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**ALCO 1 LIMITED**

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**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2021**



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**ALCO 1 LIMITED**

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**COMPANY INFORMATION**

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<b>Directors</b>	Simon Lee Jamie Nigel Beale Frederick Joseph Brooks
<b>Company secretary</b>	PraxisIFM Fund Services (UK) Ltd
<b>Registered number</b>	10975411
<b>Registered office</b>	First Floor, Senator House 85 Queen Victoria Street London EC4V 4AB
<b>Independent auditors</b>	BDO LLP 55 Baker Street London W1U 7EU
<b>Solicitors</b>	Stephenson Harwood LLP 1 Finsbury Circus London EC2M 7SH
<b>Independent valuer</b>	Knight Frank LLP 55 Baker Street London W1U 8AN

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**ALCO 1 LIMITED**

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## ALCO 1 LIMITED

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### DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2021

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The directors present their report and the financial statements for the year ended 31 March 2021.

#### Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 'Reduced Disclosure Framework'. 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 Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

#### Principal activity

The Company was incorporated on 21 September 2017. The Company's principal activity is a property investment company investing in UK Real Estate.

#### Results and dividends

The profit for the year, after taxation, amounted to £741,887 (2020 - £789,651).

The Directors have not declared a dividend in respect of the year (2020: £nil). Any undistributed profit for the year is to be transferred to reserves.

#### Directors

The directors who served during the year were:

Simon Lee  
Jamie Nigel Beale  
Frederick Joseph Brooks

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**ALCO 1 LIMITED**

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**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 MARCH 2021**

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**Going Concern**

After reviewing the liquidity, forecasts and projections which have been tested with different levels of reduced rent recovery, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The assumptions in preparing these forecasts have considered the potential impacts of the Covid-19 crisis reviewing cash reserves and committed spending. The Company therefore adopts the going concern basis in preparing its financial statements based on the Company's and wider Group's cash balance and available liquidity as well as the surplus in rental income after administrative, legal and financing costs.

**Post balance sheet events**

No significant events have occurred after 31 March 2021 to the date the Directors approved the Financial Statements.

**Disclosure of information to auditors**

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

**Auditors**

The auditors, BDO LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 24 November 2021 and signed on its behalf.

DocuSigned by:  
  
F000EB1F65A8429  
**Frederick Joseph Brooks**  
Director

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**ALCO 1 LIMITED**

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**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ALCO 1 LIMITED**

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**Opinion on the financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Alco 1 Limited ("the Company") for the year ended 31 March 2021, which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement 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 their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

**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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

*Independence*

We are independent of the Company 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, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

**Conclusions relating to going concern**

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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 Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

**Other information**

The Directors are responsible for the other information. The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. 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

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**ALCO 1 LIMITED**

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**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ALCO 1 LIMITED (CONTINUED)**

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financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

**Other Companies Act 2006 reporting**

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

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

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in 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, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements 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
- the Directors were not entitled to take advantage of the small companies' exemptions in preparing the Directors' report and from the requirement to prepare a Strategic report.

**Responsibilities of Directors**

As explained more fully in the Directors' Responsibilities Statement on page 1, 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 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 Company or to cease operations, or have no realistic alternative but to do so.

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**ALCO 1 LIMITED**

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**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ALCO 1 LIMITED (CONTINUED)**

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**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.

*Extent to which the audit was capable of detecting irregularities, including fraud*

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:

- We gained an understanding of the legal and regulatory framework applicable to the Company and the industry in which it operates, including The UK Real Estate Investment Trust ("REIT") regime, and considered the risk of acts by the Company that were contrary to the applicable laws and regulations, including fraud.
- In order to address the risk of non-compliance with the REIT regime, we considered a report from the Company's external adviser, detailing the actions that the Company has undertaken to ensure compliance. This paper was reviewed, and the assumptions challenged, by our own internal expert.
- Our tests included agreeing the financial statement disclosures to underlying supporting documentation where relevant, review of Board and Committee meeting minutes, enquiries with management and the Directors as to the risks of non-compliance and any instances thereof, and we considered the appropriateness of the design and implementation of controls around procurement fraud.
- We also addressed the risk of management override of internal controls by the testing of unusual journals and evaluating whether there was evidence of bias by management and the Directors that represented a risk of material misstatement due to fraud. This included evaluating any management bias within the valuation of investment property.

There is also a risk of fraud in relation to the valuation of the property portfolio where the Directors may influence the significant judgements and estimates in respect of property valuations in order to achieve property valuation and other performance targets.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.



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ALCO 1 LIMITED

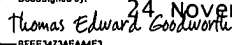
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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ALCO 1 LIMITED (CONTINUED)

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**Use of our 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.

DocuSigned by: 24 November 2021  
  
BFEE3473AEAME3  
Thomas Edward Goodworth (Senior Statutory Auditor)  
For and on behalf of BDO LLP, statutory auditor  
London

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

## ALCO 1 LIMITED

STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 MARCH 2021

	Note	2021 £	2020 £
Turnover	4	726,887	764,819
<b>Gross profit</b>		<b>726,887</b>	<b>764,819</b>
Administrative expenses	5	-	(10)
<b>Operating profit</b>		<b>726,887</b>	<b>764,809</b>
Change in fair value of investment property	7	15,000	24,733
Realised gains on investment property disposals		-	109
<b>Profit before tax</b>		<b>741,887</b>	<b>789,651</b>
<b>Profit for the financial year</b>		<b>741,887</b>	<b>789,651</b>
<b>Total comprehensive income for the year</b>		<b>741,887</b>	<b>789,651</b>

All amounts included in the Statement of Comprehensive Income relate to continuing activities. There are no items of comprehensive income other than the profit for the financial period.


The notes on pages 11 to 17 form part of these financial statements.

**ALCO 1 LIMITED**  
**REGISTERED NUMBER: 10975411**

**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 MARCH 2021**

	Note	2021 £	2020 £
<b>Fixed assets</b>			
Investment property	7	12,790,000	12,775,000
		<u>12,790,000</u>	<u>12,775,000</u>
<b>Current assets</b>			
Debtors: amounts falling due within one year	8	13,019,134	12,292,489
		<u>13,019,134</u>	<u>12,292,489</u>
Creditors: amounts falling due within one year	9	(946,793)	(947,035)
		<u></u>	<u></u>
<b>Net current assets</b>		12,072,341	11,345,454
<b>Total assets less current liabilities</b>		<u>24,862,341</u>	<u>24,120,454</u>
<b>Net assets</b>		<u><u>24,862,341</u></u>	<u><u>24,120,454</u></u>
<b>Capital and reserves</b>			
Share capital	10	2,099	2,099
Share premium account	11	11,183,194	11,183,194
Retained earnings		13,677,048	12,935,161
		<u>24,862,341</u>	<u>24,120,454</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on

DocuSigned by: 24 November 2021  
  
**Frederick Joseph Brooks**  
 Director

The notes on pages 11 to 17 form part of these financial statements.

## ALCO 1 LIMITED

STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 MARCH 2021

	Share capital £	Share premium account £	Retained earnings £	Total equity £
At 1 April 2020	2,099	11,183,194	12,935,161	24,120,454
<b>Comprehensive income for the year</b>				
Profit for the year	-	-	741,887	741,887
<b>At 31 March 2021</b>	<b>2,099</b>	<b>11,183,194</b>	<b>13,677,048</b>	<b>24,862,341</b>

The notes on pages 11 to 17 form part of these financial statements.

## ALCO 1 LIMITED

STATEMENT OF CHANGES IN EQUITY (CONTINUED)  
FOR THE YEAR ENDED 31 MARCH 2020

	Share capital £	Share premium account £	Retained earnings £	Total equity £
At 1 April 2019	1,100	9,157,125	12,145,510	21,303,735
<b>Comprehensive income for the year</b>				
Profit for the year	-	-	789,651	789,651
Shares issued during the year	999	2,026,069	-	2,027,068
<b>At 31 March 2020</b>	<b>2,099</b>	<b>11,183,194</b>	<b>12,935,161</b>	<b>24,120,454</b>

The notes on pages 11 to 17 form part of these financial statements.

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## ALCO 1 LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

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#### 1. General information

The financial statements of Alco 1 Limited (the "Company") for the year ended 31 March 2021 were authorised for issue by the Board of Directors on 24 November 2021.

The Company is a registered private company incorporated in the England and Wales with registration number 10975411. The address for the registered office is First Floor, Senator House, 85 Queen Victoria Street, London, EC4V 4AB. The Company's principal activity is the investment of real estate in the UK.

The Company is owned by LXI Property Holdings 2 Limited and its ultimate parent company, LXI REIT plc. These financial statements are contained within the group consolidated financial statements of LXI REIT plc. The group consolidated financial statements may be obtained from the Company Secretary at First Floor, Senator House, 85 Queen Victoria Street, London, EC4V 4AB.

These financial statements represent the separate financial statements of the Company.

#### 2. Accounting policies

##### 2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' and the Companies Act 2006.

FRS 101 introduces a disclosure framework enabling qualifying entities to use the recognition and measurement bases of International Financial Reporting Standards ("IFRS") in their individual entity financial statements, while being exempt from a number of disclosures required by full IFRS. The Company has taken advantage of the following disclosure exemptions which are permissible under FRS 101 as the equivalent disclosures are contained within the group consolidated financial statements of LXI REIT plc:

- a statement of cash flows;
- the effect of future accounting standards not yet adopted;
- the disclosure of the remuneration of key management personnel;
- disclosure of related party transactions with other wholly owned members of the LXI REIT plc group of companies; and
- the disclosure of certain information relating to financial instruments and other fair value measurements.

##### 2.2 Going concern

After reviewing the liquidity, forecasts and projections which have been tested with different levels of reduced rent recovery, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The assumptions in preparing these forecasts have considered the potential impacts of the Covid-19 crisis reviewing cash reserves and committed spending. The Company therefore adopts the going concern basis in preparing its financial statements based on the Company's and wider Group's cash balance and available liquidity as well as the surplus in rental income after administrative, legal and financing costs.

##### 2.3 Currency

The Company financial information is presented in Sterling which is also the Company's functional currency.

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**ALCO 1 LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2021**

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**2. Accounting policies (continued)****2.4 Investment in subsidiaries**

The investment in subsidiaries are included in the Statement of Financial Position at cost less any provision for impairment.

**2.5 Investment property**

Investment property, which is property held to earn rentals and/or for capital appreciation, is initially measured at cost, being the fair value of the consideration given, including expenditure that is directly attributable to the acquisition of the investment property. Subsequent to initial recognition, investment property is stated at its fair value at the balance sheet date. Gains or losses arising from changes in the fair value of investment property are included in Statement of Comprehensive Income for the period in which they arise.

Subsequent expenditure is capitalised only when it is probable that future economic benefits are associated with the expenditure. All other property expenditure such as ongoing repairs and maintenance are expensed as incurred.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognised in the Statement of Comprehensive Income in the period in which the property is derecognised.

Deferred acquisition costs represent costs incurred on investment properties which were acquired after the period and subsequently capitalised.

Significant accounting judgements, estimates and assumptions made in the valuation of investment properties are discussed in note 3.

**2.6 Rental income**

Rental income from investment property is recognised on a straight-line basis over the expected term of ongoing leases. Lease incentives and step rents with minimum uplifts are spread evenly over the expected lease term.

**2.7 Taxation**

Taxation on the profit or loss for the period not exempt under UK REIT regulations is comprised of current and deferred tax. Tax is recognised in the consolidated statement of comprehensive income except to the extent that it relates to items recognised as direct movement in equity, in which case it is recognised as a direct movement in equity. Current tax is expected tax payable on any non-REIT taxable income for the period, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous periods.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax that is provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

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**ALCO 1 LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2021**

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**2. Accounting policies (continued)****2.8 Trade and other receivables**

Trade and other receivables are amounts due in the ordinary course of business. If collection is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are initially recognised at fair value, and subsequently where necessary re-measured at amortised cost less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence the Company will not be able to collect all amounts due in accordance with the original terms of the receivables. Balances are written off to the Statement of Comprehensive Income when the probability of recovery is assessed as being remote.

**2.9 Trade and other payables**

Trade and other payables are classified as current liabilities if payment is due within one year or less from the end of the current accounting period. If not, they are presented as non-current liabilities. Trade and other payables are recognised initially at their fair value and subsequently measured at amortised cost until settled.

**3. Judgements in applying accounting policies and key sources of estimation uncertainty**

The preparation of the financial statements requires the directors to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

In the process of applying the Company's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial information:

- Leases - The Company as lessor

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases. The Company has determined that it retains all the significant risks and rewards of ownership of the properties and accounts for the contracts as operating leases. Properties leased out under operating leases are included in investment property in the statement of financial position. Rental income from operating leases is recognised on a straight line basis over the expected term of the relevant leases.

- Fair valuation of investment properties

The Company uses the valuation carried out by its Independent Valuer as the fair value of its property portfolio. The valuation is based upon assumptions including future rental income and appropriate capitalisation rate. The Independent Valuer makes reference to market evidence of transaction prices for similar properties.

The Company's properties have been independently valued by Knight Frank LLP (the "Independent Valuer") in accordance with definitions published by the Royal Institute of Chartered Surveyors' ("RICS") Valuation - Professional Standards, July 2017, Global and UK Editions (commonly known as the "Red Book").



## ALCO 1 LIMITED

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2021**

**4. Turnover**

	2021 £	2020 £
Rental income from investment property	726,887	764,819
	<u>726,887</u>	<u>764,819</u>

Revenue includes amounts receivable in respect of property rental income and is measured at the fair value of the consideration received or receivable. Rental income is derived from investment properties and is recognised on a straight line basis over the expected term of the relevant leases.

**5. Administrative expenses**

	2021 £	2020 £
Legal and professional fees	-	10
	<u>-</u>	<u>10</u>

The fee payable to the auditor in respect of the financial statements is borne by the ultimate parent undertaking. Fees payable to the Company's auditor for services other than the statutory audit of the company are not disclosed in the Company's financial statements since the consolidated accounts of LXI REIT plc are required to disclose non-audit fees on a consolidated basis.

**6. Taxation**

	2021 £	2020 £
<b>Total current tax</b>	<u>-</u>	<u>-</u>
<b>Deferred tax</b>		
<b>Total deferred tax</b>	<u>-</u>	<u>-</u>
<b>Taxation on profit on ordinary activities</b>	<u>-</u>	<u>-</u>

## ALCO 1 LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2021

## 6. Taxation (continued)

## Reconciliation of the total tax charge

The reconciliation of profit before tax multiplied by the standard rate of corporation tax for the period of 19% to the total tax charge in the income statement is as follows:

	2021 £	2020 £
Profit on ordinary activities before tax	741,887	789,651
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020 - 19%)	140,959	150,034
Effects of:		
REIT exempt income	(143,809)	(145,335)
Revaluation of investment properties	2,850	(4,699)
<b>Total tax charge for the year</b>	<b>-</b>	<b>-</b>

UK REIT exempt income includes property rental income that is exempt from UK Corporation Tax in accordance with Part 12 of CTA 2010.

## 7. Investment property

	2021 £	2020 £
Opening balance	12,775,000	21,805,000
Property disposals	-	(9,054,733)
Change in fair value during the year/period	15,000	24,733
<b>Closing balance</b>	<b>12,790,000</b>	<b>12,775,000</b>

In accordance with IAS 40: Investment property, the investment properties has been independently valued at fair value by Knight Frank LLP ("KFL"), an accredited external valuer with recognised and relevant professional qualifications and recent experience in the location and category of the investment properties being valued, however the valuations are the ultimate responsibility of the Directors.

As at 31 March 2021 KFL valued the entire Alco 1 Limited property portfolio at £12,790,000 (31 March 2020: £12,775,000).

## ALCO 1 LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2021

## 8. Debtors

	2021 £	2020 £
Trade debtors	1,010,496	281,939
Amounts owed by group undertakings	12,008,531	12,010,450
Other debtors	107	100
	<b>13,019,134</b>	<b>12,292,489</b>

## 9. Creditors: Amounts falling due within one year

	2021 £	2020 £
Amounts owed to group undertakings	946,793	946,793
Accruals and deferred income	-	242
	<b>946,793</b>	<b>947,035</b>

## 10. Share capital

	2021 £	2020 £
<b>Allotted, called up and fully paid</b>		
2,099 (2020 - 2,099) Ordinary Shares shares of £1.00 each	2,099	2,099
Share capital represents the nominal value of share capital subscribed for.		

## 11. Share premium

	2021 £	2020 £
Opening balance	11,183,194	9,157,125
Share premium arising on allotment of shares	-	2,026,069
<b>Closing balance</b>	<b>11,183,194</b>	<b>11,183,194</b>

Share premium relates to amounts subscribed for share capital in excess of nominal value.

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**ALCO 1 LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2021**

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**12. Operating leases**

At 31 March 2021 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2021 £	2020 £
Not later than 1 year	744,652	725,883
Later than 1 year and not later than 5 years	2,980,649	2,905,521
Later than 5 years	19,781,224	20,008,517
	<u>23,506,525</u>	<u>23,639,921</u>

All of the Company's leases:

- are on full repairing and insuring terms, meaning the tenants are responsible for repair, maintenance and outgoings;
- provide for fixed rents (rather than turnover rents), which review on an upward only basis (either annually or five yearly). The vast majority have rent reviews directly linked to inflation or on a fixed basis; and
- have long contractual terms.

**13. Post balance sheet events**

No significant events have occurred after 31 March 2021 to the date the Directors approved the Financial Statements.

**14. Controlling party**

The Company is wholly owned by its immediate parent LXi Property Holdings 2 Limited a company incorporated in England and Wales. The Company's ultimate parent is LXi REIT plc a company incorporated in England and Wales. LXi REIT plc is the ultimate holding company which is the first and most senior parent that produces consolidated financial statements. There is no ultimate controlling party.