ONE HERITAGE GROUP PLC

Interim report for the six months ended 31 December 2020

24 March 2021

Operating highlights

- Successfully listed on the Standard List of the London Stock Exchange on 23 December 2020, raising gross proceeds of £930,000.
- Restructured the Group in advance of listing, which included the disposal of two assets and the conversion of £2.75 million in shareholder funding into equity.
- Acquired 2 developments, Oscar House, Manchester and Bank Street, Sheffield for £1.2 million and £0.8 million, respectively.
- The Group appointed two independent non-executive directors, Mr David Izett as Chairman, and Mr Jeff Pym, and expanded the Executive Management Team with the appointment of Luke Piggin as Finance Director and Martin Crews as Development Director.

Financial highlights

- The Group reports a net asset value of £2.8million, 9.25p per share, in its first reporting period following the listing.
- Reports a loss for the period of £226,986 as the Group invested in its infrastructure for future growth while progressing existing developments, which are expected to complete and generate profits in the next financial year.
- Agreed an increase in its £5.0 million loan facility with its majority shareholder to £7.5 million to support future acquisitions.

Subsequent Events

- Successful placing and subscription of 1.83m ordinary shares, announced on 18 February 2021, raising gross proceeds of £548,500.
- Contracts exchanged for the purchase of Plus House, Stockport, for £725,000, with expected completion of the purchase on 31 March 2021.

CHIEF EXECUTIVE'S REVIEW

I am very pleased with the way the Group has performed in the execution of our strategy during the period under review. Given the backdrop of Covid-19 and economic lockdowns, this has been a challenging period. Nevertheless, we have demonstrated resilience and the ability to adapt, diversifying the business and growing the pipeline of opportunities. This, I believe, is testament to the quality of the team we have assembled and bodes well for our future.

Looking back over the period under review, I set out below six strategic objectives and our progress to date against each one.

1. Listing on the London Stock Exchange

We made the decision to apply for a standard listing on the main market of the London Stock Exchange to provide the Group with access to the capital markets in order to better scale the business for future growth.

Our listing was successfully achieved on 23 December 2020, the last listing of the calendar year, when we raised £930,000 through the issue of 9.3m ordinary shares for 31% of the share capital of the company. In response to investor demand and an increased number of profitable opportunities presented to us, we followed up with a further raise in February 2021 of £548,000 through a placing and subscription of 1.83m ordinary shares, representing 5.7% of the post-raise shares in issue.

2. Establish a strong business infrastructure

We established a strong internal governance regime over the period under review, as outlined in our corporate governance statement, and appointed Mr David Izett and Mr Jeffery Pym as Independent Non-Executive Directors, the former as Chair of the Board and the latter as Chair of the audit and risk committee. David and Jeff bring exceptional experience and complimentary skills to the Board.

Changes were made to restructure the Group's subsidiary companies resulting in One Heritage Tower Limited and Harley Street Developments Limited moving outside of the Group and in so doing establishing a clear strategic focus prior to our listing. The Group continues to have an interest in these entities through a development management agreement, which earns management fees and a share of profits on completion.

3. Recruitment in key positions

As part of our efforts to scale the business for the future, we were pleased to announce the appointment of Mr Luke Piggin as Finance Director and Mr Martin Crews as Development Director. During the six months to 31 December 2020, we also employed six additional staff and a further two staff members have joined post-calendar year end. As such, I believe that we are building an outstanding team to enable us to execute our growth plans.

4. Secure development opportunities and build a pipeline of opportunities

We continued to see many exciting development opportunities during the period under review and acquired two new development projects; Chester Road, Manchester and Bank Street, Sheffield. We made a further acquisition in February 2021, Plus House, Stockport, bringing the total number of development projects within the Group to five. This increased the development pipeline to 169 residential units providing high quality self-contained accommodation and two commercial units.

Our development activity progressed further with construction of our two development management projects, One Heritage Tower and the Former Oldham County Court, both expected to start in the coming months.

5. Expand our Co-Living and Property Management operations

In March 2020 we took the first steps towards entering the letting and property management markets by acquiring a 47% share in a property management company, which we subsequently rebranded as 'One Heritage Complete' and its sub brands 'One Heritage Letting', 'One Heritage Maintenance', 'One Heritage Design' and 'One Heritage Cleaning'. This provided the Group with a core lettings and management infrastructure and expertise to complement our expansion plans. This subsidiary is performing well and has opened two new offices adding 129 tenants under management, 42 new refurbishment projects (an 110% increase over the previous 6 months) and has employed an additional 26 staff.

The Group has received monthly dividends from One Heritage Complete which we expect to continue throughout 2021 as Co-living properties under management and properties under refurbishment continue to increase.

6. Expand our sales and marketing network abroad

Our developments are now being marketed through sales teams in Hong Kong, part of the wider One Heritage network, which has already generated positive interest. We expect marketing and sales activity to increase over the coming months as sites continue to progress, with sales teams overseas commencing activity upon our achieving project milestones, such as the grant of planning permission being achieved. Teams in Hong Kong also continue to provide a sales function for Co-living properties being sourced and refurbished by One Heritage

Complete. The network in Asia also provides further opportunities for the Group beyond selling our properties, for example, additional income from rental guarantees, as we outlined in our prospectus, and consultancy services to source and facilitate UK property purchases.

Whilst the Hong Kong sales network provides a key sales conduit for our property, we are also engaging with other potential purchasers including local registered housing providers which offer affordable housing. We are also marketing units locally and to new overseas markets.

Covid-19 impact and response

With the property and construction industries remaining mostly open during the pandemic, we are confident that our business will be largely unaffected during 2021 as we continue to operate at close to full capacity. We have, however, seen some delays as other elements of the market have adapted differently. Specifically, we have seen the planning process slow down as local authority planning teams adapt to remote working during the pandemic. This has resulted in the Group having to adjust its development schedules.

Internally, we have mobilised our own team to work remotely when required and performance has largely been unaffected throughout. Progress with projects has continued to be made and new opportunities have been acted upon.

Our Co-living properties, under the management of One Heritage Letting, have continued to experience strong demand. This will support and grow the dividends we receive from One Heritage Complete. This strong demand for our Co-living product is in spite of social distancing, which we believe will continue to remain a feature of everyday life for the foreseeable future, and demonstrates the strong demand for Co-living. Our properties under management comprise mainly four or five rooms, which offer affordable accommodation that fills a major gap in the market. Key workers and young professionals remain our most dominant tenant type for Co-living properties and with room rates averaging £100 per week, including council tax and utility bills, they provide an attractive and value-for-money product.

Outlook

We remain positive for the outlook of the property market and welcome the Governments latest efforts at 'levelling-up' the Country. In particular, the Government has included Bolton in the list of areas that will receive support from The Towns Fund and there continues to be an undersupply of quality housing in the North West, evidenced by the relative outperformance of the region in terms of both rental and property price growth.

Furthermore, despite the pandemic and economic lockdown, we have not seen a drop in demand from overseas investors for our properties, due we believe, to the good rental yields they provide and their prospects for capital growth. We are optimistic that performance and demand will remain strong as the economy returns to growth and savings, accumulated by the public during the lockdowns, are utilised. Our network in Hong Kong is well positioned to execute sales over the coming months and we are expecting a strong year for reservations and sales.

We have set clear strategic priorities for the Group for the forthcoming period. These are to:

- Successfully deliver our development projects;
- Secure sales for our properties under construction;
- Continue to build our existing letting and property management businesses through our focus on Co-living and newly completed developments;
- Recruit exceptional talent as we identify new opportunities in the market and take on new projects;
- Grow the pipeline of new development opportunities.

With the Group's developments all in their infancy, we are not expecting any of our projects to be completed until Q4 2021 at the earliest, so our core strategic focus for 2021 is to make as much progress as we can with each development programme. As were able to recruit in key positions during 2020, the team is well placed to execute the delivery of these projects. The easing of national lockdown restrictions over the next few months will add to our increasing enthusiasm and confidence as we work on our projects for the remainder of the year.

In the prospectus, we reported on specific costs, development values and timelines for developments. Since then, we have made substantial progress on all our developments and report that the only material change is at Lincoln House, Bolton, where, in line with our mission to deliver high quality accommodation we have recently decided to adjust the specification, by completely replacing the cladding. We expect the cost of the Lincoln House development to increase by £0.9 million on what we previously reported.

Below is a summary of our existing developments:

Development	City	Units		Gross development value (£m)	Expected Completion
		Residential	Commercial		
Lincoln House, Bolton	Bolton	88	-	9.1	Dec '21 – Mar '22
Churchgate, Leicester	Leicester	17	2	2.8	Jun '22 – Sep '22
Oscar House, Chester Road	Manchester	27	-	6.1	Dec '21 – Mar '22
Bank Street	Sheffield	22	-	3.6	Dec '21 – Mar '22
Plus House, St Petersgate	Stockport	15	-	2.3	Mar '22 – Jun '22
		169	2	23.9	

With our developments moving towards completion at the end of the calendar year and the increasing demand we are seeing for Co-living accommodation, we are expecting our lettings and property management business to continue to perform well during 2021. In the coming months over 180 new rooms in the 37 Co-living properties under refurbishment will be marketed to let, which will fuel further growth for One Heritage Letting. Our developments will also provide 169 self-contained apartments which will be available to let from Q4 2021 onwards. Further work is being undertaken over the coming months to establish our block management and letting strategy to be executed at the end of 2021 as developments complete.

FINANCE REVIEW

The Group saw several significant events during the six-month period to 31 December 2020:

- The initial public offering of One Heritage Group PLC on the standard list of the London Stock Exchange, which raised gross proceeds of £930,000;
- Acquisition of the Chester Road, Manchester and Bank Street, Sheffield developments for £1.2 million and £0.8 million, respectively; and
- The restructuring of the Group in preparation for the Listing, which involved the disposal of non-core subsidiaries, One Heritage Tower and Harley Street Developments, the conversion of £2.75 million of shareholder loan between One Heritage Property Development Limited and One Heritage Property (UK) Limited into equity, and, the reverse acquisition by One Heritage Property Development (UK) Limited of One Heritage Group PLC on 21 October 2020 (See Note 2 to the Financial Statements for further details).

Following the end of the interim reporting period the Group raised a further £0.55 million in a placing and subscription of 1.83 million ordinary shares and subsequently exchanged on the acquisition of Plus House, Stockport for £725,000. In conjunction with this transaction, the Group also secured a £2.5 million increase in the loan facility with our majority shareholder, to £7.5 million.

The restructuring of the business, which involved the disposal of Harley Street Developments Limited and One Heritage Tower Limited, was undertaken to remove entities that were not seen as part of the core internal development strategy of the Group going forward. This resulted in assets totalling £15.5 million (net asset value of £16,035) coming out of the Group. The Group subsequently entered into a profit participation and development management agreement with these entities.

Profit and loss key highlights

During the six-month period to 31 December 2020 the Group generated revenue of £191,127 (31 December 2019: £4,919), which was split between Co-living profit participation (£142,613), development management fees (£44,992) and rental income (£3,522) from properties owned by Harley Street Developments Limited prior to its disposal. The revenue from Co-living was generated through our profit participation agreements with related entities and arose from the sale of 23 properties, 6 of which were sold in December 2020 (30 June 2020: nil).

The Group also generated a further £53,330 (30 June 2020: nil) of profit through its associate, One Heritage Complete, of which £26,423 was distributed as a dividend. Of this profit, £14,419 was generated in December and reflects that activity is gradually building as more refurbishments are undertaken and the letting portfolio increases.

The development management fees are generated through our agreement with One Heritage Tower Limited and are based on 0.75% per month of the current costs. The Group does not expect to generate any development profits until the developments are completed in the next financial year.

The administration costs of £401,241 (31 December 2019: £154,996) reflect the increasing number of employees, averaging 11 during the period (31 December 2019: 3) and professional fees increasing as the Group grows. The Group had 14 employees at the period end and employed a further 2 employees post period end.

Overall, the group generated a loss of £226,986 (31 December 2019: loss of £157,532) during the period and as a consequence does not proposed to pay a dividend for the period.

Balance sheet key highlights

The total assets of the Group contracted to £7.4 million (30 June 2020: £18.1 million) with the Group disposing of the One Heritage Tower Limited (£14.7 million at the date of disposal), and Harley Street Developments Limited (£0.8 million at the date of disposal) and acquiring Oscar House, Manchester though the corporate acquisition of Generation 100 Limited for £1.2 million and the asset acquisition of Bank Street, Sheffield for £0.8 million.

Removing the impact of the restructuring, the Group has continued to grow the stock of developments in the business, with development inventory totalling £4.0 million (30 June 2020: £14.7 million). The inventory is broken out on the following page:

£	As at 31 December 2021	As at 30 June 2020
Lincoln House, Bolton	1,650,031	1,327,182
Churchgate, Leicester	131,235	52,280
Oscar House, Manchester	1,303,651	-
Bank Street, Sheffield	898,242	-
One Heritage Tower, Manchester	-	13,350,165
	3,983,159	14,729,627

Under the terms of the profit participation agreements the Group has advanced a net amount of £1.7 million of funds to Robin Hood Property Developments, Mosley Property and Harley Street Developments. These agreements entitle the Group to 15.0% of the profit from Co-living sales.

Capital management

The Group had £375,148 (30 June 2020: £711,798) of cash and cash equivalents at the period end with £5.0 million of available shareholder facility. This facility was extended to £7.5 million post period end through a deed of variation in February 2021 as part of the acquisition of Plus House, Stockport.

The £770,000 bridging loan with PMJ Capital that expired in February 2021 has been extended for another 3 months to May 2021. The remaining borrowing relates to the lease liability for the head office of the Group as a right of use asset.

RISK MANAGEMENT AND PRINCIPAL RISKS

During the six months to 31 December 2020 businesses across the economy have had to contend with extremely challenging conditions in which to operate, with the related inherent uncertainty likely to continue for a considerable period during the current year, if not beyond.

One Heritage Group will continue to be exposed to the uncertainty arising from macro risks, which affect the wider economy and influence the operational risks to which the Group is exposed. These macro risks are outside of the control of the Group, but it can adopt mitigating strategies to address the operational risks that arise from the macro environment.

While it is not possible to predict events, the Board and the management team are confident that they have mapped out a range of risks and identified sufficient strategies to mitigate those risks where possible. Management has been pleased with how the business has adapted to the constant changes throughout the last six months and believe the Group remains agile enough to adjust to future changes.

Below is a summary of the key macro and operational risks for the second half of the year. These risks should be taken in conjunction with the risks set out in the Prospectus, which can be found on the Company's website.

Key risks

Covid-19 and BREXIT: The two key macro risks that will affect One Heritage Group during the next six months continue to be the impact of Covid-19 and the new arrangements between the United Kingdom ("UK") and the European Union ("EU"), with the UK having exited the transition period and signed a trade agreement with the EU that was enacted at the end of the calendar year.

There remains significant uncertainty in the future economic outlook for the UK in the next six months, which make it more difficult than normal to predict the performance of the economy which ultimately may impact the returns on the Group's developments and the ability for tenants to pay rents for Co-living accommodation. The Group is constantly reviewing economic data and will use its agile structure to move quickly to mitigate such risks and where possible to take advantage of any changes in the market.

Residential property demand: The UK Government cut stamp duty at the start of the pandemic on properties below £500,000. This has been extended in the latest budget to the end of June 2021. Empirical evidence suggests that transaction volumes will decline significantly when the stamp duty reduction is reversed, which may result in a decline in demand for residential property for sales. To counter this, the Government has also introduced new budget measures to extend the Help to Buy scheme and support for higher loan-to-value mortgages, both are supportive of demand.

As the Group focuses on the residential property investment market, with sales to overseas buyers that are typically driven by investment yields, the Group's business model is less sensitive to changes in residential property values but is more sensitive to rental levels as a result. The Company has welcomed the Governments latest increase in minimum wage and extension of the furlough scheme which should help mitigate the impact of the pandemic on those at lower income levels and support the rental market.

Availability and cost of finance: To enhance risk adjusted returns, the Group is intending to raise external debt finance, and thus the availability and cost of finance will impact the returns of the Group. The speed of recovery from the economic downturn in 2020 remains uncertain and is likely to result in interest rates remaining at their current low levels for an extended period of time. However, debt providers may adopt a more cautious approach to lending if the expected economic recovery does not materialise, limiting the availability of debt. Whilst the Group continues to explore different debt sources to diversify its supply of finance, the availability of debt will not prevent the Group from being able to complete its existing development pipeline, although this may take longer than currently planned.

Regulatory environment: There are two key regulatory areas that may impact the Group. Firstly, how it will approach the planning system to facilitate greater levels of residential property development whilst addressing safety concerns arising from issues such as the Grenfell Tower disaster and the continued use of cladding materials, while also meeting its commitments to climate change. The second issue is where significant delays are being experienced across local authorities, particularly with planning applications, due to the pandemic, with delays likely to continue beyond the lifting of Covid-19 restrictions.

To address these issues, the Group continues to review the latest white papers from the Government and liaises regularly with local officials to understand where and when changes may occur. The Group has also recruited in-house planning expertise to work closely with contractors to ensure that delays from planning can be mitigated through efficiencies elsewhere in the construction process.

Construction costs and timescales: Throughout the Covid-19 pandemic, the construction sector has experienced delays in the delivery of construction materials, with reduced levels of availability also leading to cost inflation. Furthermore, there is a risk that the UK's access to skilled foreign labour may decline following exit from the EU, leading to labour shortages and labour cost inflation. Reduced levels of labour and materials may also delay the completion of construction projects.

To mitigate such risks, the Group appoints contractors that have an established work force and strong sub-contractor relationships. The Group is proactive in working with construction companies to ensure they have sufficient time to plan resource levels and that development appraisals have sufficient contingency to cover the risk of cost inflation and extended construction periods.

Human Resources: The Board expect the business to continue its growth, which will require increased levels of staffing. The ability to recruit sufficiently experienced and qualified staff on a timely basis will remain a challenge. The Group continues to monitor growth forecasts in order to plan future resource requirements, allowing a sufficient lead in period during which recruitment can be implemented. The Group is also committed to retaining existing staff through the provision of training and support to ensure staff and Directors develop the appropriate skills and experience. The Group also maintains regular contact with real estate recruitment specialists to ensure they are able to employ the best staff available.

RESULTS PRESENTATION AND CONFERENCE CALL

A presentation of the results will be broadcast via Investor Meet Company and the slides accompanying the call will be displayed along with the live video at 17:00 BST on 31 March 2021.

The presentation is open to all existing and potential shareholders. Questions can be submitted pre-event via your Investor Meet Company dashboard up until 9am the day before the meeting or at any time during the live presentation.

Investors can sign up to Investor Meet Company for free and add to meet ONE HERITAGE GROUP PLC via:

https://www.investormeetcompany.com/one-heritage-group-plc/register-investor

Investors who already follow ONE HERITAGE GROUP PLC on the Investor Meet Company platform will automatically be invited.

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STATEMENT OF DIRECTOR'S RESPONSIBILITIES

in respect of the interim financial report

We confirm that to the best of our knowledge:

- the condensed set of financial statements has been prepared in accordance with IAS 34 Interim Financial Reporting adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union;
- the interim management report includes a fair review of the information required by:
    - DTR 4.2.7R of the Disclosure Guidance and Transparency Rules, being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements; and a description of the principal risks and uncertainties for the remaining six months of the year; and
    - DTR 4.2.8R of the Disclosure Guidance and Transparency Rules, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the entity during that period; and any changes in the related party transactions described in the last annual report that could do so.

The directors of One Heritage Group PLC are listed on the company website, www.oneheritageplc.com

By order of the Board

Jason Upton

Chief Executive Officer

24 March 2021

INDEPENDENT REVIEW REPORT TO ONE HERITAGE GROUP PLC

Report on the interim financial statements

Conclusion

We have been engaged by the company to review the condensed set of financial statements in the half yearly financial report for the six months ended 31 December 2020 which comprises the consolidated statements of comprehensive income, financial position, changes in equity and cash flows and the related explanatory notes.

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half yearly financial report for the six months ended 31 December 2020 is not prepared, in all material respects, in accordance with IAS 34 Interim Financial Reporting adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union and the Disclosure Guidance and Transparency Rules ("the DTR") of the UK's Financial Conduct Authority ("the UK FCA").

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410 Review of Interim Financial Information Performed by the Independent Auditor of the Entity issued by the Auditing Practices Board for use in the UK. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. We read the other information contained in the half-yearly financial report and consider whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Directors' responsibilities

The half yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half yearly financial report in accordance with the DTR of the UK FCA.

As disclosed in note 3, this the first reporting period for the company. The first annual financial statements, which will be for the year ended 30 June 2021, will be prepared in accordance with International Financial Reporting Standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union and in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006. The directors are responsible for preparing the condensed set of financial statements included in the half yearly financial report in accordance with IAS 34 adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union.

Our responsibility

Our responsibility is to express to the company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

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

This report is made solely to the company in accordance with the terms of our engagement to assist the company in meeting the requirements of the DTR of the UK FCA. Our review has been undertaken so that we might state to the company those matters we are required to state to it in this 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 for our review work, for this report, or for the conclusions we have reached.

Edward Houghton BA FCA
for and on behalf of KPMG Audit LLC
Chartered Accountants
Heritage Court
41 Athol Street
Douglas
Isle of Man

24 March 2021

FINANCIAL STATEMENTS

Consolidated statement of comprehensive income

For the six months ended 31 December 2020

£ unless stated	Notes	Six months to 31 December 2020 Unaudited	Six months to 31 December 2019 Unaudited
Revenue - Development management	6	44,992	-
Revenue - Rental income	6	3,522	4,919
Revenue – Co-living	6	142,613	-
Cost of sales – Co-living		(26,400)	-
Gross profit – Co-living		116,213	-
Share of profits from associate	13	53,330	-
Other income		5,460	-
Administration expenses		(401,241)	(154,995)
Other expenses		(26,762)	(4,963)
Operating (loss)		**(204,486)**	**(155,041)**
Profit on disposal of subsidiary	5	26,423	-
Finance expense	8	(48,923)	(2,469)
(Loss) before taxation		**(226,986)**	**(157,510)**
Taxation	9	-	-
(Loss) after taxation		**(226,986)**	**(157,510)**
Other comprehensive income		-	(22)
COMPREHENSIVE INCOME attributable to shareholders		**(226,986)**	(157,532)
Weighted average shares in issued over the period		21,061,667	20,700,000
(Loss) per share (GBp)		(1.1)	(0.8)
Diluted (loss) per share (GBp)		(1.1)	(0.8)

The accompanying notes on pages 16 to 32 form an integral part of the financial statements

FINANCIAL STATEMENTS

Consolidated statement of financial position

As at 31 December 2020

£ unless stated	Notes	As at 31 December 2020 Unaudited	As at 30 June 2020 Unaudited
ASSETS			
Non-current assets			
Property, plant and equipment	10	149,191	165,301
Associate	13	285,459	258,512
		434,650	423,813
Current assets			
Cash and cash equivalents		375,148	711,798
Inventory – developments	11	3,983,159	14,729,627
Inventory - trading property	12	422,574	1,179,657
Financial assets through profit or loss	14	1,966,163	897,002
Trade and other receivables	15	229,065	132,622
		6,976,109	17,650,706
TOTAL ASSETS		7,410,759	18,074,519
LIABILITIES			
Non-current liabilities			
Borrowings	16	2,238,321	4,117,403
		2,238,321	4,117,403
Current liabilities			
Trade and other payables	18	426,735	666,014
Borrowings	16	1,970,830	13,665,762
		2,397,565	14,331,776
TOTAL LIABILITIES		4,635,886	18,449,179
EQUITY			
Share capital	21	300,000	-
Share premium	21	3,076,519	-
Retained earnings		(601,646)	(374,660)
TOTAL EQUITY		2,774,873	(374,660)
TOTAL LIABILITIES AND EQUITY		7,410,759	18,074,519
Shares in issue		30,000,000	-
Net asset value per share (GBp)		9.25	-

The accompanying notes on pages 16 to 32 form an integral part of the financial statements

FINANCIAL STATEMENTS

Consolidated statement of cash flows

For the six months ended 31 December 2020

£ unless stated	Notes	Six months to 31 December 2020 Unaudited	Six months to 31 December 2019 Unaudited
Cash flows from operating activities			
Loss for the period before tax		(226,986)	(157,510)
Adjustments for:			
Share of profit in associate	13	(53,330)	-
Finance expense		48,923	2,469
Profit on disposal of subsidiary		(26,423)	-
Depreciation of property, plant and equipment	10	20,759	14,855
Movement in working capital:			
Increase in trade and other receivables		(5,910)	(11,037)
Increase in inventories		(2,456,783)	(2,071,322)
(Decrease)/increase in trade and other payables		(393,020)	95,066
Cash from operations		(3,092,770)	(2,127,479)
Income taxation paid		-	-
Dividend received from associate	13	26,383	-
Net cash used in operating activities		(3,066,387)	(2,127,479)
Cash flows from investing activities			
Disposal of subsidiaries, net of cash		(66,030)	-
Purchases of property, plant and equipment	10	(4,649)	(46,101)
Net cash used in investing activities		(70,679)	(46,101)
Financing cash flows			
Issue of share capital		930,000	-
Cost of share issue		(303,581)	-
Interest paid	8	(265,362)	-
Proceeds of related party borrowing		2,451,057	2,118,014
Payments made in relation to lease liabilities	17	(11,698)	(6,724)
Net cash generated from financing activities		2,800,416	2,111,290
Net change in cash and cash equivalents		(336,650)	(62,290)
Opening cash and cash equivalents		711,798	477,986
Closing cash and cash equivalents		375,148	415,696

The Trading Group undertook a debt for equity transaction in the six-month period to 31 December 2020, for £2,750,000. This is not reflected in the above cash flow statement. See Note 2.

The accompanying notes on pages 16 to 32 form an integral part of the financial statements

FINANCIAL STATEMENTS

Consolidated statement of changes in equity

For the six months ended to 31 December 2020

£	Share capital	Share premium	Retained earnings	Total Equity
Balance at 01 July 2020	-	**-**	**(374,660)**	**(374,660)**
Loss for the period	-	-	(226,986)	(226,986)
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	**-**	**-**	**(226,986)**	**(226,986)**
Issue of share capital	300,000	3,380,100	-	3,680,100
Cost of share issue	-	(303,581)	-	(303,581)
Balance at 31 December 2020	**300,000**	**3,076,519**	**(601,646)**	**2,774,873**

For the six months ended to 30 June 2020

£	Share Capital	Share premium	Retained earnings	Total Equity
Balance at 01 January 2020	-	**-**	**(158,491)**	**(158,491)**
Loss for the period	-	-	(216,169)	(216,169)
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	**-**	**-**	**(216,169)**	**(216,169)**
Issue of share capital	-	-	-	-
Balance at 30 June 2020	**-**	**-**	**(374,660)**	**(374,660)**

For the six months ended to 31 December 2019

£	Share Capital	Share premium	Retained earnings	Total Equity
Balance at 01 July 2019	-	**-**	**(959)**	**(959)**
Loss for the period	-	-	(157,510)	(157,510)
Other comprehensive income for the period	-	-	(22)	(22)
Total comprehensive income for the period	**-**	**-**	**(158,532)**	**(158,532)**
Issue of share capital	-	-	-	-
Balance at 31 December 2019	**-**	**-**	**(158,491)**	**(158,491)**

The accompanying notes on pages 16 to 32 form an integral part of the financial statements.

FINANCIAL STATEMENTS

Notes to the interim financial statements

For the six months ended to 31 December 2020

1. Reporting entity

One Heritage Group PLC (the "Company") is a public limited company, limited by shares, incorporated in England and Wales under the Companies Act 2006. The address of its registered office and its principal place of trading is 80 Mosley Street, Manchester, M2 3FX. The principal activity of the company is that of property development.

These condensed consolidated interim financial statements ("interim financial statements") as at the end of the six month period to 31 December 2020 comprise of the Company and its subsidiaries. A full list of companies consolidated in these interim financial statements can be found in Note 24 Disclosures relating to subsidiary undertakings.

2. Group restructuring

A group restructuring exercise was carried out during the period as follows:

- On 12 October 2020 (effective on 31 August 2020), One Heritage Property Maintenance Limited, One Heritage Tower Limited and Harley Street Developments Limited were transferred from One Heritage Property Developments (UK) Limited to One Heritage Property Developments Limited via a share purchase arrangement. A net profit of £34,419 was realised on disposal;
- On 14 October 2020 £2,750,000 of shareholder loan was converted into 20,699,900 ordinary shares in One Heritage Property Development (UK) Limited; and,
- On 27 October 2020 One Heritage Property Development (UK) Limited (the "Trading Group") was acquired by One Heritage Group PLC. The Trading Group and the Company were under common control by One Heritage Property Development Limited at the time of the transaction.

The acquisition by the Company of the Trading Group is a common control transaction under IFRS 3. The consolidation of this Group has been prepared using the merger method. In the statement of financial position, the acquiree's identifiable assets, liabilities are recognised at their book values at the acquisition date. The results of merged operations following the Group's restructure in the period are included in the consolidated statement of comprehensive income as if the Group has always existed. Comparative figures are provided on the basis that the merged group always existed.

3. Basis of preparation

This condensed set of financial statements has been prepared in accordance with IAS 34 Interim Financial Reporting adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union.

This is the first reporting period, as the Company was incorporated on 21 July 2020. The first annual financial statements of the Company, which will be for the period ended 30 June 2021, will be prepared in accordance with International Financial Reporting Standards (IFRSs) adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union and in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006. The significant accounting policies are set out below. The accounting policies used are consistent with those contained in prior periods to date.

The Group's management review the business as a whole, while it remains in its early stage of development. The Group therefore does not provide segmentation.

Going concern

The Directors are satisfied that the Group and Company has adequate resources to continue in operational existence for a period of at least 12 months from the date of approval of the financial statements and for this reason the consolidated financial statements have been prepared on a going concern basis.

In preparing forecast cashflow information the group has considered the losses incurred, the financial position of the Group and the availability of resources, principally supplemented by the loan facility extension provided by One Heritage Property Development Limited post year end (refer note 23).

Notes to the interim financial statements *continued*

For the six months ended to 31 December 2020

3. Basis of preparation *continued*

Use of judgements and estimation uncertainty

The board has made judgements, estimates and assumptions that affect the application of the Group's accounting policies and the reported amounts in the financial statements. The directors continually evaluate these judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses based upon historical experience and on other factors that they believe to be reasonable under the circumstances. Actual results may differ from the judgements, estimates and assumptions.

The key areas of judgement and estimation are:

- *When to recognise revenue relating to the sales of Co-living property*: Once a sale agreement contract is negotiated and a sale of property is agreed, the group assesses whether control is transferred at a point in time or over time. The judgement is based on the terms and conditions of the sale agreement.
- *When to recognise a deferred tax asset*: The Group's income tax charge and its provisions for income taxes necessarily involve a degree of estimation and judgement. The tax treatment of some transactions is uncertain and tax computations are yet to be agreed with the tax authorities. The Group recognises anticipated tax assets based on all available evidence and, where appropriate, in the light of external advice. Any difference between the final outcome and the amounts provided will affect current and deferred income tax charges in the period when the matter is resolved.
- *The carrying value of inventory*: Under IAS 2: Inventories the Group must hold developments at the lower of cost and net realisable value. The Group applies judgement to determine the net realisable value of developments at a point in time that is partly developed and compares that to the carrying value. The Group have determined that all of the current developments should be held at cost.

4. Significant accounting policies

Business Combinations (not resulting from group restructuring)

The Group applies the acquisition method in accounting for business combinations. The consideration transferred by the Group to obtain control of a subsidiary is calculated as the sum of the acquisition-date fair values of assets transferred, liabilities incurred and the equity interests issued by the Group, which includes the fair value of any asset or liability arising from a contingent consideration arrangement.

Assets acquired and liabilities assumed are generally measured at their acquisition-date fair values.

Associates are all entities over which the Group has significant influence but not control or joint control. This is generally the case where the group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting, after initially being recognised at cost.

Revenue

Revenue is recognised when the performance obligation associated with the sale is completed or as the performance obligation is completed over time where appropriate. The transaction price comprises the fair value of the consideration received or receivable, net of value added tax, rebates and discounts and after eliminating sales within the Group. Revenue and profit are recognised as follows:

a. Housing sales

Revenue is recognised in profit or loss when control is transferred to the customer. This is deemed to be when title of the property passes to the customer on legal completion and the performance obligation associated with the sale is completed.

b. Rental income

Rental income, including fixed rental uplifts, from residential property leased out under an operating lease is recognised as revenue on a straight-line basis over the lease term.

Notes to the interim financial statements *continued*

For the six months ended to 31 December 2020

4. Significant accounting policies *continued*

c. Management fee

Management fees are recognised as revenue in the period to which they relate when performance obligations are fulfilled based on agreed transaction prices. Variable performance fees are estimated based on the expected value and are only recognised over time as performance obligations are fulfilled when progress can be measured reliably and to the extent that a significant reversal of revenue in a subsequent period is unlikely.

Cost of sales

The Group determines the value of inventory charged to cost of sales based on the total budgeted cost of developing a site. Once the total expected costs of development are established, they are allocated to individual plots to achieve a standard build cost per plot.

To the extent that additional costs or savings are identified as the site progresses, these are recognised over the remaining plots unless they are specific to a particular plot, in which case they are recognised in profit or loss at the point of sale.

Finance income

Interest income on bank deposits is recognised on an accruals basis. Also included in interest receivable are interest and interest-related payments the Group receives on other receivables and external loans.

Finance costs

Borrowing costs are recognised on an accruals basis and are payable on the Group's borrowings and lease liabilities. Also included are the amortisation of fees associated with the arrangement of the financing.

Finance charges, including premiums payable on settlement or redemption, and direct issue costs, are accounted for on an accruals basis in profit or loss using the effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

Specific or general borrowing costs are capitalised if they are directly attributable to the acquisition, construction or production of qualifying assets which are assets that necessarily take a substantial period of time to get ready for sale. The group considers that its inventories are qualifying assets.

Foreign currencies

The individual financial statements of each Group company are presented in Pound Sterling, the currency of the primary economic environment in which it operates (its functional currency). Transactions in currencies other than the functional currency are recorded at the rates of exchange prevailing on the dates of the transactions. At each statement of financial statement date, monetary assets and liabilities that are denominated in foreign currencies other than the functional currency are retranslated at the rates prevailing at the statement of financial statement date.

Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Gains and losses arising on retranslation are included in the net profit or loss for the period.

Leases

The Group as a lessee

The Group assesses at inception whether a contract is, or contains, a lease. A lease exists if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group assessment includes whether:

- the contract involves the use of an identified asset;
- the Group has the right to obtain substantially all of the economic benefits from the use of the asset throughout the contract period; and
- the Group has the right to direct the use of the asset.

At the commencement of a lease, the Group recognises a right-of-use asset along with a corresponding lease liability.

Notes to the interim financial statements *continued*

For the six months ended to 31 December 2020

4. Significant accounting policies *continued*

The lease liability is initially measured at the present value of the remaining lease payments, discounted using the Group's incremental borrowing rate. The lease term comprises the non-cancellable period of the contract, together with periods covered by an option to extend the lease where the Group is reasonably certain to exercise that option based on operational needs and contractual terms. Subsequently, the lease liability is measured at amortised cost by increasing the carrying amount to reflect interest on the lease liability and reducing it by the lease payments made. The lease liability is remeasured when the Group changes its assessment of whether it will exercise an extension or termination option.

Right-of-use assets are initially measured at cost, comprising the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date, estimated asset retirement obligations, lease incentives received and initial direct costs. Subsequently, right-of-use assets are measured at cost, less any accumulated depreciation and any accumulated impairment losses, and are adjusted for certain remeasurements of the lease liability. Depreciation is calculated on a straight-line basis over the length of the lease.

Right-of-use assets are presented within non-current assets on the face of the financial statement, and lease liabilities are shown separately on the statement of financial position date in current liabilities and non-current liabilities depending on the length of the lease term.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation, and accumulated impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

The gain or loss on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset as is recognised in the profit and loss.

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life:

Fixtures and fittings	15% on cost
Office equipment	15% on cost
Motor vehicles	25% on cost

Impairment of tangible and intangible assets

At each reporting date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value, using a pre-tax discount rate that reflects current market assessments and the risks specific to the asset.

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately in the profit and loss.

Where an impairment loss subsequently reverses, due to a change in circumstances or in the estimates used to determine the asset's recoverable amount, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, so long as it does not exceed the original carrying value prior to the impairment being recognised. A reversal of an impairment loss is recognised as income immediately in the statement of comprehensive income.

Notes to the interim financial statements *continued*

For the six months ended to 31 December 2020

4. Significant accounting policies *continued*

Financial instruments

Financial assets

Financial assets are initially recognised at fair value and subsequently classified into one of the following measurement categories:

- Measured at amortised cost
- Measured subsequently at fair value through profit or loss (FVTPL)
- Measured subsequently at fair value through other comprehensive income (FVOCI)

The classification of financial assets depends on the Group's business model for managing the asset and the contractual terms of the cash flows. Assets that are held for the collection of contractual cash flows that represent solely payments of principal and interest are measured at amortised cost, with any interest income recognised in profit or loss using the effective interest rate method.

Financial assets that do not meet the criteria to be measured at amortised cost are classified by the Group as measured at FVTPL. Fair value gains and losses on financial assets measured at FVTPL are recognised in profit or loss and presented within net operating expenses.

The Group currently has no financial assets measured at FVOCI.

Trade and other receivables

Trade and other receivables are measured at amortised cost, less any loss allowance.

Cash and cash equivalents

Cash and cash equivalents comprise cash held by the Group and short-term bank deposits with an original maturity of three months or less from inception and are subject to insignificant risk of changes in value.

Impairment of financial assets

The Group assesses on a forward-looking basis the expected credit loss associated with its financial assets carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

Financial liabilities

Financial liabilities are initially recognised at fair value and subsequently classified into one of the following measurement categories:

- Measured at amortised cost
- Measured subsequently at fair value through profit or loss (FVTPL)

Non-derivative financial liabilities are measured at FVTPL when they are considered held for trading or designated as such on initial recognition.

The Group has no non-derivative financial liabilities measured at FVTPL.

Borrowings

Borrowings are allocated to either specific or general borrowings and initially recognised at fair value, net of transaction costs incurred and subsequently measured at amortised cost. Specific or general borrowing costs are capitalised if they are directly attributable to the acquisition, construction or production of qualifying assets which are assets that necessarily take a substantial period of time to get ready for sale. These are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Notes to the interim financial statements *continued*

For the six months ended to 31 December 2020

4. Significant accounting policies *continued*

Trade and other payables

Trade and other payables are measured at amortised cost. When the acquisition of land has deferred payment terms a land creditor is recognised. Payables are discounted to present value when repayment is due more than one year after initial recognition or the impact is material.

Customer deposits

Customer deposits are recorded as a liability on receipt and released to profit or loss as revenue upon legal completion.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by the Company are recorded as the proceeds are received, net of direct issue costs.

Inventory - developments

Inventories are initially stated at cost and held at the lower of this initial amount and net realisable value. Costs comprise direct materials and, where applicable, direct labour and those overheads that have been incurred in bringing the inventories to their present location and condition.

Net realisable value represents the estimated selling price based on intended use less all estimated costs of completion and costs to be incurred in marketing, selling and distribution. Land is recognised in inventory when the significant risks and rewards of ownership have been transferred to the Group.

Non-refundable land option payments are initially recognised in inventory. They are reviewed regularly and written off to profit or loss when it is probable that the option will not be exercised.

Inventory - trading properties

Trading property comprises those properties that in the Directors' view are not held for long-term rental income or capital appreciation and are expected to be disposed of within one year of the reporting date or to be refurbished with the intention to sell.

Trading property is carried at the lower of cost and net realisable value. Net realisable value is the estimated selling price based on intended use in the ordinary course of business, less the estimated costs of completion and selling costs.

The amount of any write down of trading property to net realisable value is recognised as an expense in the period the write down occurs. Should a valuation uplift occur in a subsequent period, the amount of any reversal shall be recognised as a reduction in the previous write down in the period in which the uplift occurs. This may not exceed the property's cost.

The sale of trading property is recognised as revenue when the buyer obtains control of the property. Total costs incurred in respect of trading property are recognised simultaneously as a cost of sale.

Taxation

The tax charge represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the period. Taxable profit differs from profit before tax as reported in the profit and loss because it excludes items of income or expense that are taxable or deductible in other years, and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted at the reporting date.

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

Notes to the interim financial statements *continued*

For the six months ended to 31 December 2020

4. Significant accounting policies *continued*

Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are also recognised for taxable temporary differences arising on investments in subsidiaries and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax is measured on a non-discounted basis using the tax rates and laws that have been enacted or substantively enacted by the reporting date.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is charged or credited to the profit and loss, except when it relates to items charged or credited directly to other comprehensive income or equity, in which case the deferred tax is also dealt with in other comprehensive income or equity.

Share capital

Ordinary shares are classified as equity. Any incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

5. Disposal of subsidiaries

On 12 October 2020 (effective 31 August 2020), the Group sold the entire equity in One Heritage Tower Limited and Harley Street Developments Limited as part of the restructuring in advance of listing. Following the disposal the Group signed a development management agreement with One Heritage Tower Limited and advanced a profit participation loan to Harley Street Developments Limited, which replaced the previous shareholder funding.

Results of disposed entities

£ unless stated	Two months to 31 August 2020 Unaudited
Revenue	3,522
Expenses	(29,548)
Results from operations	(26,026)

Assets and liabilities of disposed of entities

£ unless stated	As at 31 August 2020 Unaudited
Cash and cash equivalents	108,488
Inventory – developments	13,959,006
Inventory - trading property	768,651
Trade and other receivables	646,970
Total assets	15,483,115
Interest bearing borrowings	(4,000,000)
Trade and other payables	(11,467,080)
Total liabilities	(15,467,080)
Net assets	16,035
Disposal price	42,458
Profit on disposal	26,423

Notes to the interim financial statements *continued*

For the six months ended to 31 December 2020

6. Revenue

£ unless stated	Six months to 31 December 2020 Unaudited	Six months to 31 December 2019 Unaudited
Development management	44,992	-
Rental income	3,522	4,919
Co-living	142,613	-
	191,127	4,919

The Group has two development management agreements with One Heritage Tower Limited and ACT Property Holding Limited.

The Group earns a management fee of 0.75% of costs incurred to date per month, which generated £44,992 (31 December 2019: nil) in revenue in the period, and a 10% share of net profit generated by the development through the agreement with One Heritage Tower Limited. The Group is also entitled to 1% of any external debt or equity funding raised on behalf of the development.

The ACT Property Holding Limited agreement has a 20% profit share of the net profit generated by the development.

The Group has not recognised any revenue linked to the profit share element of either agreement as the transaction price is variable and the amount cannot be reliably determined at this time.

The Group has 3 profit participation agreements that entitle the Group to a 15% share of profits on completed Co-living housing sales. Revenue is recognised when a sale is complete. In the period the Group generated revenue of £142,613 (31 December 2019: nil) from these agreements with Robin Hood Property Development Limited (£91,561), Mosley Limited (£45,159) and Harley Street Property Developments Limited (£5,893).

The development management and Co-living revenues have been generated through related parties. Further details can be found in note 22.

7. Staff costs and employees

£ unless stated	Six months to 31 December 2020 Unaudited	Six months to 31 December 2019 Unaudited
The aggregate remuneration comprised:		
- Wages and salaries	199,251	17,857
- National insurance	19,708	1,415
- Pension costs	1,822	50
Average number of employees	11	3

Notes to the interim financial statements *continued*

For the six months ended to 31 December 2020

8. Finance costs

£ unless stated	Six months to 31 December 2020 Unaudited	Six months to 31 December 2019 Unaudited
Interest charged on lease liabilities	2,749	2,469
Interest paid on borrowings	265,362	-
Amount capitalised	(151,188)	-
Amount capitalised in disposed subsidiaries	(68,000)	
	48,923	2,469

£68,000 interest was paid and capitalised in One Heritage Tower Limited before it was disposed of on 31 August 2020.

9. Income tax expense

The Group has generated a loss in the period and the period before, and therefore has not recognised any taxation charge or credit.

10. Property, plant and equipment

As at 31 December 2020

£ unless stated	Right of use	Office equipment	Fixtures and fittings	Motor vehicles	Total
Cost					
At 30 June 2020	154,149	4,169	8,433	33,990	200,741
Additions	-	3,202	803	644	4,649
Disposals	-	-	-	-	-
At 31 December 2020	154,149	7,371	9,236	34,634	205,390
Accumulated depreciation					
At 30 June 2020	28,261	407	1,107	5,665	35,440
Charge for the period	15,415	427	668	4,249	20,759
Disposals	-	-	-	-	-
At 31 December 2020	43,676	834	1,775	9,914	56,199
Carrying amount					
At 30 June 2020	125,888	3,762	7,326	28,325	165,301
At 31 December 2020	**110,473**	**6,537**	**7,461**	**24,720**	**149,191**

Notes to the interim financial statements *continued*

For the six months ended to 31 December 2020

10. Property, plant and equipment *continued*

As at 30 June 2020

£ unless stated	Right of use	Office equipment	Fixtures and fittings	Motor vehicles	Total
Cost					
At 31 December 2019	154,149	3,878	8,234	33,990	200,251
Additions	-	291	199	-	490
Disposals	-	-	-	-	-
At 30 June 2020	154,149	4,169	8,433	33,990	200,741
Accumulated depreciation					
At 31 December 2019	12,846	159	434	1,416	14,855
Additions	15,415	248	673	4,249	20,585
Disposals	-	-	-	-	-
At 30 June 2020	28,261	407	1,107	5,665	35,440
Carrying amount					
At 31 December 2019	141,303	3,719	7,799	32,574	185,396
At 30 June 2020	**125,888**	**3,762**	**7,326**	**28,325**	**165,301**

11. Inventory - developments

£ unless stated	As at 31 December 2020 Unaudited	As at 30 June 2020 Unaudited
Residential developments		
- Land	3,353,591	11,788,736
- Construction and development costs	429,931	2,674,195
- Capitalised interest	199,637	266,696
	3,983,159	14,729,627

As at 31 December 2020 £1,650,031 of the inventory was pledged as security for liabilities.

The Group has a non-refundable right to purchase land at Churchgate, Leicester, which will result in the Group paying an additional £120,000 on the successful approval of planning on the property. The Group has recognised £131,235 (30 June 2020: £52,280) in inventory in relation to this in the period.

12. Inventory - trading properties

£ unless stated	As at 31 December 2020 Unaudited	As at 30 June 2020 Unaudited
Opening	1,179,657	1,187,676
Disposals	(768,651)	(197,558)
Additions	11,568	189,539
Closing	422,574	1,179,657

As at 31 December 2020 £27,368 (30 June 2020: £19,121) of interest was capitalised.

Notes to the interim financial statements *continued*

For the six months ended to 31 December 2020

13. Investment in associate

£ unless stated	As at 31 December 2020 Unaudited	As at 30 June 2020 Unaudited
Balance brought forward	258,512	-
Additions	-	258,512
Disposals	-	-
Share of profit for the period	53,330	-
Dividends received in the period	(26,383)	-
Balance carried forward	285,459	258,512

Name of association	Registered office	Nature of busines	% of ownership
One Heritage Complete Limited	80 Mosley Street, Manchester, M2 3FX	Holding company	47.0%

14. Financial assets at FVTPL

£ unless stated	As at 31 December 2020 Unaudited	As at 30 June 2020 Unaudited
Current assets		
Profit participation loans	1,966,163	897,002
	1,966,163	897,002

The Company had loans outstanding to related parties outside of the group to Robin Hood Property Development Limited for £1,391,585 (30 June 2020: £517,276) and Harley Street Developments Limited for £574,578 (30 June 2020: £379,727). The loan agreements entitle the Group to 15% of the net profits on each Co-living property sale.

These financial assets are considered due from related parties, further details can be found in note 22.

15. Trade and other receivables

£ unless stated	As at 31 December 2020 Unaudited	As at 30 June 2020 Unaudited
Trade receivables	17,146	11,038
VAT receivable	76,529	120,584
Related party receivable	135,390	1,000
	229,065	132,622

The amounts due from One Heritage Property Management Limited of £42,470 and from One Heritage Property Development Limited of £91,920, are both interest free and repayable on demand. The company has an outstanding loan of £1,000 (30 June 2020: £1,000) to the directors. No interest is charged on these amounts and are repayable on demand.

These financial assets are considered due from related parties, further details can be found in note 22.

Notes to the interim financial statements *continued*

For the six months ended to 31 December 2020

15. Trade and other receivables *continued*

Management consider that the credit quality of the various receivables is good in respect of the amounts outstanding, there have been no increases in credit risk and therefore credit risk is considered to be low. Therefore, no expected credit loss provision has been recognised.

16. Borrowing

£ unless stated	As at 31 December 2020 Unaudited	As at 30 June 2020 Unaudited
Non-current		
Lease liability *(note 17)*	96,321	117,403
Related party borrowings	2,142,000	-
Loan	-	4,000,000
	2,238,321	4,117,403
Current		
Lease liability *(note 17)*	35,700	23,568
Related party borrowings	1,165,130	12,872,194
Loan	770,000	770,000
	1,970,830	13,665,762
	4,209,151	17,783,165

On 28 February 2020 a subsidiary, Lincoln House Property Development Limited, drew down on a £770,000 12-month loan with Wright (Holdings) Pension Scheme. The loan has a fixed rate of interest of 0.95% interest per calendar month and the full amount is repayable on expiry. A legal mortgage has been taken out by the borrower over the land and there is a guarantee from the Company. On 05 March 2021 this was extended for a further 3 months.

Related party borrowings

During the year the company received loans from One Heritage Tower Limited amounting to £653,972, Mosley Property Limited of £260,616 and ACT Property Developments Limited amounting to £142,980. The loans are interest free and are repayable on demand.

On 22 July 2020 and 11 August 2020 the Trading Group received loans worth £1,135,000 and £1,007,000 respectively from One Heritage SPC. As at 31 December 2020, £107,562 of interest had been accrued against the loans. Each has a term of 18 months with an annual interest rate of 12 per cent.

The Group has signed a £5.0 million loan facility with One Heritage Property Development Limited on 21 September 2020. This can be drawn down as required and is to be repaid on 31 December 2024. The facility has an interest rate of 7.0%. As at 31 December 2020, the full facility is available. On 18 February 2021 the facility was increased by £2.5 million to £7.5 million, this additional amount can only be drawn to fund property development activities where obtaining project financing is delayed or unavailable.

Further details of related parties can be found in note 22.

Notes to the interim financial statements *continued*

For the six months ended to 31 December 2020

17. Lease

£ unless stated	As at 31 December 2020 Unaudited	As at 30 June 2020 Unaudited
Amount recognised in the statement of financial position:		
Right of use		
Buildings	110,474	125,889
Lease liability		
Non-current	96,321	117,403
Current	35,700	23,568
	132,021	140,971

£ unless stated	Six months to 31 December 2020 Unaudited	Six months to 31 December 2019 Unaudited
Amount recognised in the profit and loss:		
Depreciation on right of use building	15,415	12,846
Interest expense	2,749	2,469
Amount recognised in the statement of cash flow:		
Lease payments made	11,698	6,724

18. Trade and other payables

£ unless stated	As at 31 December 2020 Unaudited	As at 30 June 2020 Unaudited
Trade payables	279,008	378,417
Accruals and prepayments	112,477	283,650
PAYE payable	35,250	3,947
	426,735	666,014

Trade payables and accruals relate to amounts payable at the reporting date for services received during the period.

The company has financial risk management policies in place to ensure that all payables are paid within the credit timeframe.

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note.

Notes to the interim financial statements *continued*

For the six months ended to 31 December 2020

19. Financial instruments and fair value disclosures

Capital management

The Group's policy is to maintain a strong statement of financial position for the business and to have an appropriate funding structure. Shareholders' equity and long term debt are used to fund property, plant and equipment, trading property and the medium to long term inventories.

Financial assets and financial liabilities

The following table shows the carrying amounts and fair values of financial assets and liabilities, including their levels in the fair value hierarchy.:

Financial assets

£ unless stated		As at 31 December 2020 Unaudited		As at 30 June 2020 Unaudited
	Carrying value	Fair value	Carrying value	Fair value
Cash and cash equivalents[a]	375,148	375,148	711,798	711,798
Financial asset FVTPL[b]	1,966,163	1,966,163	897,203	897,203
Related party receivables[a]	135,390	135,390	1,000	1,000
Trade and other receivables[a]	93,676	93,676	131,721	131,721
	2,570,377	2,570,377	1,741,522	1,741,522

Financial liabilities

£ unless stated		As at 31 December 2020		As at 30 June 2020
	Unaudited Carrying value	Unaudited Fair value	Unaudited Carrying value	Unaudited Fair value
Loans[c]	770,000	770,000	4,770,000	4,770,000
Related party borrowings[c]	3,307,131	3,307,131	12,872,194	12,872,194
Lease liabilities[a]	132,021	132,021	140,971	140,971
Trade and other payables[a]	426,734	426,734	666,014	666,014
	4,635,886	4,635,886	18,449,179	18,449,179

(a) The Directors consider the carrying amounts of financial assets and financial liabilities recorded at amortised costs in the consolidated financial statements to approximate their fair value.
(b) The Directors estimate the fair value the financial assets FVTPL to be equal to the carrying value (level 3).
(c) The fair value of the loan has been determined by reference to external interest rates and the Directors' assessment of the margin for credit risk (level 2).

Market risk

The Group's activities expose it to the financial risks of changes in interest rates. The Group aims to manage the exposure to these risks using fixed or variable rate borrowings, and derivative financial instruments.

Interest rate risk management

The Group can be exposed to interest rate risk as the Group borrows funds, when required, at variable interest rates. The exposure to variable rate borrowings can fluctuate during the year due to the seasonal nature of cash flows relating to housing sales and the less certain timing of land payments.

Notes to the interim financial statements *continued*

For the six months ended to 31 December 2020

19. Financial instruments and fair value disclosures *continued*

Group policy is to manage the volatility risk by a combination of fixed rate borrowings and interest rate swaps such that the sensitivity to potential changes in variable rates is within acceptable levels. Group policy does not allow the use of derivatives to speculate against changes to future interest rates and they are only used to manage exposure to volatility and no interest-rate hedging has taken place in the current or previous periods. This policy has not changed during the period.

To measure the risk, variable rate borrowings and the expected interest cost for the year are forecast monthly and compared to budget using management's expectations of a reasonably possible change in interest rates. Interest expense volatility remained within acceptable limits throughout the year.

Interest rate sensitivity

The Group does not currently have any outstanding variable interest rate arrangements and therefore returns are not sensitive to movements in the interest rates in the next financial period on existing borrowing obligations.

Credit risk

Credit risk is the risk of financial loss where counterparties are not able to meet their obligations. Group policy is that surplus cash, when not used to repay borrowings, is placed on deposit with the Group's main relationship banks and with other banks or money market funds based on a minimum credit rating and maximum exposure.

The significant concentrations of credit risk are to related parties (refer notes 14, 15 and 22).

Management consider that the credit quality of the various receivables is good in respect of the amounts outstanding and therefore credit risk is considered to be low.

The carrying amount of financial assets, as detailed above, represents the Group's maximum exposure to credit risk at the reporting date assuming that any security held has no value.

Liquidity risk

Liquidity risk is the risk that the Group does not have sufficient financial resources available to meet its obligations as they fall due. The Group manages liquidity risk by continuously monitoring forecast and actual cash flows, matching the expected cash flow timings of financial assets and liabilities with the use of cash and cash equivalents, borrowings, overdrafts and committed revolving credit facilities with a minimum of 12 months to maturity.

Future borrowing requirements are forecast on a monthly basis and funding headroom is maintained above forecast peak requirements to meet unforeseen events. At 31 December 2020, the Group's borrowings and facilities had a range of maturities with an average life of 42 month.

In addition to fixed term borrowings, the Group has access to a shareholder loan facility. At the reporting date, the total unused committed amount available for general purposes was £5.0 million and cash and cash equivalents were £375,148.

The maturity profile of the anticipated future cash flows including interest, using the latest applicable relevant rate, based on the earliest date on which the Group can be required to pay financial liabilities on an undiscounted basis, is as follows:

As at 31 December 2020

£ unless stated	Borrowings	Lease liabilities	Trade and other payables	Total
On demand	1,057,669	-	-	1,057,669
Within one year	1,027,040	36,456	426,734	1,490,230
More than one years but less than two years	2,270,520	36,456	-	2,306,976
More than two years but less than five years	-	60,760	-	60,760
More than five years	-	-	-	-
	4,355,229	133,672	426,734	4,915,635

Notes to the interim financial statements *continued*

For the six months ended to 31 December 2020

19. Financial instruments and fair value disclosures *continued*

As at 30 June 2020

£ unless stated	Borrowings*	Lease liabilities	Trade and other payables	Total
On demand	12,872,194	-	-	12,872,194
Within one year	850,465	29,925	666,014	1,546,404
More than one years but less than two years	4,000,000	36,456	-	4,036,456
More than two years but less than five years	-	78,988	-	78,988
More than five years	-	-	-	-
	17,722,659	145,369	666,014	18,534,042

*excludes future interest on the borrowings that have been disposed of as part of the Group restructuring

20. Director's remuneration

£ unless stated	Six months to 31 December 2020 Unaudited	Six months to 31 December 2019 Unaudited
During the period remuneration payable to directors was as follows:		
Directors remuneration	44,747	3,271

The Directors' did not receive any other benefits or post-employment remuneration. Jeffery Pym was paid £4,613 (31 December 2019: nil) as a consultant before becoming Director on 21 July 2020.

21. Share capital

£ unless stated	As at 31 December 2020 Unaudited	As at 30 June 2020 Unaudited
Share capital (1p per share)	300,000	-
Share premium	3,076,519	-
	3,376,519	-

On incorporation on 22 July 2020 100 shares were issued for £1.00 per share.

On 27 October 2020 the Company issued 20,699,900 ordinary shares for £2,750,000 as part of the Company's restructuring. This was a debt for equity transaction regarding a shareholder loan for £2.75 million, as described in Note 2.

On 23 December 2020 the Company issued 9,300,000 ordinary shares for 10p per share. The Company incurred listing fees of £303,581. The Company also issued 600,000 warrants to Hybridan LLP at a strike price of 10p with an expiry on 23 December 2025. These were valued at listing at £4,989 by using the Black-Scholes-Merton Model and recognised as part of the equity component. These are potentially dilutive instruments in the period but did not result in a dilution because the Company incurred a loss.

The total shares in issue as at 31 December 2020 is 30,000,000

Notes to the interim financial statements *continued*

For the six months ended to 31 December 2020

22. Related party

Below is a table that sets out the entities that are related parties to the Group:

Company	Description
ACT Property Developments Limited	Common directors
Harley Street Developments Limited	Common directors, owned by the beneficial owners of the Group
Mosley Property Limited	Common directors, owned by the beneficial owners of the Group
One Heritage Property Development Limited	Common director, owned by the beneficial owners of the Group
One Heritage Property Management Limited	Common director, owned by the beneficial owners of the Group
One Heritage SPC	Managed by the beneficial owners of the Group
One Heritage Tower Limited	Common directors, part owned by the beneficial owners of the Group
Robin Hood Property Development Limited	Common directors, owned by the beneficial owners of the Group

23. Events after the reporting date

On 18 February 2021 the Company announced that it had issued 1,828,333 ordinary shares through a placing and subscription at £0.30 per share. This raised gross proceeds of £548,500. The Company also announced at the same time it had exchanged contracts on Plus House, Stockport for £725,000, with an expected completion on 31 March 2021 and increased the loan facility with One Heritage Property Development Limited from £5.0 million to £7.5 million.

24. Disclosures relating to subsidiary undertakings

The Company's subsidiaries and other related undertakings at 31 December 2020 are listed below. All Group entities are included in the consolidated financial results. All companies listed below undertake all of their activity in the United Kingdom.

The share capital of each of the companies, where applicable, comprises ordinary shares unless otherwise stated.

Company name	Company number	Ownership
Generation 100 Limited	11331256	100.0%
Lincoln House Building Management Limited	12710283	100.0%
Lincoln House Property Development Limited	12434625	100.0%
Nicholas Street Developments LTD	12058412	100.0%
One Heritage (Chester Road) Limited	12763845	100.0%
One Heritage Aston Limited	12114319	100.0%
One Heritage Group PLC	12757649	100.0%
One Heritage Property Development (UK) Limited	11982934	100.0%
One Heritage Property Holding Limited	12376110	100.0%
One Heritage Property Management Limited	12258993	100.0%

Below is a list of former subsidiaries that were disposed of in the period.

Company name	Company number	Previous ownership
Harley Street Developments Limited	12102827	100.0%
One Heritage Tower Limited	11780660	100.0%

*these entities were disposed of on 31 August 2020 but were previously 100.0% subsidiaries.