflict too much (without knowing what the definition of 'too much' is) damage on Russian troops or assets, or the Russian economy were to be near collapse, the likelihood of Russia using tactical nuclear weapons becomes ever more likely. Add to that and the ever-increasing likelihood that China may (will?) attack Taiwan leaves me wondering why 'man' has learned nothing about the futility of war.

POLITICS, ECONOMICS AND THE MADNESS OF MEN…

Following the 2020 spread of Covid-19, one could be forgiven for thinking that the World would 'normalise' in 2021/2022...*no such luck*. Central Bankers kept the proverbial interest rate spigot open (far too long!) and investors, punters and stock jockeys responded by driving meme stocks beyond any measure of 'value', which in turn launched major indices from their March 2020 lows to all-time highs in November/December 2021 or, in the case of the S&P500, January 2022. As a result of belated Central Bank interest rate tightening, and the invasion of Ukraine, markets have fallen precipitously, but nonetheless, have probably further to fall.

On 6 May 2022, Lu Wang, Vildana Hajric and Isabelle Lee from Bloomberg summed up the current market gyrations as follows –

First it was a rout in the stay-at-home names that surged in the pandemic. Then speculative software makers with barely any earnings went south. Now the giant technology names whose sway on benchmarks has been decried by bears for years are dragging the market down. Dizzying as the downdraft has been, you can't say you weren't warned.

It's axiomatic in markets: you never see it coming. But this selloff is an argument that sometimes you do. People have been saying for months that inflation would surge, forcing the Federal Reserve into action. Wall Street veterans like Charlie Munger spent 18 months lambasting the Robinhood crowd for its infatuation with speculative flotsam. Warnings the market would bend under its trillion-dollar tech monopolies have never been hard to find.

While the timing was often wrong, it's hard to say those views aren't playing out now, with the S&P 500 falling for five straight weeks, its longest retreat in a decade. The index has slumped 14% from a record on the year's first trading day, wiping about $6 trillion from its value.

"The normal signs of excess have been out there for a while, whether it be in valuation, whether it be in all the speculative overshooting of some of these stock that have great stories but not a real solid business underneath them," said Michael Ball, managing director of Denver-based Weatherstone Capital Management. What starts as a trickle "turns into a bigger outfall as everybody starts to say, 'I need to take off risk' and nobody wants to take the other side."

Saying the market is acting in a predictable way sounds crazy after the week that just ended. Hawkish pronouncements by the Fed on Wednesday were occasion for a 3.4% surge in the Nasdaq 100, before the whole gain was unwound a day later. Treasury yields buckled and jumped, making Thursday only the fourth time in 20 years that the main stock and bond ETFs both lost 2% at the same time.

Through a broader lens, the results look a little less disorderly. ***For the Nasdaq 100, which traded at almost 6 times sales as recently as November, the bull market is over, its five-month loss exceeding 23%.*** *More speculative companies as proxied by funds like Ark Innovation ETF (ticker ARKK) are nursing losses of twice that. Faddy groups like special purpose acquisition companies have suffered similar dents, while losses in the older-school industries repped by the Dow Jones Industrial Average are lower by a relatively tame 10%.*

"In a lot of ways, it's following a typical playbook," said Jerry Braakman, chief investment officer and president of First American Trust in Santa Ana, California. "Market leadership is the losing leadership. That's when the panic sets in." Of course, just because it makes sense doesn't mean everyone was ready for it. Dip-buyers were in evidence through the start of this month, with bounces like Wednesday's giving bulls hopes. Until April, investors had kept funnelling money into equity funds, sticking to their dip-buying strategy. "Investors tend to say, 'this time is different,'" said Sam Stovall, chief investment strategist at CFRA. "Investors get tired and say, 'I'm not going to fight the tape, because even with higher multiples, the market just wants to keep going up.'" That's not what's happening now. The five tech giants, Meta Platforms Inc., Apple Inc., Amazon.com Inc., Microsoft Corp. and Alphabet Inc., at one point accounted for a quarter of the S&P 500, boasting an influence that's greater than any comparable group of stocks since at least 1980. Now that the group, known as the Faangs, has seen their total value shaved by 23% from the December peak, a drag that the market has no chance of shaking off. The S&P 500 is mired in its second-longest correction since the global financial crisis.

By the time shareholders read this Statement, Global Stock Markets may have bottomed (but I doubt it), and we could be back in a bull market. Sadly, I don't think that the next bull (-market) is on the horizon, and the current bear may well roar for a while ...particularly if, as I do, you adhere to the Jeremy Grantham (JG) point of view that we have not just been in a bubble, or 2

CHAIRMAN'S STATEMENT CONTINUED

sigma bubble, but are currently in only the fourth (3 sigma) 'Super Bubble' in the past 100 years in the US. JG believes that the S&P 500 will revert to the mean of its long-term growth trend, as low as 2,500, from its current level of ±4,123 and a high of ±4,796. This would imply a 40% – 50% decline in the S&P 500 from its January 2022 high, and a further 39% decline from current levels to around 2,550!

Jeremy Grantham's view of the world may cause some investors more than a little nausea, but his writings, nonetheless, make for compelling reading, even if you disagree with his conclusions.

https://www.gmo.com/globalassets/articles/viewpoints/2022/gmo_let-the-wild-rumpus-begin_1-22.pdf

OPERATIONAL REVIEW

Property Holdings

As stated in the 2 March 2022 trading statement, the Company's objective continues to be to liquidate the current portfolio of retail shopping and residential assets, which currently show a Gross Initial Yield of more than 16%, but only if a sale can achieve a sensible return in excess of the year end 2021 carrying value of £2.45m.

In order to optimise the value of the Company's property assets, there is a need to undertake selective improvements to enhance sale values. This exercise is currently being undertaken and development plans are being drawn up for the Company's properties in Hastings and Bristol.

Hastings is currently yielding ±11% even though half empty. Once the vacant units have been refurbished and the upper units converted to residential, I am confident that the rental income will more than double the current income of £90,000 and substantially increase the current book value of £700,000.

Quoted Holdings

As at 6 May 2022, Alina currently has ±£2.68m of investment holdings, of which ±£2.5m are long and ±£0.2m are short. The company's most significant holdings are:

Dolphin Capital Investors (DCI LN)

DCI is an Eastern European (Greece, Cyprus, Croatia) focused Leisure development company. Current NAV of DCI as of May 2022 is 15p vs 31 December 2021 valuation of 4.3p and current market price of 3.6p. Alina currently owns just under 3% of DCI. As previously, stated, I do not believe that DCI will return 15p per share to shareholders in a liquidation, but consider 8p to 10p more realistic. Part of the problem for DCI is, that having sold 50.25% of Aristo to the Aristo CEO, it is now a minority shareholder in Cyprus based Aristo Development with little or no ability to influence or achieve a fair sale price. The situation is further complicated by the war in Ukraine, which along with rampant inflation and the possibility of slowing economic growth in Europe will likely have a negative impact on sales of luxury leisure properties.

and HEIQ plc

HEIQ is an innovative specialist materials chemical company with a current market capitalisation of £130.9m (100p/share) and 2021 Revenues of $57.9m v 2020 Revenues of $50.4m. The Company's objective is to grow intermediate sales to $300m. Many of the Company's materials are used by leisure clothing manufacturers, which was recently endorsed by the investment into HEIQ AEONIQ (Cellulosic yarn made from seaweed) by Lycra, and the recently reported $5m investment, by Hugo Boss at an implied valuation of $200m for HEIQ's AEONIQ subsidiary.

Hedge Positions

The recent rapid sell off in most major stock markets hardly came as a surprise to us and in anticipation of the correction we had various hedges in place with the intention of mitigating the potential for markdown in our long positions. Our objective, unlike a hedge fund, is not to increase our risk exposure by leveraging the company's balance sheet, but rather to use leverage built into the instruments that we are using. Clearly there is risk associated with these instruments, which we monitor closely to avoid the potential for substantial potential losses. The strategy is currently working effectively and has made, and continues to make, making a positive contribution to the Company's results.

Conclusion

Madness is never usually here today and gone tomorrow..

Companies, when sensibly valued, should trade on reasonable multiples of sustainable free cash flow, defined as, the amount of cash that a company generates after allowance for maintenance capital expenditure. During times of madness companies are valued (for much longer than makes sense) on various metrics, such as hits and clicks, as was the case during the dot com bubble, which saw the NASDAQ rise 400% from 1995 to March 2000. before falling 78%. This period of madness was followed by the US housing bubble which blew up spectacularly in 2008, causing the Great Financial Crisis (GFC). The collapse in US housing and US stocks caused the biggest recession in the USA since the great depression of 1930 and spread worldwide. To refresh memories, the housing bubble or Collateralised Debt Obligations (CDO) or Mortgage-Backed Securities (MBS) bubble was simply alchemy! Wall Street Investment Bankers, with help from Rating Agencies, turned BBB mortgages into AAA MBSs or, if one prefers, turned cigar butts into gold. Fool's Gold! I won't retell the entire story but would instead recommend that anyone interested should pick up a copy of Michael Lewis's book 'The Big Short', and/or watch the movie by the same name.

Which brings us to the current, bubble, created between 2009 and 2022. The current bubble, which include stocks, bonds and housing has the potential to make the 1999 and 2008 bubbles appear irrelevant by comparison. Why, because the 1999 Tech bubble was just that, whilst the 2008 bubble was a two-tier bubble of housing and stocks compared to the current three-tier bubble, which includes stocks, bonds, and housing. The chances that the Federal Reserve (FED) and the G7 Central Bankers can dance their way through this bubble without a recession are probably somewhere between 'Slim 'and his cousin 'None'.

It is my firm belief that the Fed has created a three headed monster which, if they are seriously intent on combatting, can only end in recession. Using monetary policy alone to control any economy, is like using a sledgehammer to bang-in a tack (small nail). Having said that, the speed of the current collapse in stock prices might also be the Fed's saviour. Year to date, the DOW is -10%, the S&P 500 -15%, and the NASDAQ -25%.

If the Fed gets lucky and consumption slows rapidly, inflation should also slow, which should then allow a reduction in planned rate-increases. thus avoiding a potential collapse in housing and a recession. There are some including those in the Federal Open Market Committee (FOMC) who are hoping or praying for this benign outcome; there are others who don't give the Fed a snowball's chance in hell of achieving a soft landing. Sadly, given the war in Ukraine and the latest Covid-19 shut down in China, I am of the opinion that US cannot avoid Stagflation.

Strategy

Given the above review and the probability for sustained conflict in Ukraine, and its impact on food and energy prices, the board is of the opinion that the current correction in financial markets will increasingly present the Company with acquisition opportunities on reasonable multiples of earnings, free cash flow and book value. In other words, 'slow and steady will win the race'.

Duncan Soukup
Chairman
Alina Holdings plc
26 May 2022

STRATEGIC REPORT

The Strategic Report includes the Chairman's Statement on pages 6 to 9.

OPERATING REVIEW

Business Model

During the year, the business concentrated on helping tenants through the problems caused by Covid-19 and on reviewing refurbishment plans.

In line with the Company's investment strategy, the directors have continued to review and analyse potential investment and acquisition opportunities.

FINANCIAL REVIEW

The financial statements contained in this report have been prepared in accordance with UK Adopted International Accounting Standards.

Result

The Group recorded an IFRS loss for the year to 31 December 2021 of £294,000, or 1.30 pps (12 months to 31 December 2020: loss £490,000, or 2.05 pps).

Key Performance Indicators ("KPI's")

Throughout the reporting period the Group had no borrowings and held cash reserves at 31 December 2021 of £1.767 million (31 December 2020: £4.073 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 2021 was 27.5p (31 December 2020: 28.8p).

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 year to 31 December 2021 were £136,000 (12 months to 31 December 2020: £95,000). This is predominantly caused by the property rates increases and the vacancy of a larger floorspace in Hastings. There was a release of bad debt provision in the comparable period which increases the variance.

Administrative Expenses

Administrative expenses were £540,000 during the year to 31 December 2021 (12 months to 31 December 2020: £457,000). The major increase was within consultancy costs for the ongoing investment strategy.

Net Asset Value ("NAV")

The NAV at 31 December 2021 was £6.23 million or 27.5p per share, based on 22.7 million shares in issue, excluding those held in treasury (31 December 2020: £6.53 million, 28.8p per share, based on 22.7 million shares in issues

At 31 December 2021 the Group held £1.767 million of cash (31 December 2020: £4.073 million). At 31 December 2021 the Group had no banking debt (31 December 2020: £nil).

The reduction in Net Asset Value reflected the cost of administering 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 2021 *financial statements after undertaking a review of the current market conditions.*

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 2021 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.

The Directors have concluded that they will be maintaining the valuation of the property portfolio at previous levels. The Board is also of the opinion that the carrying values, based on the "Red Book" valuation, do not reflect the real value of the properties.

The Company's objective is still to liquidate the current portfolio of shopping assets which currently show a Gross Initial Yield of more than 16%, but only if a sale can achieve a sensible return in excess of the year end 2021 carrying value of £2.45m.

Financing

The Company had no borrowings during the reporting period. Throughout the year the Company's operations were financed from its property income.

During the reporting period the Company held some of its cash in foreign currencies. These holdings generated a small unrealised profit at the end of the period, principally from the reduction in GBP value against USD across the period.. 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 ending December 2020, 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 is no anticipated corporation tax liability in respect of the year ended 2021.

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 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 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 and Investment Portfolio Performance		
Effect 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 • Ensuring positions are sufficiently hedged to ensure long and short positions are in place to take advantage of the market movements
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 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. During the period the employee responsible for operations reduced working hours and the majority of the operations were contracted to Eddisons Property Management. Eddisons have looked after the property management for previous years and include the provision of all applicable compliance procedures. The directors were satisfied that the governance procedures adopted by Eddisons 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;

STRATEGIC REPORT CONTINUED

- 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 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.

Charitable and Political Donations

During the reporting period the Company made no donations for charitable or political purposes (2020: 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, with associated risks highlighted in the Strategic report.
- 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 12
- 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 20 May 2022.

Duncan Soukup, Chairman
26 May 2022

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.

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 two employees during the year (2020: one). During the year the Company had two directors.

On 7 February 2022, Gareth Edwards resigned as a director and was replaced by Tim Donell.

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.

CORPORATE RESPONSIBILITY STATEMENT CONTINUED

It is our intention to review our response to environmental, social and governance factors in line with the development of our 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.

In the prior period the Company 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 67

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.

GOVERNANCE CONTINUED

Martyn Porter (Appointed May 2022)

Independent Non-Executive Director, aged 52

Martyn has over 25 years' experience in international banking and financial services with the HSBC Group. He has held senior leadership positions in the UK, Malta, the Philippines, Hong Kong, Vietnam, Luxembourg and latterly Monaco, where he served as Chief Executive Officer of the HSBC Private Bank and Asset Management companies. As a board director and regulated officer of HSBC companies in Ireland, Luxembourg and Monaco, Mr. Porter has significant knowledge and understanding of corporate governance and regulatory compliance. He also has a highly successful track record in the leadership of businesses undergoing complex strategic change and transformation. During his career, Mr. Porter has built a wide and diverse network of business relationships, as well as demonstrating strong values and business ethics.

Gareth Edwards (resigned February 2022)

Independent Non-Executive Director, aged 63

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.

Tim Donell (Appointed February 2022)

Chief Financial Officer, aged 40

A certified chartered accountant, Tim has over 15 years' experience in finance, accounting and management roles within growth companies across travel, e-commerce and web technology and has a demonstrated track record of developing and improving financial processes to drive business performance.

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.

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.

Due to the transition period that the Company has been going through over the last 18 months and the nature of the business, the Board met and held discussions throughout the year. The frequency of the meetings fluctuated as required but averaged out on a weekly basis. The meetings consisted of discussion to agree strategy and the handling of the assets. The majority of the meetings were on an informal and operational basis with the conclusions appropriately documented.

Aside from the meetings described above 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
Duncan Soukup	n/a	1	n/a	n/a
Gareth Edwards	n/a	1	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 12 and 13.

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.

GOVERNANCE CONTINUED

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. 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
Duncan Soukup**	-	-	-	-	-	-
Gareth Edwards**	10,000	-	-	-	-	10,000
Total	10,000	-	-	-	-	10,000

The aggregate directors' remuneration during the reporting period was £10,000 (2020: £10,969).

DIRECTORS' SERVICE CONTRACTS

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

*Resigned 7 February 2022

At the Company's 2021 Annual General Meeting shareholders passed a resolution approving the Remuneration Implementation Report for 2020, with 97.1% of votes cast in favour of the Remuneration Implementation Report, 2.9% of votes against and 6,894 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 2022

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	**2021**	**2020**
Duncan Soukup	5,418,857	5,418,857
Gareth Edwards	-	-

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, consisted of the independent non-executive director. The key functions of the audit committee are for monitoring the quality of internal controls and ensuring that the financial performance of the Group is properly measured and reported on and for reviewing reports from the Company's auditors relating to the Company's accounting and internal controls, in all cases having due regard to the interests of Shareholders. The Committee has formal terms of reference.

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 2021.

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.

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.

GOVERNANCE CONTINUED

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 2022.

Tim Donell
Executive Director acting as Audit Committee Chairman 26 May 2022

DIRECTORS' REPORT

The directors of Alina Holdings 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 year ended 31 December 2021.

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 following directors held office during the reporting period:

Gareth Edwards (appointed 4 October 2019 and resigned 7 February 2022)
Duncan Soukup (appointed 4 October 2019)
Tim Donell (appointed 7 February 2022)
Martyn Porter (appointed 20 May 2022)

The Directors' Report also includes the information set out on pages 5 to 25, together with the description of the Company's investment policy and business model described on page 5.

GROUP RESULT AND DIVIDEND

The loss for the Group attributable to shareholders for the period was £294,000 (2020: loss £465,000). In accordance with the 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 17 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.

DIRECTORS' REPORT CONTINUED

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 following 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 approval, 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 19 May 2022, 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	%
Vidacos Nominees Limited*	10,036,857	44.22
Vidacos Nominees Limited**	6,416,223	28.27
Ferlim Nominees Limited	1,220,000	5.38

* Included within Vidacos Nominees 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 6,391,223 (28.16%) shares 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 focused 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.

DIRECTORS' REPORT CONTINUED

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 26 May 2022

Alasdair Johnston
Company Secretary 26 May 2022

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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 UK Adopted International Accounting Standards 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 UK Adopted International Accounting Standards;
- 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.

STATEMENT OF DIRECTORS' RESPONSIBILITIES CONTINUED

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 20 May 2022

Alasdair Johnston
Company Secretary 26 May 2022

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ALINA HOLDINGS PLC

OPINION

We have audited the financial statements of Alina Holdings Plc (the 'parent company') and its subsidiaries (the 'group') *for the year ended 31 December 2021 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 UK adopted International Accounting Standards. 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 2021 and of the group's loss for the period then ended;
- the group financial statements have been properly prepared in accordance with UK adopted International Accounting Standards ;
- 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.

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.

In relation to the group's reporting on how it has applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting.

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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ALINA HOLDINGS PLC CONTINUED

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 the Group and Parent Company of Alina Holdings Plc

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 £2,784,000 (2020: £2,762,000) as at the year end as well as £330,000 (2020: £330,000) 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 reviewed the recognition, capitalisation and fair valuation of investment properties in conjunction with IAS 40 Investment Property and IFRS 13 Fair Value Measurement. 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 (2020: £3,105,000) 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	£66,000	£65,000
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 £10,000 and £60,000.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £3,300 for the Group and £3,250 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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ALINA HOLDINGS PLC CONTINUED

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 the part of the directors' remuneration report to be audited has been properly prepared in accordance with 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 25, 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ALINA HOLDINGS PLC CONTINUED

OTHER MATTERS WHICH WE ARE REQUIRED TO ADDRESS

We were re-appointed by the members of the Company on 8 July 2021 to audit the financial statements for the year ending 31 December 2021 and subsequent financial periods. The period of total uninterrupted engagement is 3 years, covering the periods ended 30 September 2019 to 31 December 2021.

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

26 May 2022

CONSOLIDATED STATEMENT OF INCOME

FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	Year ended 31 December 2021 £000	15 months ended 31 December 2020 £000
Gross rental income		437	598
Property operating expenses	3	(136)	(159)
Net rental income		**301**	**439**
Profit/Loss on disposal of investment properties	4	-	1
Loss from change in fair value of investment properties	10	-	(325)
Administrative expenses including non-recurring items	5	(540)	(489)
Operating loss before net financing costs		**(239)**	**(374)**
Depreciation	10	(3)	-
Financing income	7	23	3
Financing expenses	7	(75)	(94)
Loss before tax		**(294)**	**(465)**
Taxation	8	-	-
Loss for the period from continuing operations		**(294)**	**(465)**
Loss for the year		**(294)**	**(465)**
Attributable to:			
Equity shareholders of the parent		(294)	(465)
Non-controlling interest		-	-
		(294)	(465)
Earnings per share - GBP pence (using weighted average number of shares)			
Basic and Diluted - GBP pence	**9**	**(1.30)**	**(2.05)**

The notes on pages 38 to 57 form an integral part of this consolidated interim financial information.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2021

	Year ended 31 December 2021 £000	15 months ended 31 December 2020 £000
Loss for the financial year	**(294)**	**(465)**
Other comprehensive income:		
	-	-
Total comprehensive income	**(294)**	**(465)**
Loss for the period attributable to:		
Equity shareholders	(294)	(465)
Total Comprehensive income	**(294)**	**(465)**

The notes on pages 38 to 57 form an integral part of this consolidated interim financial information.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2021

	Note	Year ended 31 December 2021 £000	Year ended 31 December 2020 £000
Assets			
Non-current assets			
Investment properties	10	2,784	2,762
Total non-current assets		**2,784**	**2,762**
Current assets			
Investment property held for sale	10	330	330
Available for sale financial assets	11	1,819	-
Trade and other receivables	12	255	228
Cash and cash equivalents	13	1,767	4,073
Total current assets		**4,171**	**4,630**
Liabilities			
Current liabilities			
Trade and other payables	14	398	566
Total current liabilities		**398**	**566**
Net current assets		**3,773**	**4,065**
Non-current liabilities			
Finance lease liabilities	15	324	300
Total non-current liabilities		**324**	**300**
Net assets		**6,233**	**6,527**
Shareholders' Equity			
Share capital	20	319	319
Capital redemption reserve	20	598	598
Retained earnings		5,316	5,610
Total shareholders' equity		**6,233**	**6,527**

The notes on pages 38 to 57 form an integral part of this consolidated interim financial information.

These financial statements were approved by the board on 26 May 2022.

Signed on behalf of the board by:

Duncan Soukup

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	Year ended 31 December 2021 £000	15 months ended 31 December 2020 £000
Cash flows from operating activities			
Profit/(Loss) for the year before taxation		**(239)**	**(465)**
Loss from change in fair value of investment properties	10	-	325
(Profit)/Loss from change in fair value of head leases		26	48
(Profit)/Loss on disposal of investment properties		-	(1)
Net financing loss/(income)		(3)	91
Decrease/(Increase) in trade and other receivables	12	(27)	150
(Decrease)/Increase in trade and other payables	14	(168)	146
Loss on foreign exchange		(44)	(57)
Lease liability interest		(22)	(26)
Interest received		-	3
Interest paid		(6)	(7)
Profit from change in fair value of investments held for sale		(4)	-
Cash generated by operations		**(487)**	**207**
Taxation		-	-
Net cash flow from operating activities		**(487)**	**207**
Purchase of investments held for sale	11	(1,993)	-
Sale of investments held for sale	11	200	-
Unrealised Gain or (Loss) on Investment		-	-
Net Proceeds from sale of investment properties		-	348
Net cash flow in investing activities		**(1,793)**	**348**
Cash flows from financing activities			
(Increase)/reduction on head lease liabilities15		(26)	(48)
Net cash flow from financing activities - continuing operations		**(26)**	**(48)**
Net increase in cash and cash equivalents		**(2,306)**	**507**
Cash and cash equivalents at the start of the year		4,073	3,566
Effects of exchange rate changes on cash and cash equivalents		-	-
Cash and cash equivalents at the end of the year		**1,767**	**4,073**

The notes on pages 38 to 57 form an integral part of this consolidated interim financial information.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2021

	Share Capital £000	Reserves £000	Capital Redemption Reserves £000	Retained Earnings £000	Total £000
Balance as at 30 September 2019	319	-	598	6,075	6,992
Total comprehensive income for the 15 month period to December 2020	-			(465)	(465)
Balance as at 31 December 2020	319	-	598	5,610	6,527
Total comprehensive income for the year	-	-	-	(294)	(294)
Balance as at 31 December 2021	319	-	598	5,316	6,233

The notes on pages 38 to 57 form an integral part of this consolidated interim financial information.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 GENERAL INFORMATION

Alina Holdings PLC ("Alina" or the "Company") is a company registered on the Main Market of the London Stock Exchange. It is incorporated, domiciled and registered in England. The Company's registered number is 05304743 and the address of its registered office is Eastleigh Court, Bishopstrow, Warminster, BA12 9HW

2 SIGNIFICANT ACCOUNTING POLICIES

The Group prepares its accounts in accordance with applicable UK Adopted International Accounting Standards.

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 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. 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.

2.1 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, being rental income in the UK, 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.

2.2 BASIS OF PREPARATION

The consolidated financial statements include the financial statements of the Company and all its subsidiary undertakings up to 31 December 2021. 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.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

2.3 GOING CONCERN

The financial information has been prepared on the going concern basis as management consider that the Group has sufficient cash to fund its current commitments for the foreseeable future.

Notes to the Consolidated Financial Statements continued

2.4 INVESTMENT PROPERTIES

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.

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 year other than those held as available for sale.

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

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

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

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

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

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. 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 are pleased to announce the completion of sale of the Westcliff property held for sale as at 31 December 2020 and 2021, which was agreed under the previous board in 2019 and has taken until now to finalise. The price (£330k) remained as agreed in 2019 and recognized as for sale in the intervening accounting periods.

The Directors have concluded that they will be maintaining the valuation of the property portfolio at previous levels. The Board is also of the opinion that the carrying values, based on the "Red Book" valuation, do not reflect the real value of the properties.

The Company's objective is still to liquidate the current portfolio of shopping assets which currently show a Gross Initial Yield of more than 16%, but only if a sale can achieve a sensible return in excess of the year end 2021 carrying value of £2.45m.

The Directors obtained pricing and yields of similar transactions made within the accounting period and compared them to the Gross Initial Yield stated above. In all cases the transactions that were measured came in at a lower value than that currently being achieved. As stated, although the data is below the Yield being achieved it was felt prudent to leave the valuations as they stand.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

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.

2.5 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.

The sale of the Westcliff property, the only asset held for sale at 31 December 2021, was completed in February 2022.

2.6 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.

The payment of head rents has been expensed through the Income Statement.

2.7 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.

2.8 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.

2.9 FINANCIAL ASSETS

Financial assets are impaired when there is objective evidence that the cash flows from the financial asset are reduced.

2.10FINANCIAL 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

2.11 TRADE AND OTHER PAYABLES

Trade and other payables are initially recognised at fair value and subsequently held at amortised cost.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

2.12 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 are treated as being those of the Group until such time as they are distributed to employees, when they are expensed in the profit and loss account.

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

2.13 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.

2.14 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.

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.

2.15 PENSIONS

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

2.16 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.

2.17 ADOPTION OF NEW AND REVISED STANDARDS

Standards issued but not yet effective:

There were a number of standards and interpretations which were in issue during the current period but were not effective at that date and have not been adopted for these Financial Statements. The Directors have assessed the full impact of these accounting changes on the Company. To the extent that they may be applicable, the Directors have concluded that none of these pronouncements will cause material adjustments to the Group's Financial Statements. They may result in consequential changes to the accounting policies and other note disclosures. The new standards will not be early adopted by the Group and will be incorporated in the preparation of the Group Financial Statements from the effective dates noted below.

The new standards include:

IFRS 16	Leases (amendments) [1 & 2]
IAS 39	Financial instruments recognition and measurement [1]
IFRS 9	Financial instruments (amendments) [1]
IFRS 7	Financial instruments disclosures (amendments) [1]
IFRS 4	Insurance contracts [1]
IFRS 3	Business combinations [2]
IAS 37	Provisions, contingent liabilities and contingent assets [2]
IFRS 17	*Insurance contracts* [2]
IAS 1	Presentation of financial statements [3]
IAS 8	Accounting policies, changes in accounting estimates and errors [3]

[1] Effective for annual periods beginning on or after 1 January 2021
[2] Effective for annual periods beginning on or after 1 January 2022
[3] Effective for annual periods beginning on or after 1 January 2023

3 PROPERTY OPERATING EXPENSES

	Year ended 31 December 2021 £000	15 months ended 31 December 2020 £000
Bad debt charge	(7)	1
Head rent payments	(0)	(37)
Head rent treated as interest (Note 5)	-	26
Repairs	(21)	(27)
Business rates and council tax	(35)	(32)
Irrecoverable service charge	18	3
Utilities	(2)	9
Insurance	(0)	(12)
Managing agent fees	(26)	(38)
Legal & professional	(48)	(36)
EPC amortisation, Abortives, and Misc	(15)	(16)
Total property operating expenses	**(136)**	**(159)**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

4 PROPERTY DISPOSALS

	Year ended 31 December 2021 Number	15 months ended 31 December 2020 Number
Number of Sales	**-**	**2**
	£000	**£000**
Average Value	**-**	**177**
Sales		
Total sales	-	355
Carrying value	-	(347)
Profit/(Loss) on disposals before transaction costs	-	8
Transaction costs		
Legal fees	-	(4)
Agent fees, marketing and brochure costs	-	(3)
Total Transaction Costs	**-**	**(7)**
Profit/(Loss) on disposals after transaction costs	-	1
Transaction costs as percentage of sales value	-	2%

5 ADMINISTRATIVE EXPENSES

	Year ended 31 December 2021 £000	15 months ended 31 December 2020 £000
Investment manager fees	(0)	(18)
Legal and professional	(48)	(163)
Tax and audit*	(44)	(42)
Remuneration Costs**	(315)	(179)
Other	(117)	(55)
Irrecoverable VAT on Administration expenses	(16)	(32)
Total administrative expenses	**(540)**	**(489)**

*Within the tax and audit figure are £30,000 (2020: £40,000) accrued for auditors remuneration. It is estimated that the figures will be £17,000 for the Parent Company and the balance for the subsidiaries.

**During the period remuneration consisted of both employees and contractors. From the end of the year ended 31 December 2021, there were no employees.

6 EMPLOYEES

	Year ended 31 December 2021 £000	15 months ended 31 December 2020 £000
Admin	1	1
	1	**1**

7 NET FINANCING (LOSS)/INCOME

	Year ended 31 December 2021 £000	15 months ended 31 December 2020 £000
Interest receivable	0	3
Unrealised Gain or (Loss) on Investment	23	-
Financing income	**23**	**3**
Interest paid	(5)	(7)
Loss on foreign exchange	(44)	(57)
Realised Gain or (Loss) on Investment	(3)	-
Finance lease depreciation	(3)	(4)
Head rents treated as finance leases (note 2)	(23)	(26)
Financing expenses	**(78)**	**(94)**
Net financing (loss)/income	**(55)**	**(91)**

8 TAXATION

	Year ended 31 December 2021 £000	15 months ended 31 December 2020 £000
Loss before tax	(294)	(465)
Corporation tax in the UK of 19% (2020: 20%)	(56)	(93)
Effects of:		
Revaluation deficit and other non-deductible items	-	65
Deferred tax asset not recognised	28	28
Total tax	-	-

Following the Company's adoption of its new investment policy in September 2020, 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.

9 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

	Year ended 31 December 2021 £000	15 months ended 31 December 2020 £000
The calculation of earnings per share is based on the loss and number of shares:		
Profit/(loss) for the period (£'000)	(294)	(465)
Weighted average number of shares of the Company ('000)	**22,697**	**22,697**
Earnings per share:		
Basic and Diluted (GBP - pence)	(1.30)	(2.05)

10 INVESTMENT PROPERTIES

	Freehold Investment Properties £000	Leasehold Investment Properties £000	Total £000
At 30 September 2019	**40**	**3,099**	**3,139**
Fair value adjustment - head leases	-	(48)	(48)
Depreciation - head leases	-	(4)	(4)
Fair value adjustments - property	-	(325)	(325)
At 31 December 2020	**40**	**2,722**	**2,762**
Fair value adjustment - head leases	-	25	25
Depreciation - head leases	-	(3)	(3)
At 31 December 2021	**40**	**2,744**	**2,784**

Allsop LLP, a firm of independent chartered surveyors valued the Group's property portfolio at 30 September 2017, 31 March 2018, 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 have been inspected and valued over the two-year period. The valuations, using assumptions regarding yield rates, void levels and comparable market transactions, were undertaken in accordance with the Royal Institute of Chartered Surveyors Appraisal and Valuation Standards on the basis of market value. Market value is defined as the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's length transaction, after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion

In July 2019 Allsop LLP carried out a full valuation (including site visits) on all the properties held at that date. In the light of that recent full valuation, for the 30 September 2019 financial statements the Company had desktop valuations prepared by Allsops 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.

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 market uncertainty and the operational restrictions arising from the COVID-19 outbreak, the directors did not consider it appropriate to carry out a fresh valuation of the property portfolio at the half-year. The six properties contained in the portfolio therefore continue to be recognised in the financial statements at their holding value in the Company's accounts at 30 September 2020. 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. There were no sales during the period.

The Directors are pleased to announce the completion of sale of the Westcliff property held for sale as at 31 December 2020 and 2021, which was agreed under the previous board in 2019 and has taken until now to finalise.

The Directors have concluded that they will be maintaining the valuation of the property portfolio at previous levels. The Board is also of the opinion that the carrying values, based on the "Red Book" valuation, do not reflect the real value of the properties.

The Company's objective is still to liquidate the current portfolio of shopping assets which currently show a Gross Initial Yield of more than 16%, but only if a sale can achieve a sensible return in excess of the year end 2021 carrying value of £2.45m.

The Directors obtained pricing and yields of similar transactions made within the accounting period and compared them to the Gross Initial Yield stated above. In all cases the transactions that were measured came in at a lower value than that currently being achieved. As stated, although the data is below the Yield being achieved it was felt prudent to leave the valuations as they stand.

The outbreak of the Coronavirus (COVID-19), declared by the World Health Organization as a "Global Pandemic" on 11 March 2020, has impacted global financial markets and global economy. Despite the easing of restrictions, the future impact that COVID-19 might have on the real estate market gives that less certainty should be attached to the valuation than would normally be the case. A reconciliation of the portfolio valuation at 31 December 2021 to the total value for investment properties given in the Consolidated Balance Sheet is as follows:

	As at 31 December 2021 £000	**As at 31 December 2020 £000**
Portfolio valuation	**2,775**	**2,775**
Investment properties held for sale	(330)	(330)
Head leases treated as investment properties per IFRS 16	339	317
Total	**2,784**	**2,762**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

11 AVAILABLE FOR SALE FINANCIAL ASSETS

The Group classifies the following financial assets at fair value through profit or loss (FVPL):-

	Year ended 31 December 2021 £000	15 months ended 31 December 2020 £000
Available for sale investments		
At the beginning of the period	-	-
Additions	1,957	-
Unrealised gain/(losses)	23	-
Disposals	(197)	-
Total	**1,783**	**-**

FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Year ended 31 December 2021 £000	15 months ended 31 December 2020 £000
Current assets		
Available for sale financial assets*	1,783	-
Portfolio Holdings**	36	-
Total	**1,819**	**-**

*These assets are formed of equity instruments held on quoted markets globally, they comprise both long and short positions as per the disclosures in the Strategic Report.

**These holdings comprise foreign currency balances held for short periods from the sale and purchase of financial assets through the broker.

AFS investments have been valued incorporating Level 1 inputs in accordance with IFRS7. They are a combination of cash and securities held with the listed broker.

Financial instruments require classification of fair value as determined by reference to the source of inputs used to derive the fair value. This classification uses the following three-level hierarchy:

- Level 1 — quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 — 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);
- Level 3 — inputs for the asset or liability that are not based on observable market data (unobservable inputs).

12 TRADE AND OTHER RECEIVABLES

	As at 31 December 2021 £000	As at 31 December 2020 £000
Trade receivables	145	147
Other receivables	9	8
Corporation tax	-	-
Prepayments	101	73
Total trade and other receivables	**255**	**228**

13 CASH AND CASH EQUIVALENTS

	Year ended 31 December 2021 £000	15 months ended 31 December 2020 £000
Cash in the Statement of Cash Flows	**1,767**	**4,073**

14 TRADE AND OTHER PAYABLES

	As at 31 December 2021 £000	As at 31 December 2020 £000
Trade payables	25	60
Other taxation and social security	-	7
Other payables (note 1)	188	157
Accruals and deferred income	163	221
Head lease liabilities	23	21
Due to associated company	-	100
Total trade and other payables	**398**	**566**

15 LEASE LIABILITIES

Finance lease liabilities on head rents are payable as follows:

	Minimum Lease Payment £000	Interest £000	Principal £000
At 30 September 2019	**3,074**	**(2,705)**	**369**
Movement in value	(340)	292	(48)
At 31 December 2020	**2,734**	**(2,413)**	**321**
Annual head lease payment increase	317	(292)	25
Movement in value	(22)	23	0
At 31 December 2021	**3,029**	**(2,682)**	**346**

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

16 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. 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.

Equity risk is mitigated using a combination of long and short positions to ensure that fluctuations in the market are hedged against.

	As at 31 Dec 21 £000	As at 31 Dec 20 £000
Market Risk on Available for Sale Investments		
Increase by 1%	18	-
Decrease by 1%	(18)	-
Increase by 5%	89	-
Decrease by 5%	(89)	-

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.

	As at 31 Dec 21 £000	As at 31 Dec 20 £000
Interest Rate Risk		
Increase by 1%	29	40
Decrease by 0%	-	-
Increase by 5%	146	201
Decrease by 0%	-	-

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

	As at 31 Dec 21 £000	**As at 31 Dec 20 £000**
Interest Rate Risk		
Increase by 1%	28	28
Decrease by 1%	(28)	(28)

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.

	As at 31 Dec 21 £000	**As at 31 Dec 20 £000**
Foreign Exchange Risk		
Increase by 1%	23	39
Decrease by 1%	(46)	(84)

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

Trade and Other Receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each tenant. At 31 December 2021 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

The banking services used by the Group are split between a major UK bank and a Swiss private banking corporation for deposit purposes.

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 2021

	At Amortised Cost £0	Total Carrying Amount £0	At Fair Value £0
Finance lease liabilities	346	346	346
Trade payables	25	25	25
Other payables	188	188	188
Due to associated company	0	0	0
Accruals	163	163	163
	722	**722**	**722**

31 December 2020

	At Amortised Cost £0	Total Carrying Amount £0	At Fair Value £0
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**

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 2021

	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	346	3,073	23	23	23	23	23	2,960
Trade payables	25	25	25					
Other payables	188	188	188					
Due to associated company	0	0	0					
Accruals	163	163	163					
	722	**3,448**	**398**	**23**	**23**	**23**	**23**	**2,960**

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**

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

17 OPERATING LEASE AS LESSOR

	Year ended 31 December 2021 £000	15 months ended 31 December 2020 £000
Within one year	309	320
After one year but not more than five years	762	870
More than five years	369	478
	1,440	**1,668**

18 CAPITAL COMMITMENTS

No capital expenditure was planned at the balance sheet date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

19 RELATED PARTY BALANCES AND TRANSACTIONS

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 £Nil (2019: £99,700) to Thalassa Holdings Limited ("Thalassa"), a company under common directorship. During the year services amounting to £123,619 (2020: £99,700) were charges from Thalassa.

The bulk of this sum related to administration 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 company was invoiced and paid £215,000 (2020:Nil), to Fleur De Lys Ltd, a company owned and controlled by the Chairman Duncan Soukup, for consultancy and administration services.

20 SHARE CAPITAL

	As at 31 Dec 21 £	As at 31 Dec 20 £
Allotted, issued and fully paid:		
22,697,000 ordinary shares of £0.01 each	226,970	226,970
9,164,017 treasury shares of £0.01 each	91,640	91,640
Total Share Capital	**318,610**	**318,610**

During the year to 30 September 2019, 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.

Investment in Own Shares

At the year-end, 9,164,017 shares were held in treasury (December 2020: 9,164,017).

21 GROUP ENTITIES

All the below companies are incorporated in the United Kingdom:

Name of subsidiary	Place of incorporation	Effective Share holding 2021	2020
NOS 4 Limited**	United Kingdom	100%	100%
NOS 5 Limited**	United Kingdom	100%	100%
NOS 6 Limited**	United Kingdom	100%	100%
NOS 7 Limited ** (Dissolved on 21 Sep 2021)	United Kingdom	100%	100%
Gilfin Property Holding Limited***	United Kingdom	100%	100%
NOS Holdings Limited**	United Kingdom	100%	100%

** Registered office: Eastleigh Court, Bishopstrow, Warminter, Wiltshire BA12 9HW
***In liquidation - Registered office: No 2 Lochrin Square, 96 Fountainbridge, Edinburgh, EH3 9QA

22 CONTINGENT LIABILITIES

There are currently two potential repair obligations at two separate Company properties 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 or former tenants of the properties are liable to contribute to such costs under the terms of their tenancy agreements.

23 SUBSEQUENT EVENTS

The property held for sale at the year end completed the transaction of sale in February 2022 at the value stated in the financial statements.

24 CONTROLLING PARTY AND COPIES OF THE FINANCIAL STATEMENTS

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, as at 31 December 20201 the Company had no ultimate controlling party.

The consolidated financial statements of Alina Holdings PLC are available to the public and may be obtained from the Company's website: www.alina-holdings.com.

COMPANY BALANCE SHEET AS AT 31 DECEMBER 2021 WITH COMPARATIVES AS AT 31 DECEMBER 2020

	Note	31 December 2021 £000	31 December 2020 £000
Assets			
Non-current assets			
Investments	C2	3,105	3,105
Total non-current assets		**3,105**	**3,105**
Current assets			
Trade and other receivables	C3	5	262
Available for sale financial assets	C4	1,819	-
Cash and cash equivalents		1,313	3,575
Total current assets		**3,137**	**3,837**
Liabilities			
Current liabilities			
Trade and other payables	C5	112	462
Total current liabilities		**112**	**462**
Net current assets		**3,025**	**3,375**
Net assets		**6,130**	**6,480**
Shareholders' Equity			
Share capital	C6	319	319
Capital redemption reserve	C6	598	598
Retained earnings	C6	5,213	5,563
Total shareholders' equity		**6,130**	**6,480**

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 £0.35m (15 months to 31 December 2020: £0.51m).

These financial statements were approved by the Board of directors on 20 May 2022 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 are prepared in accordance with UK Adopted Accounting Standards (IFRS) 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.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

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 ASSETS INVESTMENTS

	Shares in Group Undertakings £000	Total £000
Cost		
At 31 December 2020	108,605	108,605
Disposals	-	-
At 31 December 2021	**108,605**	**108,605**
Provisions		
At 31 December 2020	105,500	105,500
Impairment charge period	-	-
Disposals	-	-
At 31 December 2021	**105,500**	**105,500**
Net book value		
At 31 December 2021	**3,105**	**3,105**
At 31 December 2020	3,105	3,105

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 not written down the value of investments in subsidiary undertakings. This was concluded due to the underlying assets being undervalued as per the valuation exercise undertaken within the Group.

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

Name of subsidiary	Place of incorporation	Effective Share holding 2021	2020
NOS 4 Limited**	United Kingdom	100%	100%
NOS 5 Limited**	United Kingdom	100%	100%
NOS 6 Limited**	United Kingdom	100%	100%
NOS 7 Limited ** (Dissolved on 21 Sep 2021)	United Kingdom	100%	100%
Gilfin Property Holding Limited***	United Kingdom	100%	100%
NOS Holdings Limited**	United Kingdom	100%	100%

** Registered office: Eastleigh Court, Bishopstrow, Warminter, Wiltshire BA12 9HW

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

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

C4. AVAILABLE FOR SALE FINANCIAL ASSETS

	Year ended 31 December 2021 £000	15 months ended 31 December 2020 £000
Current assets		
Available for sale financial assets*	1,783	-
Investments in associated entities**	-	-
Portfolio Holdings	36	-
At 31 December	**1,819**	**-**

*These assets are formed of equity instruments held on quoted markets globally, they comprise both long and short positions as per the disclosures in the Strategic Report.

**These holdings comprise foreign currency balances held for short periods from the sale and purchase of financial assets through the broker

AFS investments have been valued incorporating Level 1 inputs in accordance with IFRS7. They are a combination of cash and securities held with the listed broker.

Financial instruments require classification of fair value as determined by reference to the source of inputs used to derive the fair value. This classification uses the following three-level hierarchy:

- Level 1 — quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 — 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);
- Level 3 — inputs for the asset or liability that are not based on observable market data (unobservable inputs).

C5. TRADE AND OTHER PAYABLES

	31 December 2021 £000	31 December 2020 £000
Trade creditors	12	36
Amounts owed to Group undertakings	14	225
Amounts owed to related party	-	100
Other creditors	4	1
Accruals	82	100
	112	**462**

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

C6. RECONCILIATION OF SHAREHOLDERS' FUNDS

Share Capital

	31 December 2021		31 December 2020	
	Number 000	Amount £000	Number 000	Amount £000
Allotted, called up and fully paid	31,861	319	31,861	319
	31,861	**319**	**31,861**	**319**

Statement of Changes in Equity for the 12 months ended 31 December 2021

	Share Capital £000	Reserves £000	Capital Redemption Reserves £000	Retained Earnings £000	Total £000
Balance as at 30 September 2019	319	-	598	6,073	6,990
Total comprehensive income for the 15 month period to December 2020	-	-		(510)	(510)
Balance as at 31 December 2020	319	-	598	5,563	6,480
Total comprehensive income for the year	-	-	-	(350)	(350)
Balance as at 31 December 2021	319	-	598	5,213	6,130

C7. Controlling Party

Please refer to note 24 in the Group Financial Statements

C8. Parent guarantees

Under Section 479A of the Companies Act 2006, exemptions from an audit of the accounts for the financial year ended 31 December 2021 have been taken all subsidiary companies of the Company as listed in Note C2 Investments. As required, the Company guarantees all outstanding liabilities to which the subsidiary companies listed are subject at the end of the financial year, until they are satisfied in full and the guarantee is enforceable against the parent undertaking by any person to whom the subsidiary companies listed above is liable in respect of those liabilities.

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