ONE HERITAGE GROUP PLC

Interim report for the six months ended 31 December 2021

28 March 2022

Operating highlights

- The Group formed two new wholly owned subsidiaries, One Heritage Property Services Limited and One Heritage Construction Limited, which will be used as the vehicles for the internalised property services and construction functions. This enables the Group to offer vertically integrated property development, construction and management services.

Financial highlights

- The Group paid an initial 10% deposit of £67,500 for Seaton House, Stockport on 11 January 2022. The remainder is to be paid in the current calendar year. This site is expected to have a GDV of £5.6 million and complete in Q3 2023;
- Signing of a construction finance facility with Shawbrook Bank Limited to cover the remaining construction costs of our Lincoln House, Bolton development. This development is expected to finish before the end of the financial year; and,
- Continued capital expenditure totalling £4.2 million in the period predominantly on the three developments in the construction phase; Lincoln House, Oscar House and Bank Street.

Subsequent Events

- On 18 March 2022 the Group had a £1.5 million unsecured corporate bond admitted to the Standard Segment of the Official List on the Main Market of the London Stock Exchange. The corporate bond matures in two years and has a 8.0% coupon, paid biannually. The net proceeds of the corporate bond were £1,391,250.

CHIEF EXECUTIVE'S REVIEW

It is encouraging to see further progress made with our strategy during the period under review, as we edge closer to completing our first major development projects over the forthcoming months. It has been a demanding period for the Group which has tested our ability to adapt to market challenges and has seen us implement a number of changes that make us more resilient and better enable us to execute our strategy.

The Group's results again reflect our infancy as a business with our first development not expected to finish until the second quarter of the year. Significant progress has been made with our developments but the challenges experienced in the second half of 2021, due to market forces such as labour shortages and supply chain issues, have caused delays. These delays have been further exacerbated at our Bank Street, Sheffield development where, due to the unacceptable performance of the principal contractor, we took the decision to terminate the build contract with them.

In light of ongoing pressures within the construction industry and the requirement to step-in on our Bank Street development, the Group took the decision to incorporate One Heritage Construction, which will act as principal contractor on some of our projects. This change in approach strengthens our operating model by providing greater control, which initially will see both our Bank Street, Sheffield and St Petersgate, Stockport developments completed by our internal team. We made some key hires during the period under review to enable us to provide these services in-house, recruiting an experienced Construction Director, a Contracts Manager and a Commercial Manager.

The following strategic objectives have been in place during the period under review and the progress of each is set out below.

SUCCESSFULLY DELIVER OUR DEVELOPMENT PROJECTS

I am pleased to see continued progress with our developments despite construction delays and other market challenges. To date, we have three of our own projects and an additional project under a Development Management agreement on site and under construction. Our developments under construction all have external debt finance secured and I am confident that they will finish within the revised timeframes.

I am expecting that our largest development Lincoln House, an 88 apartment conversion of a former office building in Bolton, will be finished in the second quarter of this calendar year, and I was delighted to see the first apartment, which serves as a show apartment, completed in January.

As mentioned above, we have had to step in ourselves to finish the build at our Bank Street Sheffield development. This has inevitably resulted in cost increases and delays, but the decision to complete this in-house has given us the level of control required to effectively deliver a high quality product. The development is expected to be completed at the end of the second quarter this year, at approximately the same time as our Oscar House Manchester development.

I am pleased to report that, as at February 2022, we now have planning consent on our St Petersgate Stockport development, albeit rather later than we had hoped. This means that we can start on site in April and finish in Q1 2023, or December 2022 at the earliest. In respect of our planning application on Churchgate Leicester, a further extension of time was required by the planning authority but a decision is expected imminently. These planning delays are the result of backlogs in the system due to the pandemic.

As previously reported, we are still experiencing industry-wide challenges which include mounting cost pressures in respect of building materials and sub-contractor labour shortages. Whilst we have had some protection in fixed price build contracts, we have not been immune to unsatisfactory principal contractor performance as they have been directly affected by staffing shortages and increasing costs. I am hopeful that the market will start to settle down following the easing of pandemic restrictions and we will continue to monitor it carefully over the coming months. Further adjustments to our operating model have been made to reduce the risk of contractor insolvency and unforeseen programme delays by incorporating One Heritage Construction which will act as our own in-house principal contractor, initially for smaller schemes, as we look to grow this segment of the business.

Below is a summary of current development projects:

Project	Location	Residential units	Commercial units	GDV (£m)	Expected Completion	Reservations
Lincoln House	Bolton	88	0	9.4	Q2 2022	87* (99%)
Churchgate	Leicester	15	1	3.6	Q2 2023	Not started
Oscar House	Manchester	27	0	6.3	Q3 2022	27 (100%)
Bank Street	Sheffield	23	0	3.8	Q3 2022	19 (83%)
St Petersgate	Stockport	18	1	3.2	Q4 2022	16 (89%)
Seaton House	Stockport	30	0	5.6	Q4 2023	Not started
		201	**2**	**31.9**		

*47 Units have been reserved by an institutional fund.

SECURE SALES FOR OUR PROPERTIES UNDER CONSTRUCTION

There continues to be strong demand for our properties and increased sales have been achieved by further growth of our overseas sales and marketing network, capitalising on continued strong overseas demand for UK residential property. We are confident that our sales strategy will continue to meet our target of securing high levels of pre-sales on the vast majority of our projects.

It has also been pleasing to see institutional interest with 47 units reserved and under offer on our Lincoln House Bolton project.

CONTINUE TO BUILD OUR EXISTING LETTING AND PROPERTY MANAGEMENT BUSINESSES THROUGH OUR FOCUS ON CO-LIVING AND NEWLY COMPLETED DEVELOPMENTS

It was unfortunate that we had to announce that the incumbent provider of our property management and lettings services, One Heritage Complete, in which the Group owns a 47% stake, had encountered difficulties in two of its five subsidiaries, namely One Heritage Maintenance and One Heritage Design, which are being liquidated. We have subsequently made wholesale changes to how these services are being provided by bringing them in-house, in the form of our wholly owned subsidiary One Heritage Property Services. The remaining companies within One Heritage Complete (One Heritage Letting, One Heritage Letting London and One Heritage Cleaning) will undergo a rebrand to remove the One Heritage name, to avoid any future reputational impact from companies in which the Group only holds a minority interest. At an accounting level, we have already written off our investment in this entity in the last financial year.

One Heritage Property Services is now responsible for lettings, property management, co-living and other services provided by the Group. As our developments complete, I am expecting to grow this part of our business and, in this respect, we have recently hired an experienced Property Operations Director,

We believe that well run in-house property services will be an attractive proposition to the buyers of apartments in our properties, by providing the option of a hands-off investment and the reassurance that the Group will retain a vested interest once the properties are sold. We remain committed to continuous improvement in providing first class Group owned services to both our owners and their occupiers.

RECRUIT EXCEPTIONAL TALENT AS WE IDENTIFY NEW OPPORTUNITIES IN THE MARKET AND TAKE ON NEW PROJECTS

The change in the way that we deliver property construction and management services, which includes the incorporation of One Heritage Construction and One Heritage Property Services during the reporting period, has resulted in us making some outstanding appointments. Edward Wootton, a Construction Director with over 30 years' industry experience, has joined the senior leadership team as has Alie Horton, a Property Operations Director with over 18 years' industry experience. Further hires have been made to strengthen this part of our business.

In December we announced that Mr Jeffrey Pym had tendered his resignation from the Board and would be stepping down at the end of March 2022. Mr Pym joined the company in April 2020 as interim CFO and was instrumental in helping the company achieve our IPO in December 2020. Following our IPO, he joined the Board as an independent Non-Executive Director and Chair of the Audit and Risk Committee to provide continuity during the initial post-IPO period. Mr Pym's contribution has been exemplary and, on behalf of the Group, I would like to wish him the very best in his future endeavours.

A thorough selection process for a replacement independent Non-Executive Director has been undertaken and overseen by the Nomination Committee. Following the appointment of a specialist Non-Executive Director/Interim Director recruitment company, a number of candidates were interviewed and we were pleased to announce recently that Mr Jeremy Earnshaw has been appointed to the Board as independent Non-Executive Director as of 01 April 2022. He will also be appointed as Chair of Audit and Risk Committee. Mr Earnshaw has over 30 year's senior treasury and governance expertise, in both public and private sector organisation. He has worked across multiple sectors including Housing, Healthcare, Pharmaceuticals, Printing, Retail Marketing, and Online E-Commerce. We are pleased to have added an Independent Non-Executive Director to the Board with such broad experience and complimentary skills.

GROW THE PIPELINE OF NEW DEVELOPMENT OPPORTUNITIES

It has been important for us to focus on delivering our existing projects during what has turned out to be a very demanding period for both the Group (and the industry as a whole). Whilst we did not complete on the purchase of a new project during the period, we did exchange contracts to acquire an office building in January, namely Seaton House Stockport, a short walk away from our St Petersgate development. We will soon be submitting a planning application for up to 30 apartments and expect to start on site in early 2023.

We continue to see a number of interesting opportunities and our focus on new development opportunities will sharpen during the year as our existing developments near completion.

ESG

In November 2021, we released our ESG policy which outlines the Group's commitment to conducting our business activities both ethically and responsibly, and which seeks to embed ESG initiatives in our day-to-day operations and across our developments.

Since then, we have taken further steps to improve our ESG strategy, by establishing two standing committees, namely Social and Charities, and ESG, which involve a broad range of our staff to both influence and scrutinise the decisions we make as a business. This is a big step towards embedding ESG into our culture, with our people contributing towards positive changes and initiating the right conversations. As an example of our commitment to ESG, in December 2021, one of our development surveyors represented us at a local round table event on the importance of ESG in residential development, and in March 2022 spoke at a ticketed event on sustainability. I am delighted to see our people championing ESG and joining in on the conversation.

I am encouraged with the progress the business is making with mental health awareness, with internal initiatives and two charities identified for support in 2022 - Mates in Mind, which focuses on improving mental health across the construction industry and related sectors, and TLC (Talk, Listen, Change) which supports safe, healthy and happy relationships, primarily across Greater Manchester and the wider North West area. Further support will be given to homelessness charities in 2022 on the back of the £1,500 already raised and donated this year and numerous donations of food and clothing we made to the charity Lifeshare in 2021.

OUTLOOK

Whilst we remain positive for the outlook of the property market with the performance of the North of England outperforming the rest of the market in 2021, we are cautious about market volatility caused by pressures on material prices, labour and more recently energy prices. We believe that overseas demand, our marketing reach and strong pre-sales will offer us protection against these pressures in the coming period, nevertheless we will be taking precautions and remaining watchful of global and industry challenges to ensure that we adapt appropriately and in a timely fashion.

We believe that we have taken a significant step forward in the incorporation of One Heritage Construction and the recruitment of experienced construction staff. This new approach will be tested in the forthcoming months and we expect to make further adaptations as we continue to enhance our business model.

The existing strategic priorities for the Group remain in place for the forthcoming period. I am eager to see developments complete and our buildings occupied during 2022. Our property services team have been working tirelessly in readiness for the completion of our first development, namely Lincoln House Bolton.

I look forward to an exciting year ahead for the business.

FINANCE REVIEW

The Group saw several significant events during the six-month period to 31 December 2021 and immediately following the period end:

- Acquisition of Seaton House, Stockport on 11 January 2022, where we paid an initial 10% deposit of £67,500. The remainder is to be paid in the current calendar year;
- The repayment of the profit participation loan with Robin Hood Property Development Limited and the signing of a new service agreement;
- Signing of a construction finance facility with Shawbrook Bank Limited to cover the remaining construction costs of our Lincoln House, Bolton development. This development is expected to finish before the end of the financial year;
- Issuance and admission of a £1.5 million unsecured corporate bond on the Standard List of the Main Market of the London Stock Exchange;
- The formation of a property letting and management company, One Heritage Property Services Limited, and a construction company, One Heritage Construction Limited, to complete the vertical integration of the Group's operations; and,
- Continued capital expenditure on our developments which totalled £4.2 million in the period and was predominantly spent on the three developments in the construction phase; Lincoln House, Oscar House and Bank Street.

Over the period the Group saw an increase in its loss attributable to shareholders in the comparable six month period to 31 December, increasing from £0.2 million to £0.5 million. This was a consequence of an increase in administration expenses as the Group grew its number of employees, with the average increasing from 11 to 20. Net revenue remained broadly flat as the in-house developments were delayed.

The Group incorporated two new entities, One Heritage Property Services Limited and One Heritage Construction Limited, but neither entity has generated significant revenue or cost in the period as they began effective operation towards the period end.

The profit participation loan that the Group had with Robin Hood Property Development Limited was repaid in the period and the Group signed a service agreement on 23 December 2021. This agreement covers a combination of management, transaction, sourcing and construction services and will provide regular income to the Group. The new agreement also allows the Group to provide services in-house in relation to its development projects and forms part of the restructure of services previously provided by One Heritage Complete Limited.

Expenditure on developments continued with a further £4.2 million spent in the period across Lincoln House, Oscar House and Bank Street. Lincoln House is due to finish before the financial year end with both Oscar House and Bank Street completing soon after the year end. The proceeds from the Lincoln House disposal will be used to repay the Shawbrook loan, progress the St Petersgate project and pay down other debts.

Developments have seen significant interest from buyers and the Group has secured £0.4 million in reservation and deposits from buyers in the period. These amounts have been used to pay commissions on sales, totalling £0.4 million.

The capital structure of the Group continued to evolve with the issuance of a corporate bond and the signing of new construction facilities. During the period the Group drew down a further £4.5 million in debt which was used to pay for development expenditure and operating costs. The source of this debt was external construction finance facilities, £0.9 million, and the shareholder loan facility with One Heritage Property Development Limited, £3.6 million.

Post-period end the Group received gross proceeds of £1.5 million form the issuance of the corporate bond, which was used to repay a loan to One Heritage SPC as set out in the bond prospectus. The Group had received £0.4 million of the proceeds by the period end. This additional source of finance creates further diversity in the Group's financing options, reducing refinancing risk in the future, and also is creating a path to lower finance costs in the future.

RISK MANAGEMENT AND PRINCIPAL RISKS

The ability of the Group to operate effectively and achieve its strategic objectives is subject to a range of potential risks and uncertainties. The Board and the broader management team take a pro-active approach to identifying and assessing internal and external risks. The potential likelihood and impact of each risk is assessed and mitigation policies are set against them that are judged to be appropriate to the risk level. Management constantly update plans and these are monitored by the Audit and Risk Committee and reported to the Board.

The principal risks that the Board see as impacting the Group in the coming period are split into six categories:

1. General economic climate
2. Residential property demand
3. Availability and cost of finance
4. Regulatory environment
5. Construction costs and timescales
6. Human resources

1. General economic climate

The economy has surpassed its pre-pandemic peak and is expected to continue to grow strongly in 2022. However, inflation has continued to rise and is likely to reach multiple decade highs during the year. As a consequence, it is highly likely that monetary policy will continue to tighten at the same time that fiscal support from the Government following the pandemic is being withdrawn. There is a risk that this combination, along with the disruption in global markets caused by the conflict in Ukraine, could negatively impact growth compared to the forecasts if the private sector rebound stalls. This uncertainty makes it difficult to predict economic performance in the short to medium term. To mitigate this, the Group continuously monitors economic indicators and is properly prepared to make appropriate decisions. This has included securing finance to complete developments in excess of downside scenarios for completion and exit, as well as internalising activities where it enables the Group to reduce risk.

2. Residential property demand

The property market has continued to see double digit percentage growth despite the withdrawal of government support of the stamp duty discounts in the previous year. Factors which supported price appreciation, such as the excess savings accumulated during the pandemic, loose monetary conditions and the desire for larger accommodation may stabilise or act as a drag in the period to come. This combined with the impact of real wage declines may negatively impact house prices and rents. To mitigate this, the Group has secured a high level of pre-sales on existing developments and will continue to sell units to foreign investors, which may be less impacted by the factors above. Furthermore, the Group operates in areas that it judges are best placed to outperform the wider market in both price and rental growth terms.

3. Availability and cost of finance

To enhance risk adjusted returns the Group uses external debt finance where appropriate. The increasing uncertainty and tightening monetary conditions may impact the ability of the Group to use this going forward. To mitigate this, the Group has diversified the sources of finance, with the issuance of its first corporate bond, and looks to continue to diversify its sources of funding. The Group expects that the cost of finance will decline in future periods, and we saw that the cost of finance of the second project for the Group was less than the first, as a positive track record and longer trading history reduce lenders' view of the Group's risk, which will help to offset any increases in the base rate.

4. Regulatory environment

There are two key regulatory areas that may impact the Group. First, increased regulation of building design and fire safety as a consequence of the Grenfell Tower disaster and the continued use of cladding materials, as well an increasing emphasis on mitigating climate change. As design and fire safety requirements become more stringent, there is a risk of associated cost increases. The second issue is significant delays with planning applications, as local authorities continue to face resource challenges. Whilst this was compounded by the pandemic, we expect such delays to continue beyond the lifting of Covid-19 restrictions. The Group mitigates against these risks by liaising regularly with experts and officials to understand where and when changes may occur, as well as monitoring proposals by Westminster. The Group has an in-house planning expert who liaises closely with design and construction teams to ensure that developments are both attractive to local authorities and cost effective.

5. Construction costs and timescales

The Group, and the market more broadly, is continuing to see shortages and price rises of both labour and materials. This has resulted in insolvencies in the construction sector reaching record highs. The Group has already experienced this with delays and cost increases on existing projects. To mitigate this, the Group incorporated One Heritage Construction and employed an experienced construction director to lead the construction function. The Group has been decisive in this regard and replaced the contractor on Bank Street, following delays and deficient performance.

6. Human resources

The Board recognises that there are labour shortages across the economy and that the performance of the business is driven by retaining and attracting sufficiently experienced, motivated and qualified staff. The Group understands that following the pandemic, employee preferences have changed and that retaining and attracting staff requires more than just competitive remuneration. To address this, the management team consult with employees through regular meetings and open-forums where recommendations and views regularly adjust policies in the Group. Senior level recruitment is monitored through the Nominations Committee, where it successfully sourced a new non-executive Director to join the Board after a thorough search process.

Furthermore, employee led initiatives such as the Social and Charity Committee along with an open and honest culture allow employees at all levels to contribute positively and have a real input into how the Group operates for them. Some of these resource and succession planning are now given greater emphasis to enable the Group to continue to grow with the formation of a Nominations Committee at a Board level to enable the Group to drive these conversations.

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 audio at 05 April 2022. The details of the [] are below:

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.

For information contact

Investor relations

Luke Piggin, One Heritage Group PLC

STATEMENT OF DIRECTOR'S RESPONSIBILITIES
in respect of the half-yearly 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 as adopted for use in the UK;
- 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

28 March 2022

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 interim report for the six months ended 31 December 2021 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 interim report for the six months ended 31 December 2021 is not prepared, in all material respects, in accordance with IAS 34 Interim Financial Reporting as adopted for use in the UK 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 interim 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 interim report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the interim report in accordance with the DTR of the UK FCA.

As disclosed in note 2, the latest annual financial statements of the group were 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 and the next annual financial statements will be prepared in accordance with UK-adopted international accounting standards. The directors are responsible for preparing the condensed set of financial statements included in the interim report in accordance with IAS 34 as adopted for use in the UK.

Our responsibility

Our responsibility is to express to the company a conclusion on the condensed set of financial statements in the interim 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

28 March 2022

FINANCIAL STATEMENTS

Consolidated statement of comprehensive income

For the six months ended 31 December 2021

£ unless stated	Notes	Six months to 31 December 2021 Unaudited	Six months to 31 December 2020 Unaudited
Revenue - Development management	5	117,628	44,992
Revenue – Co-living	5	31,318	142,613
Cost of sales – Co-living		(6,977)	(26,400)
Gross profit – Co-living		24,341	116,213
Share of profits from associate		24,368	53,330
Other income		26,620	8,982
Administration expenses	6	(658,235)	(401,241)
Other expenses		(52,142)	(26,762)
Operating (loss)		**(517,420)**	**(204,486)**
Profit on disposal of subsidiary		-	26,423
Finance expense		(7,887)	(48,923)
(Loss) before taxation		**(525,307)**	**(226,986)**
Taxation		-	-
(Loss) after taxation		**(525,307)**	**(226,986)**
Other comprehensive income		-	-
COMPREHENSIVE INCOME attributable to shareholders		**(525,307)**	**(226,986)**
Weighted average shares in issued over the period		32,428,333	21,061,667
(Loss) per share (GBp)		(1.6)	(1.1)
Diluted (loss) per share (GBp)		(1.6)	(1.1)

The accompanying notes on pages 15 to 21 form an integral part of the financial statements

FINANCIAL STATEMENTS

Consolidated statement of financial position

As at 31 December 2021

£ unless stated	Notes	As at 31 December 2021 Unaudited	As at 30 June 2021 Audited
ASSETS			
Non-current assets			
Property, plant and equipment		436,583	442,706
Intangibles		2,261	-
		438,844	442,706
Current assets			
Cash and cash equivalents		613,397	204,147
Inventory – developments	7	11,581,221	6,790,676
Inventory - trading property	8	436,691	435,820
Financial assets through profit or loss	9	-	397,796
Trade and other receivables	10	902,624	667,759
		13,533,933	8,496,198
TOTAL ASSETS		**13,972,777**	**8,938,904**
LIABILITIES			
Non-current liabilities			
Borrowings	13	4,573,532	2,276,079
		4,573,532	2,276,079
Current liabilities			
Trade and other payables	12	2,166,162	649,351
Borrowings	13	5,049,019	3,304,103
		7,215,181	3,953,454
TOTAL LIABILITIES		11,788,713	6,229,533
EQUITY			
Share capital		324,283	324,283
Share premium		3,568,725	3,568,725
Retained earnings		(1,708,944)	(1,183,637)
TOTAL EQUITY		2,184,064	2,709,371
TOTAL LIABILITIES AND EQUITY		**13,972,777**	**8,938,904**
Shares in issue		32,428,333	32,428,333
Net asset value per share (GBp)		6.7	8.4

The accompanying notes on pages 15 to 21 form an integral part of the financial statements

FINANCIAL STATEMENTS

Consolidated statement of cash flows

For the six months ended 31 December 2021

£ unless stated	Six months to 31 December 2021 Unaudited	Six months to 31 December 2020 Unaudited
Cash flows from operating activities		
Loss for the period before tax	(525,307)	(226,986)
Adjustments for:		
Share of profit in associate	(24,368)	(53,330)
Finance expense	7,887	48,923
Profit on disposal of subsidiary	-	(26,423)
Amortisation of intangible	63	-
Depreciation of property, plant and equipment	54,760	20,759
Movement in working capital:		
(Increase) in trade and other receivables	(63,737)	(5,910)
(Increase) in inventories	(3,430,259)	(2,456,783)
(Decrease) in trade and other payables	(1,611)	(393,020)
Cash from operations	(3,982,572)	(3,092,770)
Income taxation paid	-	-
Dividend received from associate	-	26,383
Net cash used in operating activities	(3,982,572)	(3,066,387)
Cash flows from investing activities		
Disposal of subsidiaries, net of cash	-	(66,030)
Investment in intangibles	(2,324)	-
Purchases of property, plant and equipment	(48,638)	(4,649)
Net cash used in investing activities	(50,962)	(70,679)
Financing cash flows		
Issue of share capital	-	930,000
Cost of share issue	-	(303,581)
Interest paid	(416,026)	(265,362)
Advance proceeds from Corporate Bond	400,000	-
Proceeds of borrowing	797,345	-
Proceeds of related party borrowing	3,663,554	2,451,057
Payments made in relation to lease liabilities	(2,089)	(11,698)
Net cash generated from financing activities	4,442,784	2,800,416
Net change in cash and cash equivalents	409,250	(336,650)
Opening cash and cash equivalents	204,147	711,798
Closing cash and cash equivalents	613,397	375,148

The accompanying notes on pages 15 to 21 form an integral part of the financial statements

FINANCIAL STATEMENTS

Consolidated statement of changes in equity

For the six months ended to 31 December 2021 (unaudited)

£	Share capital	Share premium	Retained earnings	Total Equity
Balance at 01 July 2021	324,283	3,568,725	(1,183,637)	2,709,371
Loss for the period	-	-	(525,307)	(525,307)
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	**324,283**	**3,568,725**	**(1,708,944)**	**2,184,064**
Issue of share capital	-	-	-	-
Balance at 31 December 2021	**324,283**	**3,568,725**	**(1,708,944)**	**2,184,064**

For the year ended to 30 June 2021 (audited)

£	Share Capital	Share premium	Retained earnings	Total Equity
Balance at 01 June 2020 (unaudited)	-	-	(374,660)	(374,660)
Loss for the period	-	-	(808,977)	(808,977)
Other comprehensive income for the year	-	-	-	-
Total comprehensive income for the period	**-**	**-**	**(1,183,637)**	**(1,183,637)**
Issue of share capital	324,283	3,964,217	-	4,288,500
Cost of share issue	-	(395,492)	-	(395,492)
Balance at 30 June 2021	**324,283**	**3,568,725**	**(1,183,637)**	**2,709,371**

For the six months ended to 31 December 2020 (unaudited)

£	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**

The accompanying notes on pages 15 to 21 form an integral part of the financial statements.

FINANCIAL STATEMENTS

Notes to the interim financial statements

For the six months ended to 31 December 2021

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 2021 comprise of the Company and its subsidiaries.

2. Basis of preparation

These interim financial statements for the six months ended 31 December 2021 have been prepared in accordance with IAS 34 Interim Financial Reporting as adopted for use in the UK, and should be read in conjunction with the Group's last annual consolidated financial statements as at and for the year ended 30 June 2021 ('last annual financial statements'). They do not include all of the information required for a complete set of financial statements prepared in accordance with IFRS Standards. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual financial statements.

The annual financial statements of the group for the year ended 30 June 2022 will be prepared in accordance with UK-adopted international accounting standards. As required by the Disclosure Guidance and Transparency Rules of the Financial Conduct Authority, the condensed set of financial statements has been prepared applying the accounting policies and presentation that were applied in the preparation of the company's published consolidated financial statements for the year ended 30 June 2021 which were 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 Group's management review the business as a whole, while it remains in its early stage of development. The Group considers there is one operating segment, property, therefore does not provide segmentation.

These interim financial statements were authorised for issue by the Company's board of directors on 28 March 2022.

Going concern

Notwithstanding net current liabilities of £5.7 million (excluding inventory balances totalling £12.0 million) as at 31 December 2021, a loss for the interim period then ended of £0.5 million and operating cash outflows for the period of £3.7 million, the financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The directors have prepared cash flow forecasts for the period to 30 June 2023 which indicate that, taking account of reasonably possible downsides, the company will have sufficient funds, through the proceeds from sale of developments and the loan facility from its parent company, One Heritage Property Development Limited, to meet its liabilities as they fall due for that period. The loan facility from the parent company is £7.5 million, of which £2.6 million remains undrawn as at 31 December 2021. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Consequently, the directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

3. Use of judgements and estimation uncertainty

In preparing these Interim Financial Statements, management 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 management 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.

FINANCIAL STATEMENTS

Notes to the interim financial statements *continued*

For the six months ended to 31 December 2021

3. Use of judgements and estimation uncertainty *continued*

The key areas of judgement and estimation are:

- *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. Change in accounting policies

The accounting policies applied in these interim financial statements are the same as those applied in the Group's consolidated financial statements as at and for the year ended 30 June 2021.

The accounting policies will also be reflected in the Group's consolidated financial statements as at and for the year ending 30 June 2021.

5. Revenue

The Group generates its revenue primarily from development management agreements, property services and profit participation payments. Other sources of revenue include rental income from Trading Properties.

£ unless stated	Six months to 31 December 2021 Unaudited	Six months to 31 December 2020 Unaudited
Revenue		
Co-living	31,318	142,613
- Property services	5,155	-
- Profit participation	26,163	142,613
Development management	117,628	44,992
	148,946	187,605

The Group has three development management agreements with One Heritage Tower Limited, ACT Property Holding Limited and One Heritage North Church Limited.

The Group earns a management fee of 0.75% of costs incurred to date per month 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. This agreement generated £59,836 (31 December 2020: £44,992) in the period

The One Heritage North Church Limited agreement splits the fees into three: 1. 2% of total development cost, paid monthly over the period of the development; 2. 15% of net profit, paid on completion; 3. 1% on any debt finance raised. This agreement generated £57,792 (31 December 2020: nil) in the period.

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

The Group had 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 £26,163 (31 December 2020: £142,613) from these agreements. These agreements were cancelled in the period and the loans were repaid in full.

On 23 December 2021, the Group signed a contract with Robin Hood Property Development Limited to provide property and construction services. During the period to 31 December 2021, this agreement generated £5,155.

FINANCIAL STATEMENTS

Notes to the interim financial statements *continued*

For the six months ended to 31 December 2021

5. Revenue *continued*

The development management and Co-living revenues in the current period have been generated through related parties.

Revenue is measured based on the consideration specified in a contract with a customer. The Group recognises revenue when it transfers control over a good or service to a customer.

6. Staff costs and employees

£ unless stated	Six months to 31 December 2021 Unaudited	Six months to 31 December 2020 Unaudited
The aggregate remuneration comprised:		
- Wages and salaries	402,518	199,251
- National insurance	40,979	19,708
- Pension costs	6,339	1,822
Average number of employees	20	11

7. Inventory - developments

£ unless stated	31 December 2021 Unaudited	30 June 2021 Audited
Residential developments		
- Land	4,315,332	4,112,644
- Construction and development costs	6,449,552	2,277,902
- Capitalised interest	816,337	400,130
	11,581,221	6,790,676

As at 30 June 2021 there was a charge on the inventory. The value of this was £10,425,342 (30 June 2021: £1,650,031) and was pledged as security for bank loan.

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 £212,023 (30 June 2021: £131,235) in inventory in relation to this in the period.

8. Inventory – Trading property

£ unless stated	31 December 2021 Unaudited	30 June 2021 Audited
Opening	435,820	422,574
Disposals	-	-
Additions	871	13,246
Closing	436,691	435,820

FINANCIAL STATEMENTS

Notes to the interim financial statements *continued*

For the six months ended to 31 December 2021

9. Financial assets at FVTPL

In the period the Group terminated an agreement with Robin Hood Property Development Limited which resulted in repayment of the profit participation loan.

10. Trade and other receivables

£ unless stated	31 December 2021 Unaudited	30 June 2021 Audited
Trade receivables	271,560	356,220
VAT receivable	130,502	292,204
Related party receivable	19,416	19,335
Prepayments	481,146	-
	902,624	667,759

Trade receivables includes development management fees receivable from One Heritage Tower, £83,420 (30 June 2021: £121,760), and One Heritage North Church Limited, £9,278 (30 June 2021: £27,278). These amounts were received post period end.

The Group paid agent fees and commissions in respect of property sales reservations of £374,452 (30 June 2021: nil) in the period and this was recognised as a prepayment pending completion of the sales.

11. Capital management

The Group defines capital as the Group's shareholder equity and borrowings. The Group's policy is to maintain a strong capital base so as to maintain, investor, creditor and market confidence and to sustain future development of the business. Management monitors the return on capital, as well as the level of external debt in the business.

The Group monitors capital using a ratio of 'net debt' to shareholder equity. Net debt is calculated as total liabilities (as shown in the statement of financial position) less cash and cash equivalents. The Group's policy is to keep the ratio below 3.0. The Group's net debt to equity as at 31 December 2021 was 4.1 (30 June 2021: 2.0), which is above the policy. This is expected to decline below the policy at the end of the financial year.

£ unless stated	31 December 2021 Unaudited	30 June 2021 Audited
Total borrowings	9,622,551	5,580,182
Less: cash and cash equivalents	(613,397)	(204,147)
Net debt	9,009,154	5,376,035
Total equity	2,184,064	2,709,371
Net debt to equity ratio	**4.1**	**2.0**

12. Trade and other payables

£ unless stated	31 December 2021 Unaudited	30 June 2021 Audited
Trade payables	1,326,726	549,317
Customer deposits	364,919	-
Accruals, prepayments and other payables	74,517	75,666
Provision	-	24,368
Advance proceeds for Corporate Bond	400,000	-
	2,166,162	649,351

FINANCIAL STATEMENTS

Notes to the interim financial statements *continued*

For the six months ended to 31 December 2021

12. Trade and other payables *continued*

The Group received £400,000 in advance in relation to the Corporate Bond. This was subsequently issued post-period end, see note 16. This was held in cash as at the period end.

13. Borrowing

£ unless stated	As at 31 December 2021 Unaudited	As at 30 June 2021 Audited
Current		
Lease liability	343,540	337,742
Related party borrowings	2,553,728	1,748,927
Loan	1,676,264	189,410
	4,573,532	2,276,079
Non-current		
Lease liability	64,967	64,967
Related party borrowings	4,910,757	2,469,136
Loan	73,295	770,000
	5,049,019	3,304,103
	9,622,551	5,580,182

Loan arrangement fees netted off loans payable amounted to £141,494 as at 31 December 2021 (30 June 2021: £nil).

On 23 November 2021, the Group repaid its loan of £770,000 to Wright (Holdings) Pension Scheme in advance of its maturity date. This was a requirement for the Group to be able to sign the facility with Shawbrook Bank Limited.

On 16 December 2021 a subsidiary, One Heritage Lincoln House Limited, signed a loan agreement with Shawbrook Bank Limited. This was for a gross amount of construction finance totalling £3.5 million. This had a term of 20 months and is to be drawn down to fund costs incurred by the development in that subsidiary. As at 31 December 2021, the balance of the loan was £73,100. The Group incurs an interest cost on drawdown funds of 6.25% plus three month SONIA. On signing of the agreement the Group paid an arrangement fee of £35,000 and will pay an exit fee of £43,875 on final repayment. The loan has two covenants that are linked to the underlying development, the loan to development cost of 44% and a loan to value of 45%, which have both been complied with during the reporting period.

Related party borrowings

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 2021, £364,503 of interest had been accrued against the loans. Each had a term of 18 months with an annual interest rate of 12 per cent. The term of these loans was extended for a further 12 months on 21 January 2022. As at 31 December 2021, these loans were recognised as current liabilities.

The Group 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%. 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. The balance on this loan at 31 December 2021 was £4,190,757 (30 June 2021: £1,748,852).

FINANCIAL STATEMENTS

Notes to the interim financial statements *continued*

For the six months ended to 31 December 2021

13. Borrowing *continued*

Terms and repayment schedule

The terms and conditions of outstanding loans are as follows:

£ unless stated	Currency	Nominal interest rate	Maturity Date	31 December 2021 Unaudited Face value	31 December 2021 Unaudited Carrying amount	30 June 2021 Audited Face value	30 June 2021 Audited Carrying amount
Wright (Holdings) Pension Scheme	GBP	12.0%	Mar 22	-	-	770,000	770,000
ACT Property Holding	GBP	0.0%	n/a	47,226	47,226	92,285	92,285
One Heritage SPC	GBP	12.0%	Jan 23	1,331,650	1,331,650	1,262,992	1,262,992
One Heritage SPC	GBB	12.0%	Feb 23	1,174,852	1,174,852	1,113,934	1,113,934
Lyell Trading Limited	GBP	9.6%	Nov 22	991,704	991,704	139,360	139,360
Together Commercial Finance	GBP	10.7%	Dec 22	684,560	684,560	50,050	50,050
Shawbrook Bank	GBP	6.3%	Aug 23	73,295	73,295	-	-
One Heritage Property Development	GBP	7.0%	Dec 24	4,910,757	4,910,757	1,748,852	1,748, 852
				9,214,044	9,214,044	5,177,473	5,177,473

14. Financial instruments and fair value disclosures

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.:

As at 31 December 2021 (unaudited)

£ unless stated	Carrying value: Financial assets at amortised cost	Carrying value: Other financial liabilities	Carrying value: Total	Fair value: Level 1	Fair value: Level 2	Fair value: Level 3	Fair value: Total
Financial assets not measured at fair value							
Trade and other receivables	902,624	-	902,624	-	-	902,624	902,624
Cash and cash equivalents	613,397	-	613,397	613,397	-	-	613,397
	1,516,021	-	1,516,021	613,397	-	902,624	1,516,021
Financial liabilities not measured at fair value							
Secured bank loans	-	1,796,785	1,796,785	-	-	1,796,785	1,796,785
Related party borrowings	-	7,417,259	7,417,259	-	-	7,417,259	7,417,259
Lease liability	-	408,507	408,507	-	-	408,507	408,507
Trade and other payables	-	2,166,162	2,166,162	-	-	2,166,162	2,166,162
	-	11,788,713	11,788,713	-	-	11,788,713	11,788,713

FINANCIAL STATEMENTS

Notes to the interim financial statements *continued*

For the six months ended to 31 December 2021

14. Financial instruments and fair value disclosures *continued*

As at 30 June 2021

	Carrying value			Fair value			
£ unless stated	Financial assets at amortised cost	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
Financial assets not measured at fair value							
Trade and other receivables	667,759	-	667,759	-	-	667,759	667,759
Cash and cash equivalents	204,147	-	204,147	204,147	-	-	204,147
	871,906	-	871,906	204,147	-	667,759	871,906
Financial liabilities not measured at fair value							
Secured bank loans	-	959,410	959,410	-	-	959,410	959,410
Related party borrowings	-	4,218,063	4,218,063	-	-	4,218,063	4,218,063
Lease liability	-	402,709	402,709	-	-	402,709	402,709
Trade and other payables	-	649,351	649,351	-	-	649,351	649,351
	-	6,229,533	6,229,533	-	-	6,229,533	6,229,533

15. Related party

Parent and ultimate controlling party

At the reporting date 63.8% of the shares are held by One Heritage Property Development Limited, which is incorporated in Hong Kong. No other shareholder holds more than 5.0% of the shares in the Company. One Heritage Holding Group Limited, incorporated in the British Virgin Island, is considered the ultimate controlling party through its 100% ownership of One Heritage Property Development Limited.

Compensation of the Group's key management personnel is short term employee benefits.

The Company has an outstanding loan of £1,000 (30 June 2020: £1,000) to Yiu Tak Cheung. No interest is charged on these amounts and they are repayable on demand. This was repaid after the period end.

16. Events after the reporting date

On 18 March 2022 the Group issued a £1.5 million unsecured corporate bond which was admitted to the Standard Segment of the Official List on the Main Market of the London Stock Exchange. The corporate bond matures in two years and has a 8.0% coupon, paid biannually. The net proceeds of the corporate bond were £1,391,250.