ONE HERITAGE GROUP PLC

Annual report for the year ended 30 June 2023

31 OCTOBER 2023

Who We Are

One Heritage Group PLC is a property development and management company. We focus on the residential sector primarily in the North of England, seeking out value and maximising opportunities for our investors.

We are a team of dedicated and experienced professionals with a proven track record in property development and investment. In December 2020, One Heritage Group PLC became one of the first publicly listed residential developers with a focus on Co-living.

Our Mission

To develop high-quality residential properties and Co-living housing in urban communities in the UK with high demand from professional tenants and to provide a first class letting and management service to create a socially sustainable living environment.

Our Vision

To become an acknowledged market leader in the provision and management of high-quality residential properties in our chosen geographies.

Our Values

We follow best practice, so that our developments provide a safe and environmentally friendly living experience. We treat all stakeholders with respect, and we ensure that our leadership and governance are effective and transparent and adhere to the highest standards of ethical practice.

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An inflationary environment and supply chain difficulties, caused by number of macro-economic and geopolitical factors, have had a significant and adverse bearing on the property development industry and we have not proved immune to this. Equally, however, as became evident as time passed, our acquisition and delivery strategies, with notable exceptions, have not served us well, in mitigating the inherent risks associated with property development. And so, while the Board was pleased to see the completion during the year of three direct development projects at Lincoln House, Bolton, Bank Street, Sheffield and Oscar House, Manchester and one development management project at Oldham, it is clearly disappointing to all concerned that two of the development projects (Bank Street and Oscar House) have been further impaired, as has St Petersgate, Stockport which awaits completion this quarter.

Having said this, I am pleased to see the energy and clarity of purpose with which the Executive Team has responded to the challenges we faced. New senior appointments both on the acquisition and delivery sides of the business are very welcome and significant initiatives have been introduced to good effect - namely a widening of our net in terms of target acquisitions to include housing as well as apartments and local authority and social housing partnering; and, in terms of delivery, third party outsourcing on fixed priced construction contracts in lieu of an in-house model.

The sales side of the development process has gone well and is testament to the quality of our product, its desirability to the rental market and the exceptional sales network that our parent company has built up in Asia. There remains strong appetite from the overseas investor for the right product, accompanied by good professional management services, particularly in our chosen geographies.

It's important to note that of the original batch of properties purchased pre-January 2022, only St Petersgate, Stockport awaits completion and that Churchgate, Leicester and Seaton House, Stockport, both consented sites, are to be sold and not developed out by the Group following a reassessment of profitability. Construction is going well at the most recent purchase i.e. the site for housing at Victoria Road, Eccleshill and there are a number of encouraging discussions ongoing on other potential projects.

Our other principal source of revenue comes from our development management activities and I am pleased with the way that One Victoria, Manchester is shaping up and we are putting every effort in to are making sure that this business line grows in significance going forward.

Despite setbacks, I am confident that our revised strategies are fit for purpose, that we have the leadership and technical expertise to deliver them and that with the continued support of our major shareholder, our bottom line performance will greatly improve.

David Izett (Oct 31, 2023 13:23 GMT)

David Izett

Chairman

31 October 2023

STRATEGIC REPORT

Chief Executive's statement

Reflecting on the past financial year, I wish to acknowledge the hard work and commitment of our team particularly in respect of the four development projects – three direct developments and one development management project - completed during the period. Overall, after adapting our strategies in response to market conditions, strengthening our team, and refining our internal processes and delivery, I believe that we are in a much stronger position to deliver value for our shareholders in the future.

In 2021, in difficult market conditions leading to a reduction in the number of appropriate 3rd party contractor options and much higher pricing from those willing to quote, and following a contractor insolvency at Bank Street Sheffield and North Church House, Sheffield, we took the decision, essentially out of necessity, to take construction in house. We recognise that the performance of self-delivery projects has not gone to plan as costs have continued to increase to our detriment. It is important to note that the outstanding projects of North Church House, Sheffield and St Petersgate, Stockport where we are providing in house construction are due to complete this quarter and our delivery strategy will be focused on obtaining a fixed price contract for future projects.

While there is no doubt that external factors such as cost increases and delays have impacted us severely across a number of our projects, we also recognised that changes were required to our acquisition and delivery strategies to mitigate attendant risks to the development process leading to strong future performance.

Our acquisitions strategy has become more cautious over the past year to avoid some of the particular problems encountered on more challenging projects such as Bank Street and St Petersgate. A highly experienced Investment Director was appointed earlier in the year to head the acquisition team in order to build a more risk averse pipeline. Similarly, as mentioned above, our delivery strategy has evolved to an outsourced model to mitigate the risk of unforeseen cost increases. To lead this team, we have hired a Head of Projects to provide us with greater oversight and control of how projects are delivered. These two senior appointments add to the Interim Development Director appointed earlier in the year and have enabled us to create three specialist teams i.e., Acquisition, Technical and Delivery for future projects. We are delighted to have recruited great people for these roles and to have restructured our development team during the period, acknowledging where we went wrong and what we can do better.

Now that we have settled on a revised project delivery strategy, and we believe that the picture on costs is clearer, we are focusing our efforts on finding and securing new opportunities for direct development. We have also increased our efforts to source profitable deals as development manager or in Joint Ventures, along with establishing what we hope will be long term partnerships with local authorities and registered housing providers.

In order to measure our success as a business, in last year's statement I highlighted four strategic objectives for the Group to perform against:

1. **Successfully delivering our existing development projects**

As mentioned above, this year has been marked by four project completions – three direct developments and one development management project.

The first completion in FY 2023 was our direct development of Lincoln House, Nelson Street, Bolton, previously a part-built office building, which we repurposed for residential use to provide 88 apartments. The gross floor area of the building is c., 60,500 square feet.

In March 2023, we completed our first development management project, a conversion of Oldham County Court, New Radcliffe Street, Oldham, into 42 residential apartments comprising a gross floor area of c., 33,400 square feet. This also marked the completion of the Group's first partnership with a housing association, and all 42 apartments were let at affordable rents, boosting the availability of affordable housing in Oldham Town Centre.

In May 2023, we delivered our second direct development of 2023 calendar year at Liberty House, Bank Street, Sheffield. This was the conversion of a former Grade II Listed office building into an apartment block of 23 units, with a gross floor area of c., 21,000 square feet.

In quick succession to Liberty House, in June 2023, we announced the practical completion of our third direct development at Oscar House, Chester Road, Manchester. This is a six-storey apartment block of c., 19,700 square feet and comprises 27 units on a formerly unoccupied brownfield site.

Post-period end, we updated the market that the completion of 57 St Petersgate, Stockport, a conversion of a former office building, comprising 18 apartments, 1 commercial unit and c., 12,000 square feet, was delayed until later this calendar year, due to further challenges in respect of sub-contractor labour shortages.

As mentioned above and as announced in our interim results, after careful internal evaluation, we took the decision to cease providing in-house construction services to both our direct development and development management projects in favour of the appointment of a fixed-price principal contractor. This will take effect later this year, tying in with the completion of our direct development of 57 St Petersgate, Stockport and our development management project at North Church House, Queen Street, Sheffield which comprises 58 apartments in a former office building totalling c., 41,400 square feet.

As previously announced, principally as a result of an increase in costs due to rising material prices, sub-contractor prices and cost of debt, the Group impaired the value of its developments at Bank Street, St Petersgate, and Oscar House.

The Group has previously confirmed its decision to sell the consented development at Churchgate, Leicester, following a viability review based around its design and costs and has accepted an offer that is progressing through the due diligence and legal processes. We have also recently decided to sell the consented project at Seaton House, Stockport following a viability review.

In April 2023, we were pleased to commence the construction, as developer, of 24 houses at Victoria Road, Eccleshill, West Yorkshire, our first new build housing project. A principal contractor has been appointed with a fixed price build contract and completion is expected in H2 2024.

Direct Development Projects	**Residential Units**	**Commercial Units**	**Gross Development Value (£m)**	**Reservations ***	**Exchanged ***	**Completed Sales ***	**Expected Completion**
Lincoln House, Bolton	88	0	£10.1m	2	0	76	Completed
Bank Street, Sheffield	23	0	£3.9m	1	0	19	Completed
Oscar House, Manchester	27	0	£6.8m	1	1	7	Completed

St Petersgate, Stockport	18	1	£2.9m	0	18	0	H2 2023
Victoria Road, Eccleshill	24	0	£6.5m	Not released			H2 2024
Seaton House, Stockport	35	0	£5.6m	Not released			To be sold
Churchgate, Leicester	15	1	£3.1m	Not released			To be sold
	230	2	£38.9m	4	19	102	

***As at 23 October 2023**

2. Secure sales for our properties under construction

We have continued to see strong demand for well-designed and well-located homes with 71 units (out of 125 available for sale) sold and legally completed during the period which increased to 102 at 23 October 2023.

Post period, the Group has exchanged contracts for the bulk sale of twenty apartments at Lincoln House, Bolton. The sales were contracted to complete in August 2023, but following buyer delays, the remaining units completed in October 2023. This, along with two further sales increases the number of completions at Lincoln House to 76 out of 88. Bank Street reported two further sales completions post year end.

In June 2023, the Group announced that the buyer underwriting the purchase of 27 apartments at Oscar House had failed to perform on 22 apartments. The Group has since remarketed the units and following a revaluation, it is anticipated that the GDV will increase from £6.1m to £6.8m. Oscar House recorded its first sale completions, seven in total, post year end.

The marketing of the 24 houses at Victoria Road, Eccleshill will commence in Q1 2024 when construction has progressed further and we enter the final six months of the project.

3. Growing the pipeline of new development opportunities

We are investing considerable time and effort into seeking out new opportunities both for our direct development business and for larger development partners for whom we undertake the development management role. But we do so with caution. Since 2020 BCIS (Building Cost Information Service Construction Data) cite a 24% increase in build costs with an 8.7% increase in 2022. Similarly, interest rates have risen from 1% in May 2022 to 5.25% in August 2023. Markets and supply chains continue to recalibrate post the pandemic and the disruptions caused by the ongoing war in Ukraine and the unfolding events in Israel.

At the time of writing, we have several potential sites under review and have a number of encouraging conversations underway with possible joint venture partners such as local authorities and housing associations. We will be updating the market on this in due course.

4. Create diverse sources of revenue generated through the Group's service provisions

Development management

The second of our two core business lines is development management and as mentioned above, in March 2023 we completed our first such project, a conversion of Oldham County Court, New Radcliffe Street, Oldham, into 42 residential apartments. We are also managing the development of North Church House, Queen Street, Sheffield which comprises 58 apartments. More recently, we announced our appointment as development manager to deliver One Victoria, Manchester. We have entered into a construction agreement with Torsion Construction Limited, who will construct the new-build development comprising c.,113,000 square feet across two buildings containing a total of 129 units and two ground-floor commercial units. One Victoria is a significant regeneration project in Manchester City Centre, and we are looking forward to managing its successful delivery.

Our other development management project of scale is One Heritage Tower which is still yet to commence construction. The project has been significantly impacted by increased construction costs resulting in the need for design changes to improve efficiency and reduce costs. Interest rate increases have also impacted the cost of debt. Despite these viability challenges, progress is being made on a fixed price construction contract, and options are being progressed which include both a sale of the project and a revised delivery strategy with funding partners.

Property services

Our property services team has worked hard this year to establish the infrastructure needed to accommodate the increase in properties under management. We have invested in a new Customer Relationship Management (CRM) system and have gained accreditations in industry-recognised Money Shield and Property Ombudsman schemes. The property management function of One Heritage is now well established as we continue to grow our properties under management to generate increased revenue for our stakeholders.

The Group continues to provide its tailored property sourcing service, which finds, analyses, and negotiates property deals for overseas investors. This area has seen steady growth over recent months, and its services are being marketed in Hong Kong under the brand 'Red Brick'. Sixteen properties were secured for investors during the period under review which generated over £30,000 in revenue for the Group.

Services such as sourcing, property transactions and project management to investors in Co-living properties (typically single-dwelling suburban houses which are repurposed as shared accommodation for young professionals) continue to be provided. While we remain committed to advancing Co-living projects, rising house prices and construction costs have seen a reduction in activity levels since the beginning of the calendar year.

We have examined various ways to adapt our strategy to these more challenging market conditions including a recent trial providing Serviced Accommodation services. We will be providing a further update on this business segment in due course.

Our people

There has been a number of personnel changes at a senior level during the year. At the beginning of the period under review, Anthony Unsworth joined the Company as CFO and an Executive Director. Anthony has brought financial and listed company expertise to the Company and paired with his track record in property development, he has proved to be invaluable to us all here at One Heritage. In September 2023, Anthony informed the Board of his decision to resign, but will continue in these roles during his notice period ending in March 2024. The Board has commenced a search for a replacement.

With his wealth of experience and in-depth understanding of the property and regeneration marketplace, we were delighted to announce the arrival of Paul Westhead on an initial interim basis to oversee the delivery of our development projects, Paul has provided invaluable support to the Group in the restructuring of the development team and the project delivery element of our development process. It is intended that his role will be carried out on a permanent basis and we will provide an update on this in due course.

Post period end in July, we welcomed Geoff Willis into a new role of Investment Director, strengthening the senior team. With his experience and expertise complementing our existing team, Geoff will help us to source and deliver new development opportunities.

2024 FINANCIAL YEAR STRATEGIC OBJECTIVES

The Group continues to evolve and navigate through a very challenging market. We will continue to focus on the delivery of our development projects and growing our development pipeline, both as developer and as Development Manager, will be one of our primary objectives.

The following four objectives will remain in place for the forthcoming financial year.

1. Successfully deliver our development projects
2. Secure sales of our properties
3. Grow the pipeline of new development opportunities
4. Increase revenue generated through the Group's service provisions

INDUSTRY OVERVIEW

Over the 12 months leading up to June 2023, the UK economy experienced a 1% increase in economic output, 0.8% higher than it was in February 2020 before the pandemic struck. The economic outlook for the remainder of 2023 and into 2024 is uncertain with persistent inflationary pressures leading to increased prices. The decisions made by the government and the Bank of England regarding economic policies and interest rates will be crucial in curbing inflation, with a particular focus on the Autumn Statement. HM Treasury's August consensus economic forecasts indicated limited GDP growth of just 0.3% in 2023 and 0.6% in 2024.

The shortage of housing in the UK remains a significant issue, evident from the long-term trend of rising house prices relative to incomes and the considerable inflationary pressures in the rental market. The last reported figures for the year to March 2022 (reported by the HBF and Gov.uk annually in November) show c.,210,100 new housing additions in England, 9.5% higher than the previous year of c.,191,800, but 4% lower than the c.,219,100 homes from the pre pandemic data to March 2020 with supply chain limitations related to labour and building materials limiting growth. The building of new housing remains low in the current year due to the end of the Help to Buy programme, higher mortgage interest rates and subsequent affordability challenges.

Although house prices reached their peak in August 2022, affordability constraints have caused them to decline over the ten-month period ending in June 2023. According to the Nationwide Building Society, the average UK house price decreased by 3.5% during the 12 months up to June 2023.

The shortage of new homes available for sale has generated increased demand in the rental sector, resulting in a 10.4% average household rent increase over the year leading up to June 2023. This rent surge has affected every region of the UK, as reported by the HomeLet Rental Index, and a 22.0% increase over the past two years leading up to June 2023. Unless there is a significant reduction in mortgage interest rates, rental demand is expected to continue growing as potential homebuyers remain unable to purchase homes.

A consistent and reliable land supply within a predictable planning system plays a crucial role in the housebuilding industry. After the pandemic, planning consents reached their peak at c.,339,500 in the 12 months ending June 2021, aligning with the government's target of delivering 300,000 homes annually by the mid-2020s. However, this level has decreased by 20% to c.,270,600 in the year ending March 2023. A significant shift occurred following the December 2022 announcement that local housing targets were no longer mandatory and that local authorities were no longer obligated to maintain a rolling five-year land supply if they had a local plan in place.

There has been a significant change in mortgage interest rates, posing challenges for homebuyers seeking mortgage financing. Bank of England data reveals that mortgage borrowing costs for new mortgages steadily declined for over 12 years, reaching a low of 1.51% in November 2021. However, this trend reversed sharply in less than 18 months, with the average cost of new mortgages rising to 4.64% in June 2023, bringing mortgage interest rates to levels last observed in 2009. According to the Halifax Mortgage Affordability Index, purchasing a new home now consumes 40.8% of after-tax income. In the upcoming months, nominal wage growth may have a positive impact on this affordability measure, but it will ultimately depend on the future movements of both mortgage rates and house prices.

Throughout the year to June 2023, we encountered a notable surge in build cost inflation, impacted by supply limitations, inflationary pressures affecting labour costs and the delayed impact of a significant rise in energy costs, which began in the autumn of 2021 and was further compounded by the conflict in Ukraine. However, with headline inflation showing reductions we expect the rate of increase to continue to slow over the coming year.

The construction industry is poised to confront forthcoming regulatory changes over the next three years, notably related to biodiversity net gain and the Future Homes Standard. Starting in November 2023, new legislation will mandate that all our developments achieve a minimum biodiversity net gain of 10%. This requirement necessitates the development of plans to achieve a measurable improvement of at least 10% in the site's biodiversity relative to its state before development commenced. Commencing in 2025, the Future Homes Standard will necessitate that new homes produce between 75% and 80% fewer carbon emissions than the standards applicable up to June 2022. Detailed requirements and performance measurement criteria for this new standard are yet to be finalised. The timing, transition arrangements, and industry consultation processes for this standard are pending initiation.

ESG

In November 2021, we announced our ESG policy which outlined our commitments to conducting our business activities ethically and responsibly, and our commitment to embedding ESG initiatives both in our day-to-day operations and across our developments. An update on each commitment is outlined below.

1. Supporting local communities and charitable organisations, particularly in regions where our developments are located.

We continue to have a long-term relationship with Mustard Tree in Manchester which is a homelessness charity. Our employees raised over £2,000 from initiatives including Tough Mudder, Hike for the Turkey and Syria Appeal and various collections.

2. Investing in the training and education of our workforce, as well as engaging with local schools and colleges to support students with their career pathways.

Post year end, a new training provider and system has been implemented for regular e-learning across the Company. We continue to support our employees with funding for their professional development which includes AAT and ACCA qualifications.

The Group has subscribed to Stribe, an employee engagement tool which allows employees to provide confidential feedback and gives all a fair voice. A decisive factor in choosing Stribe was their community engagement. Each new Stribe membership provides a school with a pupil safeguarding app for free which gives hundreds of children a voice and a safe confidential way for them to speak up within their schools.

3. Being an inclusive employer, committed to encouraging equality, diversity, and inclusion.

We were pleased to again support International Women's Day earlier in the year with women making up 63% of our workforce. Furthermore, we are progressing our application to become a full member of the Greater Manchester Good Employment Charter ("GMGEC"). We are undergoing an assessment by GMGEC and expect to update on our application in due course. GMGEC are aligned with our values which include providing opportunities for our people to grow, develop and thrive.

4. Tackling the UK's shortage of quality residential accommodation.

We were delighted to work with Bolton NHS foundation in the period under review to provide 62 of our 88 apartments to house key workers at our Lincoln House, Bolton development.

Our Co-living offering, which has fixed weekly rents and includes all bills. continues to be an important accommodation class for us. This has protected our tenants from rising utility costs and cost of living.

5. Considering its environmental impact, seeking ways to improve the environmental performance of our developments and reduce our carbon footprint.

Increases in material costs cause additional pressure which is affecting the whole industry so initiatives to improve the environmental performance of our developments are cost sensitive. Despite this we are looking at cost effective measures and have recently implemented initiatives working with contractors to track and monitor waste on our development projects. There have been various design changes across our developments, and we have reviewed our specification to include energy efficient lighting and energy efficient heating options where we can. Further assessments of specification are under review.

6. Raising the awareness of our tenants and occupiers in respect of how they can reduce their environmental impact.

We continue to work with building managers on the strategy to engage with our tenants and occupiers relating to their environmental impact. This includes recycling measures and awareness in home user guides in our properties.

7. Engaging with our tenants, investors, and principal advisors to ensure awareness of their expectations and responding accordingly.

We believe in building a culture which has ESG at its core, and this has resulted in changes across all areas of the business and how decisions are made. Processes incorporate ESG which include budget allowances where appropriate, lessons learnt exercises, and regular audits of the advisors and consultants the Group uses to ensure they are aligned with our values and expectations.

8. Upholding the Quoted Companies Alliance Corporate Governance Code (QCA). Further details can be found on our company website.

9. Reviewing One Heritage's ESG strategy and initiatives against the United Nation's Sustainable Development Goals, and monitoring and reporting on this.

The Group is reviewing ways to monitor and report effectively against the United Nation's Sustainable Development Goals. A further update will be provided next year in relation to how the Group intends to do this.

Outlook

In our last Annual Report, I said that we continued to face the same challenges as before which showed little sign of immediate improvement. These have continued over the last twelve months. Rising costs of materials, interest rates and labour have all affected the industry. There are however signs of improvement with build cost inflation expected to ease which should support viability and reduce pressure on margins. This will help us to build our pipeline more effectively and profitably.

The diversity of our revenue sources has offered us a degree of insulation against the current market challenges with our development management revenue performing strongly. With some viability concerns surrounding Co-living, it is imperative the Group adapts and we have already taken steps to do so by identifying new opportunities such as Serviced Accommodation. We are giving due focus and attention on working with local authorities and registered housing providers to allow us to both deliver returns for our shareholders and tackle the lack of affordable housing.

We continue to be positive about the outlook for the sector of the UK housing market in which we operate. House prices have remained resilient for several years and with a lack of supply, especially in the North of England, in city centres that are seeing population growth, rental values continue to be strong due to the lack of supply. This supply shortage should support pricing and sustain strong returns for property investors which will benefit our sales.

We will proceed with cautious optimism and as a maturing business, we are now much better placed. Market dynamics in our view have started to stabilise which offer greater certainty around costs and values. We have demonstrated our agility, and we will continue to adapt strategies when necessary to safeguard our projects and stakeholders against similar disruptions in the future.

Task Force on Climate-Related Financial Disclosures (TCFD)

In light of the growing global concern over climate change and the increasing need for transparency and disclosure regarding climate-related financial risks and opportunities, our company has made the strategic decision to adopt the Task Force on Climate-related Financial Disclosures (TCFD) initiative. The following outlines our comprehensive plan for implementing the TCFD framework and enhancing our climate-related financial reporting.

The TCFD initiative was established to help organisations assess and disclose their climate-related financial risks and opportunities, enabling investors, stakeholders, and the public to make informed decisions. Adopting this framework demonstrates our commitment to addressing climate change and aligning our business strategies with a sustainable and resilient future.

The Group will allocate necessary resources, including personnel, technology, and financial resources, to support the successful implementation of the TCFD framework.

The implementation steps are planned on a phased approach over the year to June 2024:

- Awareness and Training: To ensure a smooth transition, we will begin by conducting awareness and training sessions for key personnel across various departments. These sessions will cover the TCFD framework, its objectives, and the role of each department in the implementation process.

- Governance and Accountability: Establish a dedicated TCFD working group or committee responsible for overseeing the implementation and reporting process. Assign clear roles and responsibilities within the organisation for TCFD compliance. The Board will oversee climate risks through an agreed matrix of climate issues being deployed by management and through quarterly measurement against the relevant KPI's. There will be a comprehensive review and analysis of the scheme delivery at practical completion. In terms of management oversight, a clear Climate strategy is being finalised, and is already being used informally, that sets core KPI's in terms of efficiency standards, fabric first process / renewables / embodied carbon impact / operational carbon outputs / core material choices / main contractor stats / staff travel/carbon footprint. A separate emergency strategy is to be put in place to consider impacts & requirements following acts of God. We already embrace methods of modern construction (MMC), along with construction opportunities where climate and financial gain is achieved. We review suppliers embracing new technology – such as flood resilience – as well as using improved performance materials that improves overall operational carbon outputs. Opportunities will be reviewed where a new project offers the chance to retain the embodied carbon.

- Risk identification will be delivered by conducting a comprehensive assessment of climate-related risks and opportunities within our organisation. This will involve identifying potential impacts on our operations, supply chain, and financial performance. The identification of a risk follows other business processes to manage risk. We will work with our main contractor and supply chain partners to understand the collective impacts on the climate. There will be clear guidance on specifications and materials, along with controls that ensure any material substituted into the process is reviewed and approved as appropriate.

- Risk management: No material risks have been identified at present, however all material climate risks would be managed in line with other risk management processes proportionate to the risk identified, with strong controls from management processes and a formal charge to the Employers Agent (EA) to monitor KPIs.

- Climate risk assessments fit within a wider risk assessment framework, following the same business process as other key risk areas. Through the review and analysis of all climate risks conducted by the management team with Board oversight, all existing and potential risks will be documented, and KPIs put in place to measure the risk. All mitigations will be reviewed and appropriate actions agreed, where appropriate.

- Scenario Analysis: Develop climate scenario analysis models to assess the potential financial implications of different climate scenarios on our business. This will help us identify resilience measures and strategic adjustments.

- Data Collection and Disclosure: Enhance our data collection and management systems to ensure the availability of accurate and reliable climate-related data. Prepare and publish TCFD-aligned disclosures, including information on governance, strategy, risk management, and metrics and targets.

- Integration with Strategy: Integrate climate-related considerations into our strategic planning processes, ensuring that climate risks and opportunities are factored into business decisions and investment strategies. Risks and opportunities identified over the short, medium & long term: There are none identified at present, but identification processes are being enhanced as the level of data, both internal and external, develops over time. Development KPIs are to be integrated through future schemes. Rationale will continue to be monitored for trips and travel where appropriate. There will be a periodic review of employee travel to work and the standard of office space will be reviewed. The impact of climate related risks & opportunities on the business is currently assessed to be limited.

- Engagement with Stakeholders: Actively engage with our stakeholders, including investors, customers, suppliers, and employees, to communicate our TCFD-aligned reporting and gather feedback.

- Continuous Improvement: Establish a process for regular review and improvement of our TCFD disclosures and strategies, ensuring they remain aligned with evolving climate risks and best practices.

- We intend to communicate our commitment to adopting the TCFD initiative through internal and external channels. Publish our TCFD-aligned disclosures in accordance with recommended reporting timelines.

By adopting the TCFD initiative, our company is taking proactive steps to address climate-related financial risks and opportunities. This comprehensive plan outlines our commitment to transparency, resilience, and sustainability, ensuring that we are well-prepared for the challenges and opportunities that a changing climate presents.

Jason upton (Oct 31, 2023 21:04 GMT+8)

Jason Upton

Chief Executive

31 October 2023

STRATEGIC REPORT

Group's Financial Review

Trading

For the twelve months ended 30 June 2023, revenue increased by £13.84m (+792%) to £15.59m (FY 2022: £1.75m). This primarily reflects significant growth in development sales along with construction services.

Revenue	FY 2023 £m	FY 2022 £m	Change £m	Change %
Development management fee	0.70	0.23	0.47	207%
Development sales	9.99	-	9.99	-
Co-living property management fee	1.28	0.53	0.75	-
Trading property	-	0.65	(0.65)	(100)%
Construction *	3.17	0.13	3.04	2,326%
Property services	0.33	0.16	0.17	110%
Corporate	0.12	0.05	0.07	160%
TOTAL	**15.59**	**1.75**	**13.84**	**+792%**

* Construction services revenue in in-house residential development projects to be discontinued from H2 calendar year 2023.

Developments sales revenue remained the largest contributor to Group revenue, accounting for 64% of total revenue. This significant growth was driven from Lincoln House, Bolton delivering £6.72m from 54 legal completions and Bank Street, Sheffield legally completing 17 sales equating to £3.27m.

Co-living property management relates to the works undertaken on Co-living properties where the Group receives a 5.0% cost plus margin on all works undertaken and generated revenue of £1.28m (FY 2022: £0.53m).

Further to the co-living property management fee, construction services delivered revenue of £3.17m in the period (FY 2022: £0.13m), reflecting building activity supplied to related party Queen Street, Sheffield, a refurbishment project where the Group is development manager.

There was an increase in development management fee income of £0.47m to £0.70m (FY 2022: £0.23m), due to the recognition of a full year of income from an agreement made in the period to develop manage One Victoria, Manchester. The other projects contributing to the period are North Church House, Sheffield, and the One Heritage Tower, Salford.

Property services delivered revenue of £0.33m in FY 2023. This was driven by management fees and transaction fees.

Statement of Comprehensive Income	FY23 £m	FY22 £m	Change £m	Change %
Revenue	15.59	1.75	13.84	792%
Cost of sales	(13.91)	(1.16)	(12.75)	
Cost of sales - Impairment	(1.09)	(1.30)	0.20	
Gross Profit/(Loss)	**0.59**	**(0.71)**	**1.30**	**184%**
Gross margin	3.79%	(40.4)%	44.19%	
Investment in associate and other income	0.00	0.08	(0.08)	
Administration costs	(2.21)	(1.48)	(0.73)	(49)%
Operating Loss	**(1.62)**	**(2.11)**	**0.49**	**23%**

(Loss) before taxation	**(2.14)**	**(2.13)**	**-**	**-**
(Loss) per share (pence)	**(6.2)**	**(6.6)**	**0.4**	**6%**

The gross profit improved by £1.30m to £0.59m (FY 2022: loss £0.71m) due mainly to the completions from Lincoln House. The impairment in the period was £1.09m (FY 2022: £1.30m) and this was broadly in line with impairment reported in the interim results of December 2022 across the three impaired developments: St Petersgate, Bank Street and Oscar House. The impairment was principally as a result of previously mentioned factors of increased costs due to rising material prices, sub-contractor prices, delays experienced and the cost of debt.

There has been a number of changes implemented in the year to reporting, risk management and operational delivery, to better protect the Group from similar challenges in the future, most notably the cessation of in-house construction services to both our direct development and development management projects in favour of the appointment of a fixed-price principal contractor on all new projects. The development at Victoria Road, Eccleshill which commenced in the period is with a fixed price principal contractor.

The gross margin was 3.79% (FY 2022: (40.4%)), which is predominantly due to the completions on Lincoln House offset by further impairment in the period.

Administrative expenses were £2.21m in the period (FY 2022: £1.48m). This represents an overall £0.73m increase in overheads arising from a number of factors: a higher salary cost of £0.40m driven by an increase in average headcount to 28 employees (FY 2022: 23) with more experienced individuals along with an £80k increase in recruitment costs; an increase of £22k in audit fees; and an increase of £176k in professional fees mainly due to higher consultants and software costs. The Group remains focused on a tight control of overheads, whilst introducing some planned investment in costs to drive the revenue streams. Administrative expenses as a proportion of revenue were 14% in FY 2023 whilst FY 2022 administrative expenses as a proportion of revenue were 85% of turnover on lower revenues.

The operating loss decreased by £0.49m to a loss of £1.62m (FY 2022: loss of £2.11m). Finance costs were £0.52m (FY 2022: £29k). The increase in finance cost is attributable to the Lincoln House, Oscar House and Bank Street developments reaching practical completion in the period, and all finance costs since then are expensed and not capitalised. The pre taxation loss amounts to £2.14m (FY 2022: £2.13m). The basic loss per share was 6.2 pence (FY 2022: loss 6.6 pence).

Balance Sheet

The Balance Sheet structure reflects the strategy of funding development projects with a combination of debt and equity instruments. As the Group continues to progress, and with development projects reaching completion and realising sales, the Balance Sheet will in due course reflect the positive cash impact of such transactions allowing funds to be recycled into new projects through targeted acquisitions.

Net assets have decreased by £1.14m from £0.57m to negative equity of £0.57m due to an increase in borrowings funding future growth, but also recognising the prudent impairment of assets as described earlier. The completion of properties at Lincoln House, Bank Street and Oscar House, Manchester that have taken place in the period have commenced a shift in the Balance Sheet which will ultimately allow for funds to be directed into targeted acquisitions as the Group moves forward. As anticipated, no dividends have been declared in this year with losses being reported in the first three years of trading.

Development Inventory has increased by £1.40m from £15.13m to £16.57m. The key balances are at Oscar House £6.32m (FY 2022: £4.22m) and Lincoln House £3.50m (FY 2022: £7.41m) where the projects are completed and sale completions have taken place. The inventory balances have increased at St

Petersgate £2.71m (FY 2022: £0.80m) which is a site due to practically complete in the quarter, along with Victoria Road, Eccleshill £1.80m, which was purchased on 8 July 2022 and where construction has now commenced.

Reported Net Assets per share decreased by 3.3p in the period to negative 1.5p (FY 2022: 1.8p).

Liquidity

The capital structure of the Group continued to evolve with the issuance of new shares in the period. On 7 July 2022, the Group issued 6.25m new ordinary shares of 1.0 pence each at an issue price of 20.0 pence per share, raising gross proceeds of £1.25m. This additional source of finance enhanced funding in addition to the initial placing, a corporate bond, construction finance and shareholder loan support.

The Net Debt has increased by £1.99m from £14.95m to £16.94m. This increase is supporting the planned growth of the Group and includes:

- Interest payment £2.65m;
- A refinance of Oscar House, Manchester in line with the revised sales strategy on improved terms to the previous loan £4.12m;
- An increase in the One Heritage Property Development shareholder loan facility of £4.19m to £11.38m (FY 2022: £7.19m) which allowed the repayment of a higher interest loan with One Heritage SPC of £1.23m resulting in lower interest costs. The total available facility is £14.30m, and the drawdown recorded at 30 June 2023 illustrates headroom of £2.92m;
- The repayment of loan facilities at Lincoln House (£2.44m), Bank Street (£1.13m) and Oscar House (£2.17m);

Net Cash outflow used in operating activities was £0.57m, primarily due to the reported loss of £2.14m.

In summary, we are beginning to realise the benefits from our development sales and development management agreements. This gives us incremental funding flexibility to pursue our Group strategy with renewed confidence.

A Unsworth
A Unsworth (Oct 31, 2023 12:15 GMT)

Anthony Unsworth

Chief Financial Officer

31 October 2023

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 updates plans and these are monitored by the Audit and Risk Committee and reported to the Board.

The principal risks that the Board sees as impacting the Group in the coming period are divided into six categories, and these are set out below together with how the Group mitigates such risks.

1. Strategy: Government regulation, planning policy and land availability.

2. Delivery: Inadequate controls or failures in compliance will impact the Group’s operational and financial performance.

3. Operations: Availability and cost of raw materials, sub-contractors, and suppliers.

4. People and culture: Attracting and retaining high-calibre employees.

5. Finance & Liquidity: Availability of finance and working capital.

6. External Factors: Economic environment, including housing demand and mortgage availability.

1. Strategy: Government regulation, planning policy and land availability

A risk exists that changes in the regulatory environment may affect the conditions and time taken to obtain planning approval and technical requirements including changes to Building Regulations or Environmental Regulations, increasing the challenge of providing quality homes where they are most needed. Such changes may also impact our ability to meet our margin or site return on capital employed (ROCE) hurdle rates (this ratio can help to understand how well a company is generating profits from its capital as it is put to use). An inability to secure sufficient consented land and strategic land options at appropriate cost and quality in the right locations to enhance communities, could affect our ability to grow sales volumes and/or meet our margin and site ROCE hurdle rates. The Group mitigates against these risks by liaising regularly with experts and officials to understand where and when changes may occur. In addition, the Group monitors proposals by Government to ensure the achievement of implementable planning consents that meet local requirements and that exceed current and expected statutory requirements. The Group regularly reviews land currently owned, committed and pipeline prospects, underpinned with robust key business control where all land acquisitions are subject to formal appraisal and approved by the senior executive team.

2. Delivery: Inadequate controls or failures in compliance will impact the Group’s operational and financial performance

A risk exists of failure to achieve excellence in construction, such as design and construction defects, deviation from environmental standards, or through an inability to develop and implement new and innovative construction methods. This could increase costs, expose the Group to future remediation liabilities, and result in poor product quality, reduced selling prices and sales volumes.

To mitigate this, the Group liaises with technical experts to ensure compliance with all regulations around design and materials, along with external engineers through approved panels. It also has detailed build programmes supported by a robust quality assurance.

3. Operations: Availability and cost of raw materials, sub-contractors, and suppliers

A risk exists that not adequately responding to shortages or increased costs of materials and skilled labour or the failure of a key supplier, may lead to increased costs and delays in construction. It may also impact our ability to achieve disciplined growth in the provision of high-quality homes.

Following a strategic review, the Group has taken the opportunity to cease our participation in in-house construction of residential development projects, and this will take effect upon the completion of our current projects under construction. We will continue to provide the development of Co-living projects but have chosen a new approach to the delivery of our development projects by appointing a principal contractor after a period of due diligence, which we believe will deliver the best shareholder value.

4. People and culture: Attracting and retaining high-calibre employees

A risk exists that increasing competition for skills may mean we are unable to recruit and/or retain the best people. Having sufficient skilled employees is critical to delivery of the Group's strategy, whilst maintaining excellence in all of our other strategic priorities.

To mitigate this the Group has a number of People Strategy programmes which include development, training and succession planning, remuneration benchmarking against competitors, and monitoring of employee turnover, absence statistics and feedback from exit interviews.

5. Finance & Liquidity: Availability of finance and working capital

A risk exists that lack of sufficient borrowing and surety facilities to settle liabilities and/or an ability to manage working capital, may mean that we are unable to respond to changes in the economic environment, and take advantage of appropriate land buying and operational opportunities to deliver strategic priorities.

To minimise this risk, the Group has a disciplined operating framework with an appropriate capital structure, and management have stress tested the Group's resilience to ensure the funding available is sufficient. This process has regular management and Board attention to review the most appropriate funding strategy to drive the Group's growth ambitions. We have regular monthly Treasury updates, and we gain market intelligence and availability of finance from experienced sector Treasury advisers.

6. External Factors: Economic environment, including housing demand and mortgage availability

A risk exists that changes in the UK macroeconomic environment may lead to falling demand or tightened mortgage availability, upon which most of our customers are reliant, thus potentially reducing the affordability of our homes. This could result in reduced sales volumes and affect our ability to deliver profitable growth.

To mitigate this risk, the wider Group has a significant presence in Hong Kong, China and Singapore and the majority of overseas purchasers are cash buyers. The Group continually monitors the market at Board, Executive Committee, and team levels, leading to amendments in the Group's forecasts and planning, as necessary. In addition, there are comprehensive sales policies, regular reviews of pricing in local markets and development of good relationships with mortgage lenders. This is underpinned by a disciplined operating framework with an appropriate capital structure and strong Balance Sheet.

A Unsworth
A Unsworth (Oct 31, 2023 12:15 GMT)

Anthony Unsworth

Chief Financial Officer

31 October 2023

DIRECTORS' REPORT

Board of Directors

EXECUTIVE DIRECTORS

JASON UPTON
Chief Executive
Appointed: 21 July 2020

Jason has extensive management experience, specialising in Operations Management and Business Development with experience in Debt Management, Financial Services, Banking and Property Development Industries.

From 2009 to 2016, he was Operations Manager for Totemic Financial Services Limited in the UK. Subsequent to that role, from 2016 to 2019, he was CEO of J Upton Limited, working as a management consultant in the Financial Services and Banking Industry, notably within Nationwide Building Society. In June 2019, Jason became the CEO of One Heritage Property Development (UK) Limited.

Jason graduated from the University of Lincoln in the United Kingdom with an Honours Bachelor's Degree in Business and Marketing.

YIU TAK CHEUNG
Chief Investment Officer
Appointed: 21 July 2020

Peter is based in the UK and Hong Kong. He has extensive experience in Business Development, budget planning and Operations Management in the Wealth Management industry. From 2009 to 2014, he was an Associate Director of Convoy Financial Services Limited, a listed financial services company on the Hong Kong Stock Exchange. Following that he was a Senior Vice President of Hong Kong based Get Mdream Wealth Management Limited which is a diversified Wealth Management business focusing on the Asian market. In 2016, Peter became CEO of One Heritage Property Development Limited.

Peter graduated from the University of Lincoln in the UK with an Honours Bachelor's Degree in Business and Marketing.

ANTHONY UNSWORTH
Chief Financial Officer
Appointed: 1 August 2022

Anthony is an Associate of the Chartered Institute of Management Accountants and has over 14 years' experience with FTSE 100 and 250 listed House Builders. His most recent role was at Countryside Partnerships PLC where he was the Divisional Finance Director, Partnerships North and oversaw significant change through organic and acquisitive growth. Prior to joining Countryside, Anthony held the role of Finance Director North West from 2007 until 2018 at Barratt Developments PLC and was responsible for financial leadership through this period of considerable growth.

Anthony also has a further twenty years of financial and commercial experience across multiple sectors including retail, banking and manufacturing with senior finance roles held at Asda Stores Ltd, Iceland Foods Ltd and The Very Group Ltd. He is highly experienced in financial matters and his core disciplines include strategic planning and forecasting, treasury, working capital control, governance, and risk management. In September 2023, Anthony informed the Board of his decision to resign from his role as CFO and Executive Director but will continue in these roles during his notice period ending in March 2024. The Board has commenced a search for a replacement.

NON-EXECUTIVE DIRECTORS

DAVID IZETT
Independent non-executive Chairman
Appointed: 17 December 2020

Committees: Audit and Risk Committee, Remuneration Committee, Nomination Committee

David is a fellow of The Royal Institution of Chartered Surveyors, with more than forty years' experience of the real estate industry, both in the UK and internationally, including Russia and Central Asia. He was Chief Executive Officer of Colliers International UK plc from 2001 to 2010, including being EMEA Chairman of Colliers International UK plc from 2005 to 2010.

David subsequently became a Business Development Partner for Cushman & Wakefield plc London in 2011 prior to becoming Chief Operating Officer of Cushman & Wakefield Moscow in 2012. He was Chair of the Cushman & Wakefield affiliate in Georgia and Kazakhstan before returning to the UK in 2016 where he now holds a number of Board and consultancy roles with businesses in the real estate industry.

JEREMY EARNSHAW
Independent non-executive Director FCA, B. Eng (Hons)
Appointed: 1 April 2022

Committees: Audit and Risk Committee, Remuneration Committee, Nomination Committee

Jeremy is a Fellow of The Institute of Chartered Accountants in England & Wales and has over thirty years' senior treasury, finance, and governance expertise, in both public and private sector organisations. He has worked across multiple sectors including Housing, Healthcare, Pharmaceuticals, Printing, Retail Marketing and Online E-Commerce. Jeremy is highly experienced in all Main Board and CFO matters, with specialisms in funding, M&A, stakeholder communication and value creation. With international experience in Europe, North America and Asia, Jeremy's roles have always encompassed a wide range of responsibilities, including legal, governance, risk, financial PR, and procurement. Additionally, Jeremy is a Non-Executive Director at Optoma, and a Non-Executive Director at 54 North Homes, a Regulated Housing Association in the North of England.

DIRECTORS' REPORT

QCA Corporate Governance Code

The Board recognises the value of good corporate governance and adopted the QCA Corporate Governance Code on listing. The Code sets out ten principles that are designed to help deliver long term growth in shareholder value. Below we set out each of the principles and how the Group sets out to achieve them.

	Principle	Application
DELIVER GROWTH		
1	Establish a strategy and business model which promote long-term value for shareholders	The Group's strategy is focused on developing high quality apartments and Co-living housing in urban areas in the UK with high demand from professional tenants. We provide first class letting and full management services to create a socially sustainable living environment. The Group aims to deliver shareholder value by investing in developments in areas of high demand and growth. The Group also believes that it can create value in the residential market and are excited to be part of the solution to tackling the UK's shortage of quality accommodation.
2	Seek to understand and meet shareholder needs and expectations	The Group provides its shareholders with contact information such as a dedicated email address (investors@one-heritage.com), Group phone number and address which is available on the Group's website. The Group holds an Annual General Meeting which all investors can attend, and time will be set aside for questions. Due to the size of the Group, there is no dedicated investor relations department. The CEO is responsible for reviewing all communications received from investors and will determine the most appropriate response. Individual contact details of the CEO, CFO and Hybridan, the Group's financial adviser are published on all RNS releases which are also uploaded to the Company website.
3	Take into account wider stakeholder and social responsibilities and their implications for long-term success	The Group believes its main stakeholders in addition to its investors are its employees, suppliers, consultants, purchasers of the Group's properties, members of local communities where the Group undertakes development activities, and their tenants. The Group is committed to understand the requirements and needs of its stakeholders, monthly meetings are held by management to discuss engagement and feedback and the Group takes time to review these requirements. It is important for the Group to be making a positive contribution to local economies, communities, and
	Principle	Application
DELIVER GROWTH		
		the housing shortage. The Group recognises its social responsibility and the impact it has on providing sustainable housing, follow best practice so that developments provide a safe and environmentally friendly living experience. Development

		proposals are in line with planning regulations and recommendations where future regulations may change, and where advisable, the Group will hold public consultation events as part of any planning applications.
4	Embed effective risk management, considering both opportunities and threats, throughout the organisation	The Group maintains a risk register and monitors risks associated with the business including finance, legal, personnel, and macro and micro environmental factors. Risks are assessed and discussed at management and Board level on a regular basis, assessing the impact, likelihood and the mitigation strategies are carefully considered. The risk register is tabled at the Group's audit committee for further assurance as to the strength and sustainability of its management strategy to risk. The audit committee is expected to meet at least three times a year at appropriate intervals in the financial reporting and audit cycle and otherwise as required.
MAINTAIN A DYNAMIC MANAGEMENT FRAMEWORK		
5	Maintain the Board as a well-functioning, balanced team led by the chair	One Heritage Group PLC has a Board of Directors that comprises three executive Directors and two Independent non-executive Directors which includes an Independent non-executive chairman. The Board is committed to meeting at least monthly formally or informally. Under Article 78.1 of the Company's Articles of Association each director shall retire from office at the third annual general meeting after the annual general meeting or general meeting (as the case may be) at which he was previously appointed. Any new Directors appointed during the year must stand for re-appointment at the annual general meeting following their appointment. The Company intends to comply with its Articles of Association and guidance set by the QCA code. The Executive Directors consist of a full-time CEO and CFO along with a part time CIO. The Independent Non-executive Directors consist of an Independent Non-Executive Chairman and an Independent Non-Executive Director with service contracts that require a minimum of two days a month dedicated towards their duties as Directors of the Group. Each Director of the Group has particular regard to the QCA Corporate Governance Code in respect of the role of the Board and the role of its Independent non-executive Directors. As the Company continues to grow, Board membership will be continually assessed to reflect the skills and attributes required. Audit and Risk Committee The Company has established an audit and risk committee, which comprises all of the Directors and Jeremy Earnshaw as the Chairman. The audit committee will meet at least three times a year and will assist the Board in observing its responsibility for ensuring that the Company's financial systems
	Principle	Application
MAINTAIN A DYNAMIC MANAGEMENT FRAMEWORK		
		provide accurate and up-to-date information on its financial position and that the published financial statements represent a true and fair reflection of this position. It will also assist the Board in ensuring that appropriate accounting policies, internal financial controls and compliance procedures are in place. The audit committee will receive information from the external auditors and

		will seek to challenge the management where necessary. The Committee will also consider any new or potential risks posed to the Company and will identify the mitigants and controls necessary to ensure that such risks are managed in a manner appropriate to the size and complexity of the Company's operations at that time. Remuneration Committee The Company has established a Remuneration Committee, which will comprise the two independent non-executive Directors, those being Jeremy Earnshaw and David Izett (Chair). The Remuneration Committee will meet at least twice a year and otherwise as required. The Remuneration Committee has responsibility for making recommendations to the Board on the Group's policy on the remuneration of the executive Directors. The Remuneration Committee is responsible for reviewing the scale and structure of the executive Directors' remuneration and the terms of their service or employment contracts, including share option schemes and other bonus arrangements. The entire Board sets the terms and conditions of the remuneration of the Directors. Nominations Committee The Nominations Committee will meet at least once a year and otherwise as required. The committee consists of two members. The chairman of the Nominations Committee must either be an independent Director or the Chairman of the Board (save when discussing his succession). Accordingly, David Izett has been appointed as Chairman of the Nominations Committee, the other member being Jeremy Earnshaw. The Nominations Committee considers the composition of the Board, retirements and appointments of additional and replacement Directors and makes appropriate recommendations to the Board. In addition, the Nominations Committee will recommend changes to the Board where specific skills and experiences are required to achieve the Company's future development plans.
	Principle	Application
MAINTAIN A DYNAMIC MANAGEMENT FRAMEWORK		
6	Ensure that between them the Directors have the necessary up-to-date experience, skills, and capabilities	The Board bring relevant experience in the property sector, finance sector, business operations and the public markets. The Directors of the Group comprise a mixture of young, entrepreneurial, and dynamic executive Directors who founded the Group which is balanced by the experience of two Independent non-executive Directors with significant public markets experience. The Group believes that this cognitive diverse experience of the Board provides a sufficient balance to promote the success of the business. Each Director is identified on the Company's website along with a clear description of their role and experience. The Group has access to a financial advisor to update the Board on key business, legal and regulatory issues facing the Group. The

		Board also has access to the Company Secretary, who advises them on Board and governance matters. The Group also consults its legal advisers that it retains on all matters legal, regulatory and governance. The Group has not to date sought external advice on keeping Directors' skills up to date, but believes that the mix of experience provides them with the relevant up to date skills needed to act as Board members for a small Group.
7	Evaluate Board performance based on clear and relevant objectives, seeking continuous improvement	The Group's Directors are evaluated against the Group strategy as outlined in the prospectus dated 23 December 2020. The Board intends to consider how formal assessments of Board performance will be conducted in the future and will also consider succession planning as and when necessary. The Board has started to think how to best evaluate its Board Members Exec and Non exec and part of that has been some housekeeping with respect to Directors standing for re election at annual GMs in line with Articles etc, but that along with wider options for exec directors, performance criteria and performance of non-exec directors and how to measure this is a live and ongoing Board topic and will hopefully lead to formal appraisal processes being in place by the end of 2024.
8	Promote a corporate culture that is based on ethical values and behaviours	The Board believes that the promotion of a corporate culture based on sound ethical values and behaviours is critical to gain a competitive advantage and maximise shareholder value. The Group maintains a handbook which is available to all employees which sets out standards expected which are a benchmark for the evaluation of performance during periodic employee reviews which are undertaken at least annually. Senior management hold an Employee Engagement meeting monthly with staff matters, employee feedback, employee engagement and professional training/development all standing agenda items. The CEO also reports on any notable examples of actions within the Group that are misaligned with the Group's stated values at every Board meeting.
	Principle	Application
MAINTAIN A DYNAMIC MANAGEMENT FRAMEWORK		
		The Directors believe its corporate culture encourages ethical behaviours that benefit its stakeholders and promote the success of the business.
9	Maintain governance structures and processes that are fit for purpose and support good decision-making by the Board	The Chairman is responsible for leadership of the Board, ensuring its effectiveness and setting the agenda for Board meetings. Once strategic objectives have been agreed by the Board, it is the Chief Executive Officer's responsibility to ensure they are delivered upon consistently to be accountable to the Board. The day-to-day operations of the Group are managed by the Chief Executive Officer and the wider management team comprising the Chief Investment Officer, Chief Financial Officer, and Development Director. There is a clear division of responsibilities between the Chairman, Chief Executive Officer, and Non-Executive Directors. The roles of the Chairman and the Chief Executive Officer are separate with a

		distinct division of responsibilities. The separation of authority enhances independent oversight of the executive management by the Board and helps to ensure that no one individual on the Board has unfettered authority. The Board's primary role is the protection and enhancement of long-term shareholder value. To fulfil this role, the Board is responsible for the overall management and corporate governance of the Group including its strategic direction, establishing goals for management, and monitoring the achievement of these goals. In addition to overall Group strategy, the Board approves the annual budget and retains control over corporate activity, material contracts and financing decisions. Management's role is to implement the strategic plan established by the Board and to work within the corporate governance and internal control parameters established by the Board. The role of each of the Group's committees have been explained in Principle 5 above.
BUILD TRUST		
10	Communicate how the company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders	The Group publishes all RNS announcements, prospectuses, and investor presentations on the Group's website. The Group releases Annual Reports holds Annual General Meetings, and all circulars, dates and content will be posted directly to all shareholders and nominees and published on the Group's website. The Group website allows investors, stakeholders, and other interested parties to contact the Group. The Group is in the process of creating a mailing list to contact stakeholders directly, which is expected to be in place by June 2024.

DIRECTORS' REPORT

Board Leadership and Company Purpose

ROLE OF THE BOARD

The responsibility of the Board is to promote the success of the Company for the long-term benefit of its shareholders and other stakeholders, including employees, suppliers, and the wider community. The Board see its role as reviewing and approving key policies, setting the strategy and operating plans, ensuring governance and compliance with laws and regulations, and through its committees the financial reporting and risk management, and, importantly, the culture of the Company.

The Board has regular scheduled and ad hoc meeting as well as committee meetings to ensure that Director's allocate sufficient time to discharge their duties effectively. The agenda of these meetings is managed to ensure that shareholder value, the considerations of stakeholders, and governance play a key part in the decision making of the Company.

Meetings are scheduled to coincide with key events in the Company's financial calendar, including interim and final results and the AGM. The Board also schedule other meetings during the year that review budgets, financial and operating performance, strategy as well as major transactions.

PURPOSE

The Company's purpose is to expand and enhance residential property, primarily in the North. This is through investing in the refurbishment or construction of accommodation that matches the needs of the local area. The Board receives regular updates on the performance and given the limited trading history of the Group, using a range of different KPI's to build a picture of performance and ensure that shareholder and stakeholder value is maximised. The Board reviews all proposed developments and all Board members are encouraged to visit sites to gain a better understanding of the environment and local area.

SECTION 172(1) STATEMENT

In accordance with section 172 of the Companies Act 2006, the Board regularly considers the likely consequences of our strategy and long-term decisions, taking into account the interests of employee colleagues, suppliers, customers, communities, and the environment.

The table below considers key stakeholder groups, methods of engagement and the impact of feedback on Board discussions and decisions.

Matters considered by the Board	**Where to read more in the Annual report**
The interests of the Group's employees	CEO and Remuneration Committee Reports
The impact of the Group's operations on the community and the environment	CEO Report
Maintaining high levels of Corporate Governance	QCA Corporate Governance Code
The long-term strategy of the Group	CEO Report

DISCLOSURE OF INFORMATION TO AUDITOR

The Directors who held office at the date of approval of this Directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each Director has taken all the steps that he ought to have taken as a Director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

CULTURE

The Board believe that building the right culture in the Company that is aligned with the strategy and purpose of the Company is pivotal to creating value. It aims to foster an open environment, where all staff understand the strategic direction of the business and contribute towards reaching its goals. This is through regular communication by the Board and Senior Leadership to all staff to encourage strategic engagement across the Company. The Board receives regular updates and has input on how the Company's culture and its values create an environment for collaborative engagement, creative thinking, and integrity. The Board is of the view that the culture is open, supportive, and transparent, is led from the top, and works across the business.

SHAREHOLDER RELATIONS

The Company listed on the London Stock Exchange in December 2020 and has ongoing dialogue with its investors, which became part of the story of a rapidly growing business. The Board uses Investor Meet Company, which allows shareholders to watch and ask questions. The Company is yet to hold its first in person AGM. Meeting shareholders in person is a key priority in the new financial year.

WORKFORCE ENGAGEMENT

The Board believe passionately that engagement with the whole workforce is pivotal to the future success of the Company. It promotes improved decision making at all levels and ultimately is key to attracting and retaining the best staff. The pandemic has demonstrated how important engagement is when employees are expected to be more flexible and adaptive than they ever have.

CONFLICTS OF INTEREST

Directors are required to report actual or potential conflicts of interests to the Board for consideration and the Company maintains a register of authorised conflicts of interest. The Chairman notes the Register and reminds Directors of their duties under the Companies Act 2006 relating to the disclosure of any conflicts of interest at the beginning of each Board meeting.

INDEPENDENT ADVICE

Directors can raise concerns at Board meetings and have access to the advice of the Company Secretary. There is an established procedure for Directors, in relevant circumstances, to obtain independent professional advice at the Company's expense. No such requests were made in financial period to 30 June 2022.

Directors' and Officers' Liability Insurance is maintained for all Directors.

BOARD BALANCE AND INDEPENDENCE

Details of the Directors, including their qualifications and experience, are set out in the Board of Directors section of this report. The Board currently comprises the Chairman, three Executive Directors and a Non-Executive Director.

The Board reviews the independence of its Non-Executive Directors on an annual basis and has concluded that all Non-Executive Directors continue to demonstrate their independence.

In the Company's view, the breadth of experience and knowledge of the Chairman and the Non-Executive Director and their detachment from the day-to-day issues within the Company provide a sufficiently strong and experienced balance with the executive members of the Board.

CHAIRMAN

- Provide effective leadership and maintain a culture of openness, debate and constructive challenge
- Set the agenda, style and tone of Board meetings and ensure Directors receive timely, accurate and clear information to assist decision-making
- Monitor the Board's effectiveness

CHIEF EXECUTIVE OFFICER

- Day-to-day responsibility for managing the business of the Group
- Recommend the Group's strategy to the Board and implement the agreed strategy across the Group
- Provide regular updates to the Board on all operational matters of significance
- Deliver the Group's ESG strategy
- Ensure effective communication with the Group's shareholders and stakeholder

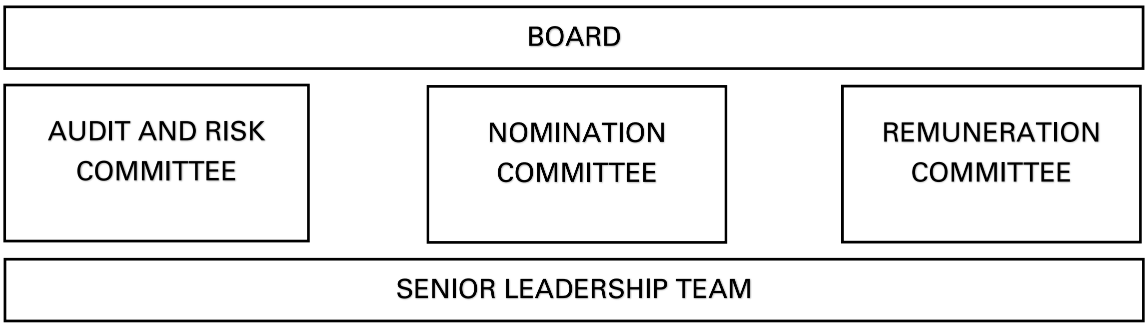
CHIEF FINANCIAL OFFICER

- Day-to-day responsibility for managing the financial actions of the Group
- Track and manage cash flows
- Deliver short-, medium- and long-term financial plans aligned to the strategy
- Analyse the Group's financial strengths and weaknesses and propose corrective actions
- Ensure the Group's financial reports are accurate and compiled in a timely manner

NON-EXECUTIVE DIRECTOR

- Act as a sounding board to the Chairman
- Evaluate the Chairman's performance as part of the annual Board evaluation process
- Provide independent judgement, knowledge and commercial experience to discussions and decision-making
- Provide constructive challenge to Executive Directors and scrutinise the performance of management against key objectives
- Provide oversight of the Group's strategy

BOARD AND COMMITTEE STRUCTURE



Audit and Risk Committee Meets at least three times a year	Chairman – Jeremy Earnshaw Members – David Izett
Nomination Committee Meets at least once a year	Chairman – David Izett Members – Jeremy Earnshaw
Remuneration Committee Meets at least once a year	Chairman – David Izett Members – Jeremy Earnshaw

Terms of reference for all committees are available on the Company's website.

BOARD AND COMMITTEE MEETINGS

The number of scheduled meetings of the Board in the year to 30 June 2023

	Board	**Audit and Risk**	**Nomination**	**Remuneration**
Number of meetings	5	4	1	1
David Izett	5	4	1	1
Jason Upton	5	1/1	-	-
Yiu Tak Cheung	5	1/1	-	-

Jeremy Earnshaw	5	4	1	1
Anthony Unsworth (1)	4/4	-	-	-

Notes:

1. (1) Appointed 1st August 2023, not eligible to attend the July 2022 meeting
2. In October 2022 the Audit and Risk Committee decided that only NEDs would be members of the ARC therefore Jason Upton and You Tak Cheung were only able to attend one meeting as a participant

In advance of Board meetings, an agenda is sent out to each member along with up-to-date financial and commercial information, management accounts, budgets and forecasts, details of potential or proposed acquisitions and disposals, cash flow forecasts and details of funding availability.

Each Board meeting includes the Executive Directors and Senior Leadership providing key updates on their areas of responsibility.

The Committee Chairs highlight any matters that require consideration of the Board, which are added to the agenda of the next scheduled Board meeting, or if required an ad hoc meeting called.

DIRECTORS' INSURANCE AND INDEMNITY

The Group maintains Directors' and Officers' liability insurance which gives appropriate cover for any legal action brought against its Directors. In accordance with Section 234 of the Companies Act 2006, qualifying third party indemnity provisions are in place for the Directors in respect of liabilities incurred as a result of their office to the extent permitted by law.

POLITICAL DONATIONS

No political donations have been made during this financial year.

AUDITOR

Our External Auditor is KPMG Audit LLC, and they were appointed in financial year 2021. The Committee considers the external Auditor to be independent. In the current financial year, the External Auditor did not provide any non-audit services to the Group.

In accordance with Section 489 of the Companies Act 2006, a resolution for the re-appointment of KPMG Audit LLC as auditor of the Company is to be proposed at the forthcoming Annual General Meeting.

GOING CONCERN

Notwithstanding net current liabilities of £5.8 million (excluding inventory balances totalling £16.0 million) as at 30 June 2023, a loss for the year then ended of £2.7 million and operating cash outflows for the year of £2.0million, 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 a cash flow forecast for the period to 31 December 2024 which indicates that, taking account of reasonably possible downsides, the Group will have sufficient funds, through the proceeds from sale of four developments (net of repayment of related construction finance loans (note 19)), supplemented by continued financial support from its parent company, One Heritage Property Development Limited ("OHPD"), to meet its liabilities as they fall due for that period. OHPD have confirmed that their loans due to mature in December 2024 will not be demanded for repayment until such a time that the Group can afford to repay them without impacting on its going concern.

As with any company placing reliance on other Group/related entities for financial support or third-party loan counterparties extending the maturity dates in line with their indications, 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 Group 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.

SHARE CAPITAL AND PRINCIPAL SHAREHOLDER

The number of shares in issue as at the date of publication of this report was 38,678,333 ordinary shares of 1 pence, each with one vote.

One Heritage Property Development Limited is the Company's principal shareholder, holding a total of 25,200,000 ordinary shares, representing 65.3% of the voting rights attached to the current issued share capital of the Company.

DIRECTORS' REPORT

Nomination committee report

The Nomination Committee supports the composition, succession and competences of the Board and Senior Leadership. This committee has two members; the chair, David Izett, and Jeremy Earnshaw.

PURPOSE AND KEY RESPONSIBILITIES

- Regularly review the structure, size, and composition (including the skills, knowledge, experience, and diversity) of the Board;
- Consider and recommend succession planning for Directors and other senior executives in the course of its work, taking into account the challenges and opportunities facing the Company, and the skills and expertise needed on the Board in the future;
- Keep under review the leadership needs of the organisation, both executive and non-executive, with a view to ensuring the continued ability of the organisation to compete effectively in the marketplace; and
- Responsible for identifying and nominating for the approval of the Board, candidates to fill Board vacancies as and when they arise.

ACTIVITIES DURING THE YEAR

The Nomination Committee held one meeting in this financial year. The Nomination Committee met on the 27 July 2022 to appoint Anthony Unsworth as Executive Director and Chief Financial Officer of the Company. He was provided with reading material as part of his induction and met the other Directors, the executive leadership team, and other senior members of the Company. Succession planning was reviewed and discussed however given the size, stage of development and age of the Company no actions were recommended. While no formal structured continuing professional development programme has been established for the non-executive Directors, every effort is made to ensure that they are fully briefed before meetings on the Group's business. In addition, they receive updates from time to time from the executive Directors on specific topics affecting the Group and from the Company Secretary on recent developments in corporate governance and compliance.

The Company's Articles of Association provide for each Director to retire from office at the third annual general meeting ("**AGM**") after the AGM at which he or she was previously appointed or reappointed. The Nomination Committee has recommended that in line with best Corporate Governance practice, all Directors will offer themselves for re-election by the shareholders at the third annual general meeting after the AGM at which he or she was previously appointed or reappointed. Given the recent changes to Board composition during the year, it was felt that a Board evaluation would not provide added value, but this will be kept under review for the year ahead.

DIRECTORS' REPORT

Audit and risk committee report

The Audit and Risk Committee role is to assist the Board in discharging its duties and responsibilities for financial reporting, internal control and the appointment and remuneration of an independent external Auditor. This committee has two members; the chair, David Izett and Jeremy Earnshaw. In October 2022, the Audit and Risk Committee decided that only NEDs would be members of the ARC therefore the Executive Directors were only able to attend by invitation.

PURPOSE AND KEY RESPONSIBILITIES

- Monitor the integrity of the financial statements of the Company, including its annual and half-yearly reports, interim management statements, preliminary announcements and any other formal statements relating to its financial performance;
- Review the effectiveness of the Group's system of internal financial controls that identify, assess, manage, and monitor financial risks, and other internal control and risk management systems;
- Consider and make recommendations to the Board, for it to put to shareholders for their approval at the AGM, in relation to the appointment, re-appointment and removal of the Company's external auditor; and
- Review the adequacy and security of the Company's arrangements for its employees to raise concerns, in confidence, about possible wrongdoing in financial reporting or other matters.

ACTIVITIES DURING THE YEAR

The Audit and Risk Committee held four meetings during the financial period to 30 June 2023. The highlights included:

- Reviewing and recommending approval of the Annual and Interim Report to the Board for release to the market;
- Approving a detailed timetable for the annual audit and setting regular milestones to be met by the Executive Directors, Senior Leadership and Auditors; and,
- Reviewing the Company's Risk Register and ensuring that the Executive Director's and Senior Leadership are effectively managing risks in the Company.

SIGNIFICANT ISSUES CONSIDERED IN RELATION TO THE FINANCIAL STATEMENTS

- *Impairment of inventory - developments*: The Audit and Risk Committee highlighted that there is a significant risk around the carrying value of the inventory balances. The analysis required references to information that is inherently using varying levels of estimation and therefore may be subject to management bias. During the period, the Audit and Risk Committee reviewed all assumptions used and sought independent advice where required to ensure that the values used were in line with market expectations.
- *Going concern*: The Committee reviewed, challenged and concluded on the Group's going concern review. This process included giving due consideration to the appropriateness of key judgements, assumptions and estimates underlying the budgets and projections that underpin the Group's going concern assessment.
- *Recoverability of Parent Company's loan to and investment in subsidiaries*: The Committee noted the materiality of the balances. It was judged, after reviewing the financial information of the subsidiaries, that the risk was low.

RISK MANAGEMENT

The Board is responsible for maintaining a sound system of internal control and risk management. Such a system is designed to manage, but not eliminate, the risk of failure to achieve business objectives. There are inherent limitations in any control system and, accordingly, even the most effective system can provide only reasonable, and not absolute, assurance.

An ongoing process is in place for identifying, evaluating and managing risk and the Board is satisfied that this accords with relevant corporate governance guidance. Key features of the Group's system of internal control are as follows:

- Defined organisational responsibilities and authority limits. The day-to-day involvement of the Executive Directors in the running of the business ensures that these responsibilities and limits are adhered to;
- Financial and operating reporting to the Board, including the preparation of budgets and forecasts, cash management, variance analysis, property, taxation, and reports on financing. Year-end and interim financial statements are reviewed by the Audit Committee and discussed with the Group's Auditor, KPMG Audit LLC, before being submitted to the Board for approval;
- Review and approval of the Group's risk register by the Group's Management Team, the Audit and Risk Committee and the Board;
- Anti-Bribery and Corruption policies which are communicated to all staff and for which compliance reviews are conducted on an annual basis; and
- The Group's whistleblowing policy.

DIRECTORS' REPORT

Remuneration committee report

The Remuneration Committee agrees the framework for the remuneration of the Chairman, Non-Executive Directors and the Executive Directors. The Committee approves salaries and sets the levels, conditions and performance objectives for the annual bonus and share awards for Executive Directors. The Committee also reviews the remuneration of the senior leadership below Board level. It also makes recommendations to the Board on matters that require shareholder approval. This committee has two members; the chair, David Izett and Jeremy Earnshaw.

PURPOSE AND KEY RESPONSIBILITIES

- Responsibility for setting the remuneration policy for all Executive Directors and recommend and monitor the level and structure of remuneration for the Senior Leadership; and
- Review and monitor any significant changes to the benefit structure of the Company and review its appropriateness to a Company of this size and scope.

ACTIVITIES DURING THE YEAR

The Remuneration Committee met once in the financial period to 30 June 2023. It reviewed the overall Company's remuneration that was proposed by the Executive Directors.

REMUNERATION FOR THE YEAR (AUDITED)

During the financial year the Directors of the Company were paid short-term benefit payments in the form of cash and two Directors were paid a pension as described below. There was no other form of remuneration. A summary of the audited remuneration is below:

£ unless stated	12 months to 30 June 2023	12 months to 30 June 2022
Jason Upton*	97,154	76,321
Yiu Tak Cheung	15,000	15,000
Anthony Unsworth	115,794	19,172
Jeffrey Pym	-	19,172
David Izett	29,167	25,000
Jeremy Earnshaw	25,000	6,181
	282,115	141,674

These payments are in line with the disclosures in the Financial Statements.
*During the year Jason Upton and Anthony Unsworth received remuneration in the form of a pension for the amount of £1,321 and £1,211 respectively included in the total remuneration.

DIRECTORS' INTERESTS IN SHARES

The beneficial interests of the Directors in the ordinary shares of the Company are set out below:

£ unless stated	12 months to 30 June 2022
Jason Upton	1,100,000
Yiu Tak Cheung*	25,200,000
David Izett	-
Jeremy Earnshaw	-
Anthony Unsworth	-
	26,300,000

*Yiu Tak (Peter) Cheung has an indirect interest in the Company through his 38.33 per cent. shareholding in One Heritage Holding Group Limited, which owns 100 per cent of the Company's parent company, One Heritage Property Development Limited.

NON-EXECUTIVE DIRECTORS' LETTERS OF APPOINTMENT

The following table provides details of the Non-Executive Directors' letters of appointment:

£ unless stated	Date of appointment letter
David Izett	23 December 2020
Jeremy Earnshaw	18 March 2022

Each Non-Executive Director is appointed for an initial term of three years, subject to agreement, satisfactory performance, and re-election by shareholders. The Non-executive Directors' letters of appointment provide for termination by either party by giving the other not less than three months' notice in writing.

POLICY REPORT

This section of the Directors' remuneration report sets out the Group's remuneration policy for Directors, in line with industry best practice and the three-year Policy cycle the Company agreed at the AGM. The AGM held on 19 November 2021 and will apply for three years from this date. The roll-out of the following benefits is a priority and critical to retain and hire talent, and the process has begun with external consultants to put an option scheme in place and performance criteria and the Rem Com hopes that this will be concluded at the end of Q1 24.

The remuneration policy is designed to meet the following objectives:

- Promote the long-term success of the Company;
- Attract, motivate, and retain high-performing employees;
- Strike an appropriate balance between risk-taking and reward;
- Reward the achievement of the overall business objectives of the Group;
- Align employees' interests with those of shareholders and other stakeholders; and,
- Be consistent with the Group's risk policies and systems to guard against inappropriate risk-taking.

Element	Purpose and strategy	Operation	Maximum	Performance metrics
Base Salary	Sufficient to attract, retain and motivate high calibre individuals.	Reviewed annually with any increases taking effect from 1st July.	Increases will normally be the equivalent to the average salary increase for employees, other than in exceptional circumstances.	Not applicable
Benefits	A package of benefits that reflects the businesses stage of development	Car allowance (1) No other benefits are currently advanced to Management that are not	Cost of each benefit will be reviewed to ensure maximum value. It will depend on the individual in question and	Not applicable

		available to other members of staff New benefits may be considered if the Board believe it is a cost-effective way to attract, retain and motivate.	vary according to the market.	
Pension	To provide a pension provision.	Individuals may either participate in a pension plan into which the Group contributes or receive a salary supplement in lieu of pension.	A Group contribution to a pension scheme in line with that which is available to other employees	Not applicable
Annual bonus	Incentivises high levels of personal and team performance, focused on the key business strategies and financial/operational measures which will promote the long-term success of the business.	Payment in shares. Deferral of one third of any bonus earned, which must be held for two years. Dividends or dividend equivalent payments accrue on deferred shares, payable normally in shares. Bonus may be subject to clawback or malus being applied, if appropriate, in the event of financial misstatement, error, misconduct, reputational damage or corporate failure, which has led to an over-payment.	Maximum bonus is set depending on the roles: CEO – 100% Development Director – 100% CFO – 50%	Achievement of agreed strategic and financial/operational annual business targets, weighted in line with business priorities. A majority of the performance conditions will be based on financial metrics. Sliding scales are used for each metric wherever practicable with 20% payable for achieving threshold performance. Normally 50% of the maximum bonus is payable for target performance for any financial metric Within the maximum limit, the Committee may adjust bonus outcomes, based on the application of the bonus formula set at the start of the relevant year, if for instance it considers the quantum to be inconsistent with the Group's overall

				performance during the year.
Long term incentive plan "LTIP"	Incentivises and rewards Executives for the delivery of longer-term strategic objectives and to reward substantial relative and absolute increases in shareholder value.	LTIP awards may be granted each year in the form of a conditional award of shares, a nil cost option. LTIP awards normally vest after three years. Dividend equivalent payments accrue on vested LTIP awards, payable normally in shares. Vested LTIP awards must be held for a further two years before the shares may be sold (other than to pay tax). LTIP awards may be subject to clawback or malus being applied, if appropriate, in the event of financial misstatement, error, misconduct, reputational damage, or corporate failure, which has led to an over-payment.	The maximum award is 150% of salary p.a. in normal circumstances but may be 175% of salary in exceptional circumstances.	Targets are reviewed annually ahead of each grant to ensure they are aligned to the business strategy and performance outlook. A majority of the performance conditions are based on Group financial performance and shareholder value-based outcomes. No more than 25% of an award may vest for the threshold level of performance. Within the maximum limit, the Committee may adjust vesting outcomes, if it considers the quantum to be inconsistent with the Group's overall performance during the performance period or for other factors, at its discretion.
All-employee share plans	Support and encourage share ownership by employees at all levels.	HMRC approved SAYE and SIP participation is to be made available to all UK employees, including Executive Directors, on similar terms.	In line with HMRC limits or lower limits specified by the Group from time to time.	Not applicable

Share ownership requirements	Alignment of Executives interests with those of shareholders.	Executive Directors are expected to build and maintain a shareholding equivalent in value to no less than 200% of base salary. After ceasing employment Management must normally retain a level of shareholding for two years equivalent to the lower of 200% of salary, and the level of shareholding on ceasing employment with the Group. Self-purchased shares are excluded from this requirement.	Not applicable	Not applicable

DIRECTORS' REPORT

Statement of Directors' Responsibilities

DIRECTORS' RESPONSIBILITIES

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

Company law requires the Directors to prepare Group and parent Company financial statements for each financial year. Under that law they are required to prepare the Group financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and applicable law and have elected to prepare the parent Company financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 Reduced Disclosure Framework. In addition, the Group financial statements are required under the UK Disclosure Guidance and Transparency Rules to be prepared in accordance with International Financial Reporting Standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant, and reliable;
- for the Group financial statements, state whether they have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and, as regards the Group financial statements, International Financial Reporting Standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union;
- for the parent Company financial statements, state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Group and parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

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

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

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

WEBSITE PUBLICATION

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

DIRECTORS' RESPONSIBILITIES PURSUANT TO DTR4

The Directors confirm to the best of their knowledge:

- The financial statements have been prepared in accordance with the applicable set of accounting standards and Article 4 of the IAS Regulation and give a true and fair view of the assets, liabilities, financial position, and loss of the Company.
- The Annual Report includes a fair review of the development and performance of the business and the financial position of the Company, together with a description of the principle risks and uncertainties that it faces.

Jason upton (Oct 31, 2023 21:04 GMT+8)

By order of the Board

Jason Upton

Chief Executive Officer

31 October 2023

FINANCIAL STATEMENTS

Independent Auditor's Report to the Members of One Heritage Group PLC

Our opinion

We have audited the consolidated financial statements and Company financial statements of One Heritage Group Plc (the "Company") and its subsidiaries (together, the "Group"), which comprise the consolidated statement of financial position and the Company's balance sheet as at 30 June 2023, the consolidated statements of comprehensive income, the consolidated and Company's changes in equity and consolidated cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion:

1. the financial statements give a true and fair view of the state of the Group's and of the Company's affairs as at 30 June 2023 and of the Group's loss for the year then ended;

- the Group financial statements are properly prepared in accordance with UK-adopted international accounting standards;
- the parent Company financial statements have been properly prepared in accordance with UK accounting standards, including FRS 101 Reduced Disclosure Framework; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Company and Group in accordance with, UK ethical requirements including the FRC Ethical Standard as applied to public interest entities. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Key audit matters: our assessment of the risks of material misstatement

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the consolidated financial statements and company financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the consolidated financial statements and company financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In arriving at our audit opinion above, the key audit matters were as follows (unchanged from 2022):

	The risk	Our response
Impairment of inventory – developments 2023: £16,566,922 (2022 £15,127,758) Refer to the Audit Committee Report on page 32, note 5	***Estimation uncertainty:*** The carrying value of inventory is determined by reference to a number of assumptions such as sales values, costs to complete that are inherent in site forecasts and the level of provisioning, if any, required	*Our audit procedures included:* ***Internal Controls:*** Documenting and assessing the design and implementation of the

	The risk	Our response
accounting policy and note 13 disclosures.	for impairment. These assumptions are inherently subjective and therefore may be open to management bias. The effect of these matters is that, as part of our risk assessment, we determined that the assumptions used in the impairment assessment have a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole, and possibly many times that amount. ***Risk:*** There is a risk that the carrying value of inventory is overstated. The carrying value of inventory is assessed by management for impairment by reference to current market information and assumptions. In performing the assessment, management undertake quarterly valuations to determine the expected outcome of each development and hence identify if any impairment is required.	processes and controls regarding impairment of inventory; ***Challenging managements' assumptions and inputs:*** We critically assessed the appropriateness of key assumptions and the commercial viability of sites as determined by management through comparison against historic data and consideration of current market conditions; ***Assessing impairment model:*** For incomplete development sites we compared the actual costs incurred to date to the budgeted costs to complete where relevant and agreed the budgeted costs to construction contracts where they had been signed or completion of works statements from developers; Forecast sales for each development site were vouched to pre-sales and bookings where available and, where not available, to budgeted sales listings (and assessed for reasonableness based on market prices for similar developments); For each incomplete development we recalculated the impairment charge by deducting the estimated costs to complete from the estimated selling price and where complete we compared actual costs incurred to estimated selling prices; ***Assessing disclosures:*** Weconsidered the adequacy of the group's disclosures about the economic and operational

The risk	Our response
	circumstances impacting the carrying value of inventory property. **Our results** We found the results of our testing and related disclosures in respect of the impairment to be satisfactory and the carrying value of inventory recognised to be acceptable.

	The risk	Our response
Going concern Refer to the Audit Committee Report on page 32 and notes 3 and 1 disclosures in the Group and Company financial statements respectively.	**Disclosure quality:** The financial statements explain how the Board has formed a judgement that it is appropriate to adopt the going concern basis of preparation for the Group and parent Company. That judgement is based on an evaluation of the inherent risks to the Group's and Company's business model and how those risks might affect the Group's and Company's financial resources or ability to continue operations over a period of at least a year from the date of approval of the financial statements. **Risk:** The risks most likely to adversely affect the Group's and Company's available financial resources over this period were: • Continued support from the parent company (in the nature of a confirmation from the parent company that their loan, due to mature in December 2024, will not be demanded for repayment until	*Our audit procedures included:* Consideration of whether these risks could plausibly affect the liquidity of the Group and Company in the going concern period by assessing the directors' sensitivities over the level of available financial resources indicated by the Group's and Company's financial forecasts taking account of severe, but plausible, adverse effects that could arise from these risks individually and collectively. Our procedures also included: **Funding assessment:** • Agreeing the committed level of funding from the Company's parent company (One Heritage Property Development Limited, Hong Kong) to the facility agreement and confirmed the balance drawn and undrawn as at the year end; • Inspecting the financial support provided by the Company's parent company (confirming deferral of repayment of the loan until the Group can afford to repay them

	The risk	Our response
	such a time that the Group can afford to repay them without impacting on its going concern);	without impacting its going concern);
	• The refinancing of a previous construction loan on improved terms to match forecast completion dates of the related developments; and • The timely completion and sale of property developments.	• Assessing the ability of the Company's parent company to meet the committed facility by examining the latest unaudited management accounts of the ultimate parent company and a letter of support which had been provided by the ultimate parent company to the Company's parent company;
	There are also less predictable but realistic second order impacts, such as the erosion of customer or supplier confidence, which could result in a rapid reduction of available financial resources.	• Assessing the appetite of the parent company to meet any further funding requests by examining the history of requests made and funding received in the year and post year end;
	The risk for our audit was whether or not those risks were such that they amounted to a material uncertainty that may have cast significant doubt about the ability of the Group and the Company to continue as a going concern. Had they been such, then that fact would have been required to have been disclosed.	• Agreeing post year-end receipts from sale of units in completed developments to bank statements or repayment of the related construction finance loans; • Assessing whether the forecast proceeds from the sale of developments projected to complete in the forecast period to 31 December 2024 (net of repayment of related construction finance loans), supplemented by continued financial support from the Company's parent company and related company (as detailed above) are sufficient to provide the Group and Company with sufficient liquidity to meet committed expenditure in the forecast period up to 31 December 2024; **Sensitivity analysis:** • Considering sensitivities over the level of available financial resources indicated by the Group's and Company's financial forecasts taking account of plausible (but not unrealistic) adverse effects that could arise from these risks

The risk	Our response
	individually and collectively. We did this by stress testing the identified critical factors, namely delaying the timing of the planned sales of developments by 3 months; **Evaluating directors' intent:** • Evaluating the achievability of the actions the directors consider they would take to improve the position should the risks materialise, which included delaying the planned development of properties, taking into account the extent to which the directors can control the timing and outcome of these; **Assessing transparency:** • Considering whether the going concern disclosure in notes 3 and 1 to the group and company financial statements respectively give a full and accurate description of the Directors' assessment of going concern, including the identified risks and dependencies. **Our results** We found the going concern basis of preparation without any material uncertainty to be appropriate and the related disclosure in notes 3 and 1 of the Group and Company financial statements respectively adequately describe the judgements, assumptions and dependencies..

The risk	Our response

	The risk	Our response
Recoverability of parent Company's loans to and investment in subsidiaries Loans to subsidiaries £3,033,711 (2022 £2,183,153) and investment in subsidiaries £1,007,732 (2022 ££2,750,100) Refer to the Audit Committee Report on page 32, note 1 accounting policy and notes 2 and 3 disclosures in the Company financial statements.	**Low risk, high value:** The carrying value of the parent Company's loans to and investment in subsidiaries represents 99% of the parent Company's total assets. The assessment of carrying value is not at a high risk of significant misstatement or subject to significant judgement as the carrying value is supported by the net asset value of the subsidiaries and the profits forecast to be made on sale of the development and trading properties owned by the subsidiaries (which are stated at cost in the financial statements). However, due to its materiality in the context of the parent Company financial statements, this is considered to be the area that had the greatest effect on our overall parent Company audit.	*Our audit procedures included:* **Test of details:** Comparing the carrying amount of 100% of the parent Company's loans to and investments in subsidiaries with the relevant subsidiaries' balance sheet and budgets for the underlying development and trading properties to identify whether their financial position supported the carrying amount of the parent Company's loans to and investments in those subsidiaries and evaluating budgeted forecasts in line with our knowledge of the entity. This procedure was also relevant for our assessment of going concern. *Assessing disclosures* We have also considered the adequacy of the Company's disclosure of the circumstances identified by management in respect of the carrying value of the investments and intercompany loan receivable from the subsidiary. **Our results:** The results of our testing were satisfactory and we found the carrying value and associated disclosure of the investment in subsidiary, following the provision recognised by management, and recoverability of parent Company's loans to be acceptable.

Our application of materiality and an overview of the scope of our audit

Materiality for the consolidated financial statements as a whole was set at £147,000 (2022: £163,000), determined with reference to a benchmark of group total assets of £19,251,448 (2022: £18,440,109), of which it represents approximately 0.76% (2022: 0.88%).

Materiality for the Company financial statements was set at £40,000 (2022: £42,000), determined with reference to a benchmark of Company total assets of £4,354,322 (2022: £5,067,679), of which it represents approximately 0.92% (2022: 0.83%).

In line with our audit methodology, our procedures on individual account balances and disclosures were performed to a lower threshold, performance materiality, so as to reduce to an acceptable level the risk that individually immaterial misstatements in individual account balances add up to a material amount across theconsolidated financial statements as a whole. Performance materiality for Group was set at 65% (2022: 65%) of materiality for the consolidated financial statements as a whole, which equates to £95,500 (2022: £106,000), which is lower than the maximum of 75% per our methodology. This was to take into account the Group nature of the audit and resulting increased level of aggregation risk from consolidation of the subsidiaries. For the Company, performance materiality was set at 75% (2022: 75%), which equates to £30,000 (2022: £32,000). We applied this percentage in our determination of performance materiality because we did not identify any factors indicating an elevated level of risk.

We reported to the Audit Committee any corrected or uncorrected identified misstatements exceeding £7,350 (2022: £8,000), for the consolidated financial statements and £2,000 (2022: £2,000) for the Company financial statements, in addition to other identified misstatements that warranted reporting on qualitative grounds.

Our audit of the Group was undertaken to the materiality level specified above, which has informed our identification of significant risks of material misstatement and the associated audit procedures performed in those areas as detailed above.

The group team performed the audit of the Group as if it was a single aggregated set of financial information. The audit was performed using the materiality level set out above and covered 100% of total group revenue, total group profit before tax, and total group assets and liabilities.

Going concern

The directors have prepared the consolidated financial statements and company financial statements on the going concern basis as they do not intend to liquidate the Group or the Company or to cease their operations, and as they have concluded that the Group and the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the consolidated financial statements and the company financial statements (the “going concern period").

An explanation of how we evaluated management’s assessment of going concern is set out in the related key audit matter in the key audit matters section of this report.

Our conclusions based on this work:

1. we consider that the directors' use of the going concern basis of accounting in the preparation of the consolidated financial statements and company financial statements is appropriate;

- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the the Group and the Company's ability to continue as a going concern for the going concern period; and
- we have nothing material to add or draw attention to in relation to the directors' statement in the notes to the consolidated financial statements and company financial statements on the use of the going concern basis of accounting with no material uncertainties that may cast significant doubt over the Group and the Company's use of that basis for the going concern period, and that statement is materially consistent with the consolidated financial statements and company financial statements and our audit knowledge. See the Key Audit Matter with respect to going concern for additional detail.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Group and the Company will continue in operation.

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

1. enquiring of management as to the Group's policies and procedures to prevent and detect fraud as well as enquiring whether management have knowledge of any actual, suspected or alleged fraud;
- reading minutes of meetings of those charged with governance; and
- using analytical procedures to identify any unusual or unexpected relationships.

As required by auditing standards, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries. On this audit we do not believe there is a fraud risk related to revenue recognition because the Group's revenue streams are simple in nature with respect to accounting policy choice, and are easily verifiable to external data sources or agreements with little or no requirement for estimation from management. We did not identify any additional fraud risks.

We performed procedures including

1. Identifying journal entries and other adjustments to test based on risk criteria and comparing any identified entries to supporting documentation; and
- incorporating an element of unpredictability in our audit procedures.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the consolidated and Company financial statements from our sector experience and through discussion with management (as required by auditing standards), and from inspection of the Group's regulatory and legal correspondence, if any, and discussed with management the policies and procedures regarding compliance with laws and regulations. As the Group is regulated, our assessment of risks involved gaining an understanding of the control environment including the entity's procedures for complying with regulatory requirements.

The Group is subject to laws and regulations that directly affect the consolidated and Company financial statements including financial reporting legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

The Group is subject to other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the consolidated and Company financial statements, for instance through the imposition of fines or litigation or impacts on the Group and the Company's ability to operate. We identified financial services regulation as being the area most likely to have such an effect, recognising the regulated nature of the Group's activities and its legal form. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of management and inspection of regulatory and legal correspondence, if any. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the consolidated and company financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the consolidated and company financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remains a higher risk of non-detection of fraud, as this may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

The directors' report and strategic report

The directors are responsible for the strategic report and the directors' report. Our opinion on the consolidated financial statements and company financial statements do not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our consolidated financial statements and company financial statements audit work, the information therein is materially misstated or inconsistent with the consolidated financial statements and company financial statements or our audit knowledge. Based solely on that work:

1. we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the consolidated financial statements and company financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006, we are required to report to you if, in our opinion:

1. adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors’ remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

Respective responsibilities

Directors' responsibilities

As explained more fully in their statement set out on page 39, the directors are responsible for: the preparation of the consolidated and Company financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of consolidated and Company financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and Company’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and company financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor’s report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements and company financial statements.

A fuller description of our responsibilities is provided on the FRC’s website at www.frc.org.uk/auditorsresponsibilities.

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

This report is made solely to the Company's members, as a body, in accordance with chapter 3 of part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and its members, as a body, for our audit work, for this report, or for the opinions we have formed.

E. Houghton

Edward Houghton (Senior Statutory Auditor)

For and on behalf of KPMG Audit LLC (Statutory Auditor)

Chartered Accountants

Isle of Man

31 October 2023

FINANCIAL STATEMENTS

Consolidated statement of comprehensive income

For the year ended 30 June 2023

£ unless stated	Notes	Year to 30 June 2023	Year to 30 June 2022
Revenue	7	15,591,928	1,747,221
Revenue – developments		15,591,928	1,097,221
Revenue – trading property		-	650,000
Cost of sales		(15,000,835)	(2,452,644)
Cost of sales - developments		(13,906,259)	(694,531)
Cost of sales – trading property		-	(460,553)
Cost of sales – write down of inventory	13	(1,094,576)	(1,297,560)
Gross profit/(loss)		591,093	(705,423)
Reversal in investment in associate	15	-	74,368
Other income		-	2,386
Administration expenses	8	(2,210,021)	(1,481,896)
Operating (loss) for the year		**(1,618,928)**	**(2,110,565)**
Gain on disposal of fixed asset		-	5,096
Finance expense	10	(520,851)	(29,466)
(Loss) before taxation for the year		**(2,139,779)**	**(2,134,935)**
Taxation	11	(250,473)	-
(Loss) after tax and comprehensive income for the year		**(2,390,252)**	**(2,134,935)**
Weighted average shares in issue over the period		38,657,785	32,428,333
(Loss) per share (GBp)		(6.2)	(6.6)
Diluted (loss) per share (GBp)		(6.2)	(6.6)

The accompanying notes on pages 55 to 82 form an integral part of the financial statements.

FINANCIAL STATEMENTS

Consolidated statement of financial position

As at 30 June 2023

£ unless stated	Notes	30 June 2023	30 June 2022
ASSETS			
Non-current assets			
Property, plant and equipment	12	278,628	374,475
Intangible assets		1,913	2,324
		280,541	376,799
Current assets			
Cash and cash equivalents		303,816	974,201
Inventory – developments	13	16,566,922	15,127,758
Investment in associate	15	-	50,000
Trade and other receivables	17	2,100,169	1,911,351
		18,970,907	18,063,310
TOTAL ASSETS		**19,251,448**	**18,440,109**
LIABILITIES			
Non-current liabilities			
Borrowings	19	11,572,047	6,679,902
		11,572,047	6,679,902
Current liabilities			
Trade and other payables	20	2,579,644	1,944,632
Borrowings	19	5,668,473	9,241,139
		8,248,117	11,185,771
TOTAL LIABILITIES		19,820,164	17,865,673
EQUITY			
Share capital	23	386,783	324,283
Share premium	23	4,753,325	3,568,725
Retained earnings		(5,708,824)	(3,318,572)
TOTAL EQUITY		(568,716)	574,436
TOTAL LIABILITIES AND EQUITY		**19,251,448**	**18,440,109**
Shares in issue		38,678,333	32,428,333
Net asset value per share (GBp)		(1.5)	1.8

These financial statements were approved by the board of directors on 31 October 2023 and were signed on its behalf by:

Jason upton (Oct 31, 2023 21:04 GMT+8)

Jason David Upton
Company registration number: 12757649
The accompanying notes on pages 55 to 82 form an integral part of the financial statements.

FINANCIAL STATEMENTS

Consolidated statement of cash flows

For the year ended 30 June 2023

£ unless stated	Notes	Year to 30 June 2023	Year to 30 June 2022
Cash flows from operating activities			
Loss for the year before tax		(2,139,779)	(2,134,935)
Adjustments for:			
Reversal in equity accounted investee	15	-	(74,368)
Finance expense	10	520,851	29,466
Profit on disposal of associate	15	50,000	-
Profit on disposal of fixed assets		-	(5,096)
Depreciation of property, plant and equipment	8, 12	103,984	108,983
Amortisation of intangible asset	8	411	-
Movement in working capital:			
Increase in trade and other receivables*		(188,818)	(845,796)
Decrease/(increase) in inventories*		700,068	(6,879,205)
Increase in trade and other payables*		384,539	1,319,649
Net cash used in operating activities		**(568,744)**	**(8,481,302)**
Cash flows from investing activities			
Purchases of property, plant and equipment	12	(8,137)	(56,313)
Disposal of property, plant and equipment	12	-	18,333
Net cash used in investing activities		**(8,137)**	**(37,980)**
Financing cash flows			
Issue of share capital	19	1,247,100	-
Interest paid	19	(2,647,476)	(1,044,771)
Proceeds from borrowings*		4,169,072	7,131,436
Proceeds of related party borrowing*		2,953,748	4,215,638
Borrowings repaid*		(5,729,326)	(948,743)
Payments made in relation to lease liabilities	12	(86,623)	(64,224)
Net cash (used in)/generated from financing activities		**(93,504)**	**9,289,336**
Net change in cash and cash equivalents		**(670,385)**	**770,054**
Opening cash and cash equivalents		974,201	204,147
Closing cash and cash equivalents		**303,816**	**974,201**

*restated (note 1)

The accompanying notes on pages 55 to 82 form an integral part of the financial statements

FINANCIAL STATEMENTS

Consolidated statement of changes in equity

For the year ended 30 June 2023

£ unless stated	Share capital	Share premium	Retained earnings	Total Equity
Balance at 01 July 2022	**324,283**	**3,568,725**	**(3,318,572)**	**574,436**
Loss for the period	-	-	(2,390,252)	(2,390,252)
Total comprehensive income for the year	**324,283**	**3,568,725**	**(5,708,824)**	**(1,815,816)**
Issue of share capital	62,500	1,187,500	-	1,250,000
Cost of share issue	-	(2,900)	-	(2,900)
Balance at 30 June 2023	**386,783**	**4,753,325**	**(5,708,824)**	**(568,716)**

For the year ended 30 June 2022

£ unless stated	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	-	-	(2,134,935)	(2,134,935)
Total comprehensive income for the year	**324,283**	**3,568,725**	**(3,318,572)**	**574,436**
Balance at 30 June 2022	**324,283**	**3,568,725**	**(3,318,572)**	**574,436**

The accompanying notes on pages 55 to 82 form an integral part of the financial statements.

FINANCIAL STATEMENTS

Notes to the consolidated financial statements

For the year ended 30 June 2023

1. Reporting entity

One Heritage Group PLC (the "Company")(Company number: 12757649) 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 and subsidiaries is that of property development.

These consolidated financial statements ("Financial Statements") as at the end of the financial year to 30 June 2023 comprise of the Company and its subsidiaries. A full list of companies consolidated in these Financial Statements can be found in Note 27.

2. Measuring convention

The financial statements are prepared on the historical cost basis except for financial assets at fair value through profit or loss.

3. Basis of preparation

The Group's financial statements have been prepared and approved by the Directors in accordance with international accounting standards in accordance with UK-adopted international accounting standards ("UK-adopted IFRS"). The Company has elected to prepare its parent company financial statements in accordance with FRS 101. These are presented on pages 83 to 90. The significant accounting policies are set out in note 5. The accounting policies have been applied consistently to all periods presented in these group Financial Statements.

They were authorised for issue by the Company's Board of Director on 31 October 2023.

Restatement

The prior year presentation of operating cashflows and financing cashflows have been reclassified in order to reflect financing and operating cashflows appropriately. The impact of this restatement reduced financing cash inflows by £546,772 from £9,836,108 to £9,289,336 (comprising an increase of £178,743 in third party loans repaid and reduction of £368,029 in related party borrowing) and increased operating cash flows by the same amount from £(9,028,074) to £(8,481,302) (comprising a reduced movement in receivables and prepayments of £737,676, an increased movement in inventory of £435,768 and an increased movement in payables of £244,864).

Segment reporting

During the previous financial year the Group has begun operating with distinct Segments, having previously managed the Group as one distinct entity. This has been driven by the Group incorporating entities to manage construction and property services, which were previously outsourced.

The Group operates in three operating segments, each managed by a senior manager who sits on the Group's management team. In addition to these, there is a corporate segment which covers central operations. The following is a summary of the operations for each reportable segment.

Reportable segments	Operations
Developments	Internally managed development activities including the sales of completed developments and Co-living property management fee
Construction	Construction services provided to an internally owned and managed development
Property Services	Property letting and management services
Corporate	Head office, fees to related parties and other costs

Management has determined the Group's operating segments based on the information reviewed by Senior Management to make strategic decisions. The chief operating decision maker is the Senior Management Team, comprising the Executive Directors and the Department Directors. The information presented to Senior Management Team includes reports from all functions of the business as well as strategy, financial planning, succession planning, organisational development and Group-wide policies.

There are various levels of integration between Development and Construction. This integration involves the services that Construction undertakes on the developments on behalf of the Development segment.

The Group's primary measure of financial performance for segments is the operating profit or loss in the period.

Going concern

Notwithstanding net current liabilities of £5.8 million (excluding inventory balances totalling £16.6 million) as at 30 June 2023 (2022: £8.3 million (excluding inventory balances totalling £15.1 million), a loss for the year then ended of £2.4 million (2022: £2.1 million) and operating cash outflows for the year of £0.6 million (2022: £9 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 a cash flow forecast on a consolidated basis for the period to 31 December 2024 which indicates that, taking account of reasonably possible downsides, the Group will have sufficient funds to meet its liabilities including the Hampshire Trust Bank loan and Corporate Bond, as they fall due for that period using the proceeds from:

- existing resources held by the Group (including funds drawn down on the parent company loan facility post year-end)
- the forecast continued sale of development property inventory (net of repayment of related construction finance loans (note 19)); and
- in the event of need, the continued financial support from its parent company One Heritage Property Development Limited ("OHPD") which includes the remaining facility of £5 million which can be drawn down as required combined with the confirmation from OHPD that the loans due to mature in December 2024 will not be demanded for repayment until such a time that the Group can afford to repay them without impacting on its going concern.

As with any company placing reliance on other group/related 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 and its subsidiaries will have sufficient funds to continue to meet their 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.

4. 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:

- *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 the property is partly developed and compares that to the carrying value. The Group has undertaken an impairment review of all of the Inventory and determined that an impairment is appropriate on three of the developments.

Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Group has an established control framework with respect to the measurement of fair values. The Chief Financial Officer has overall responsibilities for overseeing all significant fair value measurements.

The Chief Financial Officer regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker prices or pricing services, is used to measure fair values, then the Chief Financial Officer assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of the Standards, including the level in the fair value hierarchy in which the valuations should be classified.

Significant valuation issues are reported to the Group's audit committee.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quotes prices (unadjusted) in active markets for identical assets and liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs)

If the inputs used to measure the fair value of an asset or liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirely in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognises transfer between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

The significant judgements with regard to going concern are the forecast timing of development property inventory realisations and in the event it is needed the ability of the Group to be able to drawdown on the facility by its parent company, One Heritage Property Development Limited ("OHPD"). Management of the Company and its subsidiaries are not aware of any material uncertainties that may cast significant doubt on the Company and its subsidiaries ability to continue as going concerns. Therefore, the Group financial statements continue to be prepared on the going concern basis. For detail refer note 3 going concern.

5. Significant accounting policies

Basis of consolidation

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group 'controls' any entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses (except for foreign currency transaction gains or losses) arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Interests in equity-accounts investees

The Group's interests in equity-accounted investees comprise interests in associates.

Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies.

Interests in associates are accounted for using the equity method. They are initially recognised at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and OCI of equity-accounted investees, until the date on which significant influence or joint control ceases.

Earnings per share and net asset value per share

Basic earnings per share amounts are calculated by dividing net profit or loss for the year attributable to the owners of the Group by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing the net profit or loss attributable to the owners of the Group (after adjusting for interest on the convertible notes) by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

Net asset value per share amounts is calculated by dividing net assets of the Group at the reporting date by the weighted average number of ordinary shares outstanding during the year.

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 gross profit are recognised as follows (note 7):

a. *Developments*

Revenue from housing sales 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. *Property services and developments*

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.

c. *Construction* services

The Group primarily operates under cost plus margin agreements and therefore revenue is recognised when the relevant cost has been incurred.

d. Corporate income

The Group generates a monthly co-living management fee for services provided relating to day-to-day administration and office space. These fees are recognised as revenue in the period to which they relate when performance obligations are fulfilled based on agreed transaction prices.

e. Other income

The Group generates rental income from Trading Properties. This has been recognised as other income rather than revenue as it is not expected to be a recurring source of income and is not a main trading activity of the Group.

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. Cost of sales represent cost for purchase of land, construction costs, consultant costs, utilities cost and other related direct costs.

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.

Operating profit/(loss)

Operating profit/(loss) is the Group's total earnings from its core business functions for a given period, excluding the deduction of interest and taxes, the gain/(loss) on sale of subsidiaries and gain/(loss) on sale of fixed assets.

Financial guarantees

A financial guarantee contract is initially recognised at fair value. At the end of each subsequent reporting period, financial guarantees are measured at the higher of:

- The amount of the loss allowance, and
- The amount initially recognised less cumulative amortisation, where appropriate.

The amount of the loss allowance at each subsequent reporting period equals the 12-month expected credit losses. However, where there has been a significant increase in the risk that the specified debtor will default on the contract, the calculation is for lifetime expected credit losses.

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.

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 to get ready for sale. The group considers that its inventories are qualifying assets.

Foreign currencies

These consolidated financial statements are presented in Pound sterling, which is the Company's functional currency.

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 reporting date, monetary assets and liabilities that are denominated in foreign currencies other than the functional currency are retranslated at the rates prevailing at the reporting date.

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.

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 in property, plant and equipment, and lease liabilities are included in current liabilities (borrowings) and non-current liabilities (borrowings) 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 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 or loss.

Depreciation is provided at the following annual rates 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 or 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.

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 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.

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.

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.

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

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.

Derecognition

Financial assets

The Group derecognises a financial asset when:

- the contractual rights to the cash flows from the financial asset expire; or
- it transfers the rights to receive the contractual cash flows in a transaction in which either:
- substantially all of the risks and rewards of ownership of the financial asset are transferred; or
- the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

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.

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 deferred income on receipt and released to profit or loss when the related revenue is recognised.

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.

Amortisation

Amortisation is charged to the income statement on a straight-line basis over the estimated useful lives of intangible assets unless such lives are indefinite. Intangible assets with an indefinite useful life and goodwill are systematically tested for impairment at each balance sheet date.

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.

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 or 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.

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 or 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.

6. Operating segments

The Group operates four segments: Developments, Construction, Property Services and Corporate.

The accounting policies of the reportable segments are the same as the Group's accounting policies described in Note 5.

All the revenues generated by the group were generated within the United Kingdom.

In the developments segment, £9,766,522 revenue was generated from external parties through the sale of 71 units in completed developments (2022: £nil). In the Lincoln House development, 52 units were sold during the year generating revenue of £6,496,522. The Bank Street development sold 19 units generating £3,270,000 in revenue. The remainder of the revenue was earned from related parties in the form of rental income and development management fees.

The revenue generated from Robin Hood Property Development Limited, a related party, amounted to £1,280,006 (30 June 2022: £590,952) for the year. This amounted to 8% (30 June 2022: 34%) of the total revenue of the Group. This was derived from three segments of the Group, see note 7.

Segment information for these businesses is presented below. Segment operating profit or loss is used as a measure of performance as management believe this is the most relevant information when evaluating the performance of a segment.

For the financial year to 30 June 2023

£ unless stated	Developments	Construction	Property services and Lettings	Corporate	Total
Revenue – developments	10,689,920	4,448,376	333,299	120,333	15,591,928
Cost of sales - developments	(9,580,942)	(4,235,479)	(89,839)	-	(13,906,259)
Impairment of inventory	(1,094,576)	-	-	-	(1,094,576)
Gross profit/(loss)	14,402	212,897	243,460	120,333	591,093
Depreciation	-	-	-	(103,984)	(103,984)
Administration expenses	(532,900)	-	(411,682)	(1,161,455)	(2,106,037)
Operating (loss)/profit	**(518,498)**	**212,897**	**(168,222)**	**(1,145,105)**	**(1,618,928)**
Finance expense	(455,331)	-	-	(65,520)	(520,851)
Taxation				(250,473)	(250,473)
(Loss)/Profit for the year	**(973,829)**	**212,897**	**(168,222)**	**(1,461,098)**	**(2,390,252)**

For the financial year to 30 June 2022

£ unless stated	Developments	Construction	Property services and Lettings	Corporate	Total
Revenue – developments	227,334	665,224	158,449	46,214	1,097,221
Revenue – trading property	650,000	-	-	-	650,000
Cost of sales - developments	-	(618,496)	(76,035)	-	(694,531)
Cost of sales – trading property	(460,553)	-	-	-	(460,553)
Impairment of inventory	(1,297,560)	-	-	-	(1,297,560)
Gross profit/(loss)	(880,779)	46,728	82,414	46,214	(705,423)
Reversal in investment in associate	-	-	-	74,368	74,368
Other income	-	-	-	2,386	2,386
Administration expenses	(320,868)	(64,000)	(210,250)	(773,232)	(1,368,350)
Other expenses	-	-	-	(113,546)	(113,546)
Operating loss	**(1,201,647)**	**(17,272)**	**(127,836)**	**(763,810)**	**(2,110,565)**
Gain on disposal of fixed asset	-	-	-	5,096	5,096
Finance expense	-	-	-	(29,466)	(29,466)
(Loss) for the year	**(1,201,647)**	**(17,272)**	**(127,836)**	**(788,180)**	**(2,134,935)**

7. Revenue

£ unless stated	30 June 2023	30 June 2022
Revenue		
Trading property	-	650,000
Developments	10,689,920	227,334
Development sales	9,991,574	-
Development management	698,346	227,334
Construction	4,448,376	665,224
Property Services and Lettings	333,299	158,449
Transaction services	81,500	50,163
Lettings services	251,799	108,286
Corporate	120,333	46,214
	15,591,928	1,747,221

Cost of sales		
Trading property	-	(460,553)
Developments	(10,675,518)	(1,297,560)
Development sales	(9,580,942)	-
Impairment (note 13)	(1,094,576)	(1,297,560)
Construction	(4,235,478)	(618,496)
Lettings services	(89,839)	(76,035)
	(15,000,835)	(2,452,644)
Gross loss	**591,093**	**(705,423)**

Developments consist of sales of properties owned and developed by the Group and four development management agreements with One Heritage Tower Limited, ACT Property Holding Limited, One Heritage Great Ducie Street Limited and One Heritage North Church Limited:

- One Heritage Tower Limited: The Group earns a management fee of 0.75% £134,599 (30 June 2022: £123,150) 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.
- ACT Property Holding Limited: The agreement has a 20% profit share of the net profit generated by the development. The development generated £58,783 of profit share for the Group.
- One Heritage Great Ducie Street Limited: The Group earned a management fee of £206,160 (30 June 2022: £nil) through the agreement with One Heritage Great Ducie Street and £225,500 for external debt raised.
- The One Heritage North Church Limited agreement splits the fees into three: 1. 2% of total development cost (£41,654 30 June 2022: 104,184), paid monthly over the period of the development; 15% of net profit, paid on completion; 1% on any debt finance raised (£31,650).

With the exception of ACT Property Holding Limited which completed in the year, the Group has not recognised any further 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. This is because the developments are in the early stages of construction and there is too much uncertainty to reliably estimate expected revenue.

During the year £9,766,522 revenue was generated from external parties through the sale of 71 units in completed developments (2022: £nil). In the Lincoln House development, 52 units were sold during the year generating revenue of £6,496,522. The Bank Street development sold 19 units generating £3,270,000 in revenue.

Construction generates revenue from two entities: Robin Hood Property Development Limited and One Heritage North Church Limited. During the previous financial year, it signed an agreement with Robin Hood Property Development Limited to undertake works on Co-living properties. The Group receives a cost plus 5.0% margin on all works undertaken, recognising £1,280,006 (30 June 2022: £534,619) of revenue in the year. The Group has undertaken work for One Heritage North Church Limited on a cost plus 5.0% margin basis, this generated revenue of £3,168,370 (30 June 2022: £130,605) in the year.

The development and construction revenues have been generated through related parties.

Property Services generated revenue from management fees that are based on a percentage of gross rental collected for clients and through transaction fees for each co-living property bought and sold for Robin Hood Property Development Limited, a related party £115,818 (30 June 2022: £55,057).

It also includes any rental income collected for properties owned by the Group.

The Corporate revenue is from contracts signed with Robin Hood Property Development Limited, generating revenue of £108,333 and One Heritage Portfolio Rental Limited, recognising revenue of £12,000 and is in consideration for a range of administration services and use of the Group's office.

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.

The following table provides information about the nature and timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms, and related revenue recognition policies.

Type of product/service	**Nature and timing of satisfaction of performance obligations, including significant payment terms**	**Revenue recognition policies**
Development management	Housing sales Revenue from housing sales is recognised in profit or loss when control is transferred to the customer. Development management recognition is split into three elements; management fee, arrangement fees and a profit share on a final transaction. Management fee The performance obligation is that the Group remains the development manager on the site and undertakes the scope of works in the agreement. Payment is due on a monthly basis after the service has been undertaken. Arrangement fee The performance obligation is at the point that the service is completed. Payment is due after completion. Profit share Assuming that the Group has performed the scope of works effectively (its performance obligation), it is entitled to a share of the profits at the end of the project. The payment for this is made at the end of the project. No warranties are provided.	Revenue from housing sales is recognised when title of the property passes to the customer on legal completion and the performance obligation associated with the sale is completed. Revenue for the management fee is recognised monthly as long as the group continues to be the development manager during the relevant calculation period. Assuming that the Group continues to be the development manager the group will look to recognise income from a profit share once the costs and proceeds of a particular site can be reliably estimated and unlikely to be reversed.
Construction revenue	The Group operates contracts where it charges based on a cost incurred plus margin basis. Revenue is recognised at the point that the cost is incurred. Payment is generally made within 30 days of the invoice being raised.	Revenue is recognised when the associated cost is incurred.
Property Services – Management fees and other services	The Group offers property management services to external landlords. These services are linked to a percentage of the gross rental collected and any additional services undertaken. Management fee income is recognised at the point that the service is provided. Other income is recognised at the point that the service is completed.	Revenue is recognised when service is provided for management fees and at the point the service is completed for other services.

	Payments for these services are made within 90 days of the service being undertaken.	
Corporate revenue	The Group provides services, which include administration, reporting, risk management, shared office space and other services, to related parties. Revenue is recognised for the period in which the service is undertaken.	Revenue is recognised monthly as long as the Group continues to provide the service during the relevant calculation period.

8. Administration expenses

£ unless stated	Year to 30 June 2023	Year to 30 June 2022
Staff costs	1,306,577	908,946
Depreciation and amortisation	104,217	108,983
Auditors' remuneration	103,431	81,106
Other administration expenses	695,796	382,861
	2,210,021	1,481,896

£ unless stated	Year to 30 June 2023	Year to 30 June 2022
Services provided by the auditor		
- Interim audit of parent company and consolidated financial statements	29,011	20,441
- Audit of parent company and consolidated financial statements	74,420	60,665
	103,431	81,106

9. Staff costs and employees

£ unless stated	Year to 30 June 2023	Year to 30 June 2022
The aggregate remuneration comprised:		
- Wages and salaries	1,159,761	816,982
- National insurance	129,537	78,414
- Pension costs	17,278	13,550
Average number of employees	28	23

10. Finance costs

£ unless stated	Year to 30 June 2023	Year to 30 June 2022
Interest charged on lease liabilities	12,607	15,263
Interest paid on borrowings	2,647,476	1,036,278
Amount capitalised*	(2,139,232)	(1,022,075)
	520,851	29,466

*The rate of interest used to capitalise the general borrowings is 7%.

11. Income tax expense

The Group has generated a loss in the year and the prior year.

Tax losses carried forward

Tax losses for which no deferred tax asset was recognised expire as follows:

£ unless stated	Year to 30 June 2023	Year to 30 June 2022
Tax (losses)	(2,390,252)	(2,134,935)
Accumulated carried forward losses	5,412,010	3,021,758

The carried forward losses do not expire as they relate to trading activity that is expected to continue.

£ unless stated	Year to 30 June 2023	Year to 30 June 2022
Income tax expense recognised in the period	(250,473)	-

Reconciliation of effective tax rate

£ unless stated	Year to 30 June 2023	Year to 30 June 2022
Loss for the year/period	(2,139,779)	(2,134,935)
Tax using the blended UK corporate tax rate of 20.5% (£2022: 19%)	(438,655)	(405,633)
Gross non-deductible expenses	555,748	-
Current year losses for which no deferred tax asset was recognised	133,380	419,763
Non-taxable income	-	(14,130)
Total taxation expense	250,473	-

12. Property, plant and equipment

As at 30 June 2023

£ unless stated	Right of use	Office Equipment	Fixtures and fittings	Motor vehicles	Plant and equipment	Total
Cost						
At 30 June 2022	442,612	23,182	72,664	-	1,149	539,607
Additions	-	6,280	930	-	927	8,137
At 30 June 2023	442,612	29,462	73,594	-	2,076	547,744
Accumulated depreciation						
At 30 June 2022	147,612	5,019	12,472	-	29	165,132
Charge for the period	88,522	4,381	10,666	-	415	103,984
At 30 June 2023	236,134	9,400	23,138	-	444	269,116
Carrying amount						
At 30 June 2022	295,000	18,163	60,192	-	1,120	374,475
At 30 June 2023	**206,478**	**20,062**	**50,456**	**-**	**1,633**	**278,628**

As at 30 June 2022

£ unless stated	Right of use	Office Equipment	Fixtures and fittings	Motor vehicles	Plant and equipment	Total
Cost						
At 30 June 2021	442,612	14,073	28,933	34,634	-	520,252
Additions	-	9,109	43,731	-	1,149	53,989
Disposals	-	-	-	(34,634)		(34,634)
At 30 June 2022	442,612	23,182	72,664	-	1,149	539,607
Accumulated depreciation						
At 30 June 2021	59,090	1,678	2,543	14,235	-	77,546
Charge for the period	88,522	3,341	9,929	7,162	29	108,983
Disposal	-	-	-	(21,397)	-	(21,397)
At 30 June 2022	147,612	5,019	12,472	-	29	165,132
Carrying amount						
At 30 June 2021	383,522	12,395	26,390	20,399	-	442,706
At 30 June 2022	**295,000**	**18,163**	**60,192**	**-**	**1,120**	**374,475**

Right of use asset

£ unless stated	30 June 2023	30 June 2022
Amount recognised in the statement of financial position:		
Right of use		
Buildings	206,478	295,000
	206,478	295,000
Lease liability		
Non-current	193,109	267,125

Current	86,623	86,623
	279,732	353,748

£ unless stated	Year to 30 June 2023	Year to 30 June 2022
Amount recognised in the profit and loss:		
Depreciation on right of use building	88,522	88,522
Interest expense	12,607	15,263
Amount recognised in the statement of cash flow:		
Lease payments made	86,623	64,224

Break options

The lease for the office has an option to break the lease after 5 years. The right-of-use asset has been calculated on the assumption that the break clause is taken up.

13. Inventory - developments

£ unless stated	30 June 2023	30 June 2022
Residential developments		
- Land	4,895,358	4,394,799
- Construction and development costs	9,547,628	9,322,221
- Capitalised interest	2,123,936	1,410,738
	16,566,922	15,127,758

On 12 July 2022 the Group completed the acquisition of development land on Victoria Road, Eccleshill for £1,000,000, and on 19 December 2022, the Group purchased Churchgate for the value of £120,000.

As at 30 June 2022, the Group had taken the decision to impair the value of its Bank Street and St Petersgate development, which are owned by wholly owned subsidiaries, One Heritage Bank Street Limited and One Heritage St Petersgate Limited. This was a consequence of significant cost pressures and issues with the previous contractors. The impairment totalled £1,297,560 as at 30 June 2022.

Due to further expenditures, the Group has taken the decision to further impair the value of its Bank Street and St Petersgate developments and additionally, the Oscar House development. The impairment totalled £2,392,136 as at 30 June 2023 and the charge for the year was £1,094,576.

14. Inventory - trading properties

£ unless stated	30 June 2023	30 June 2022
Opening	-	435,820
Disposals	-	(444,331)
Additions	-	8,511
Closing	-	-

The Group disposed of Nicholas Street Development Limited during the prior financial year. This entity held the Nicholas Street property. This property was valued at £650,000 by Management, with the net proceeds received adjusted to reflect the other assets and liabilities in Nicholas Street Development Limited at the date of disposal. Nicholas Street Development Limited was sold to One Heritage Property Rental Limited, a related party.

15. Investment in associate

On 17 March 2019, the Group invested £258,512 to acquire a 47.0% stake in One Heritage Complete Limited. One Heritage Complete provides letting and facilities and property management for investors in Co-living properties. On 05 October 2021 two subsidiaries of One Heritage Complete Limited, namely One Heritage Maintenance Limited and One Heritage Design Limited were put into liquidation and the investment in associate was written down to nil in the 30 June 2022 annual financial statements.

Reconciliation of investment in associate

£ unless stated	30 June 2023	30 June 2022
Opening	50,000	-
Reversal of write down of investment in associate	-	50,000
Sale of investment in associate	(50,000)	-
Closing	-	50,000

Following the insolvency of two subsidiaries of our associate, One Heritage Complete Limited, the Group made the decision to write down the full value of our investment in associate. On 6 July 2022, the Group agreed to sell our 47.0% stake in One Heritage Complete Limited for £50,000. Furthermore the Group has decided that the £24,368 provision against prior dividends were no longer required and was reversed in the prior financial year.

16. Financial assets at FVTPL

£ unless stated	30 June 2023	30 June 2022
Opening	-	397,796
Drawdown	-	-
Repayment	-	(423,959)
Profit recognised in the period	-	26,163
	-	-

During the prior year, the profit participation loan with Robin Hood Property Development Limited was cancelled and the outstanding funds due were repaid.

17. Trade and other receivables

£ unless stated	30 June 2023	30 June 2022
Trade receivables	339,097	776,570
Other debtors	1,132,525	140,544
Prepaid sales fees and commissions	568,688	843,835
VAT receivable	51,636	109,811
Related party receivable	8,223	40,591
	2,100,169	1,911,351

Trade receivables includes £14,192 (30 June 2022: £50,980) due from One Heritage Tower Limited, £209,168 (30 June 2022: £154,089) due from One Heritage North Church Limited, £nil (30 June 2022: £3,221) due from One Heritage Great Ducie Street Limited, £30,061 (30 June 2022: £565,880) due from Robin Hood Property Development Limited and £1,200 (30 June 2022: £2,400) due from One Heritage Property Rental Limited, whom are all related parties.

These financial assets are considered due from related parties, further details can be found in note 24.

The prepaid sales fees and commissions relate to the sales agents fees and commissions paid on units from developments that have been exchanged but not yet completed. These relate to units exchanged on the Lincoln House, St Petersgate, Bank Street and Oscar House developments.

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.

18. 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. In the current and prior year the ratio is significantly higher than the policy due to the negative equity and the impairment of three developments.

£ unless stated	30 June 2023	30 June 2022
Total borrowings	17,240,521	15,921,041
Less: cash and cash equivalents	(303,816)	(974,201)
Net debt	16,936,705	14,946,840
Total equity	(568,716)	574,436
Net debt to equity ratio	**N/A**	**26.0**

19. Loans and borrowings

£ unless stated	30 June 2023	30 June 2022
Non-current		
Lease liability *(note 12)*	193,109	267,125
Related party borrowings	11,378,938	5,000,000
Loan	-	1,412,777
	11,572,047	6,679,902
Current		
Lease liability *(note 12)*	86,623	86,623
Related party borrowings	-	3,425,190
Loan	5,581,850	5,729,326
	5,668,473	9,241,139
	17,240,521	15,921,041

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. In line with the agreement on the loan, when the Lincoln House development reached practical completion in August 2022, as units are sold, the proceeds of these will go toward repayment of the loan. The Group paid an arrangement fee of £35,000 and will pay an exit fee of £43,875 on final repayment. The loan was repaid in full on 27 January 2022. The loan had 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.

On 20 May 2021 a subsidiary, One Heritage Oscar House Limited, signed a loan agreement with Lyell Trading Limited. This was for a gross amount of construction finance totalling £4 million. This had a term of 18 months and is to be drawn down to fund costs incurred by the development in that subsidiary. On 18 November 2022 the Group entered into an agreement to extend the loan to 19 May 2023. The loan bears interest at 9.6% per year. The loan had two covenants that are linked to the underlying development, the loan to development cost of 69% and a loan to value of 89%, which have both been complied with during the reporting period.

As the One Heritage Oscar House Limited development incurred further delays and indicated a completion date post May 2023, the Group refinanced the project settling the previous debt of £3.9m on 09 June 2023. An agreement has been entered into with a new lender, Hampshire Trust Bank Limited, on improved terms for £4.2m for a period of 10 months to provide appropriate funding until all the remaining units are legally completed and handed over to customers. The new loan has a single covenant that are linked to the underlying development, the loan to gross development value of 57% which have been complied with during the reporting period.

On 01 June 2021 a subsidiary, One Heritage Bank Street Limited, signed a loan agreement with Together Commercial Finance Limited. This was for a gross amount of construction finance totalling £2 million. This had a term of 18 months and is to be drawn down to fund costs incurred by the development in that subsidiary. During November 2022 it was agreed with Together Financial Limited that the loan be renewed for a further 12 months. The loan bears interest at 0.85% monthly at a variable rate, based on the Bank of England base rate. In line with the agreement on the loan, when the Bank Street development reached practical completion in May 2023, as units are sold, the proceeds of these will go toward repayment of the loan. The loan was repaid in full on 31 May 2023. The loan had two covenants that are linked to the underlying development, the loan to development cost of 70% and a loan to value of 70%, which have both been complied with during the reporting period.

On 18 March 2022 the Group had a £1.5 million corporate bond admitted to the Standard List of the London Stock Exchange. This had a 2 year term and a 8.0% coupon which is paid on 30 June and 31 December each year. The Group incurred listing costs of £102,040 which were capitalised and released over the term of the Bond.

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. The loan advanced on 22 July 2020 was repaid during the prior year with the accrued interest. On 11 April 2023 the remaining loan was repaid in full with the accrued interest.

The Group signed a £5.0 million loan facility with One Heritage Property Development Limited on 21 September 2020. 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. During the 2023 financial year the facility was further increased by £4.8 million to £12.3 million. Refer to note 25 for a further extension post year end. The balance on this loan at 30 June 2023 was £11,328,152 (30 June 2022: £7,190,414).

The loan facility balance is due for repayment in December 2024. One Heritage Property Development Limited confirmed however, that the loan will not be demanded for repayment until such a time that the Group can afford to repay them without impacting its going concern.

Terms and repayment schedule

The terms and conditions of outstanding loans are as follows:

£ unless stated	Currency	Nominal interest rate	Maturity Date	30 June 2023 Fair value	30 June 2023 Carrying amount	30 June 2022 Fair value	30 June 2022 Carrying Amount
One Heritage SPC	GBB	12.0%	Jan 23	-	-	1,234,776	1,234,776
Lyell Trading Limited	GBP	9.6%	Nov 22	-	-	2,166,706	2,166,706
Together Commercial Finance	GBP	10.7%	Dec 22	-	-	1,126,056	1,126,056
Shawbrook Bank	GBP	6.3%	Aug 23	-	-	2,436,564	2,436,564
Hampshire Trust Bank Limited	GBP	9.3%	Apr 24	4,118,054	4,118,054	-	-
One Heritage Property Development	GBP	7.0%	Dec 24	11,378,938	11,378,938	7,190,414	7,190,414
Corporate bond	GBP	8.0%	Mar 24	1,463,797	1,463,797	1,412,777	1,412,777
				16,960,789	16,960,789	15,567,293	15,567,293

Reconciliation of movements of liabilities to cash flows from financing activities

£ unless stated	Liabilities: Other loans and borrowings	Liabilities: Lease liabilities	Liabilities: Share capital/ Premium	Total
Balance as at 01 July 2022	**15,567,293**	**353,748**	**3,893,008**	**19,814,049**
Changes from financing cash flows				
Proceeds from issue of share capital	-	-	1,247,100	1,247,100
Proceeds from loans and borrowings	4,169,073	-	-	4,169,073
Repayment of loans and borrowings	(5,729,326)			(5,729,326)
Proceeds from related party borrowings	2,953,748	-	-	2,953,748
Interest paid	(2,647,476)	-	-	(2,647,746)
Payment of lease liabilities	-	(86,623)	-	(86,623)
Total changes from financing cash flows	(1,253,981)	(86,623)	1,247,100	(93,504)
Other changes				
Liability related				
Capitalised borrowing costs	2,139,232	-	-	2,139,236
Interest expense	508,244	12,607	-	520,851
Total liability-related other changes	2,647,476	12,607	-	2,660,083
Total equity-related other changes	-	-	-	-
Balance as at 30 June 2023	**16,960,789**	**279,732**	**5,140,108**	**22,380,628**

		Liabilities		
£ unless stated	Other loans and borrowings	Lease liabilities	Share capital/ Premium	Total
Balance as at 01 July 2021	**5,177,455**	**402,709**	**3,893,008**	**9,473,172**
Changes from financing cash flows				
Proceeds from loans and borrowings	7,131,436	-	-	7,131,436
Repayment of loans and borrowings	(948,743)			(948,743)
Proceeds from related party borrowings	4,215,638	-	-	4,215,638
Interest paid	(1,044,771)	-	-	(1,044,771)
Payment of lease liabilities	-	(64,224)	-	(64,224)
Total changes from financing cash flows	9,353,560	(64,224)	-	9,289,336
Other changes	-	-	-	-
Liability related				
Capitalised borrowing costs	1,022,075	-	-	1,022,075
Interest expense	14,203	15,263	-	29,466
Total liability-related other changes	1,036,278	15,263	-	1,051,541
Total equity-related other changes	**-**	**-**	**-**	**-**
Balance as at 30 June 2022	**15,567,293**	**353,748**	**3,893,008**	**19,814,049**

20. Trade and other payables

£ unless stated	30 June 2023	30 June 2022
Trade payables	778,995	794,181
Accruals	192,439	115,392
Customer deposits	1,302,276	1,012,222
Related party payable	17,482	-
Tax payable	250,473	-
PAYE payable	37,979	22,837
	2,579,644	1,944,632

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

The Group has received deposits and reservation fees in relation to its developments, these totalled £1,302,276 (30 June 2022: £1,012,222). These relate to units that were exchanged on and are repayable. The deposits will be repayable if significant property damage occurs, and reinstatement is not possible.

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

21. Financial instruments - fair value and risk management

Fair values

For all financial assets and financial liabilities not measured at fair value, the carrying amount is a reasonable approximation of fair value.

Financial risk management

The Group has exposure to the following risks arising from financial instruments:

- Credit risk
- Liquidity risk
- Market risk

Risk management framework

The Company's Board of Directors has overall responsibility for the establishment and oversight of the Groups risk management framework. The Board of Directors has established the risk management committee, which is responsible for developing and monitoring the Groups risk management policies. The committee reports regularly to the Board of Directors on its activities.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls to monitor risks. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Group audit committee oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

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 note 24).

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 represents the Group's maximum exposure to credit risk at the reporting date assuming that any security held has no value.

Cash and cash equivalents

The Group held cash and cash equivalents of £303,816 at 30 June 2023 (30 June 2022: £974,201).

Bank	**Amount held**	**Standard and Poor's**	**Moody's**	**Fitch**
Barclays Bank UK Plc	131,806	A	A1	A+
Revolut Bank	172,011	-	-	-

The Group also held petty cash of £241 as at 30 June 2023 (30 June 2022: £672).

Guarantees

The Group's policy is to provide financial guarantees only for subsidiaries' liabilities. At 30 June 2023, the Company has issued a guarantee to certain banks in respect of credit facilities granted to One Heritage Oscar House Limited £4,118,054 (30 June 2022: £2,185,772). Refer to note 5 and 10 of the Company financial statements.

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 30 June 2023, the Group's borrowings and facilities had a range of maturities with an average life of 26 months.

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 £0.9million and cash and cash equivalents were £303,816.

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 30 June 2023

£ unless stated	Carrying amount	Total	On demand	Within 1 year	1-2 years	2-5 years	5+ Years
Non-derivative financial liabilities							
Secured bank debt	5,581,850	5,581,850	-	5,581,580	-	-	-
Other borrowings	11,378,938	11,378,938	-	-	11,378,938	-	-
Lease payables	279,732	279,732	-	99,228	198,456	-	-
Trade payables	2,579,644	2,579,644	-	2,579,644	-	-	-
	19,820,164	19,820,164	-	8,260,452	11,577,394	-	-

As at 30 June 2022

£ unless stated	Carrying amount	Total	On demand	Within 1 year	1-2 years	2-5 years	5+ Years
Non-derivative financial liabilities							
Secured bank debt	7,142,103	7,677,341	-	5,887,687	1,789,563	-	-
Other borrowings	8,425,190	9,113,289	-	3,588,289	5,525,000	-	-
Lease payables	353,748	399,502	-	99,228	189,070	111,204	-
Trade payables	1,944,632	1,944,632	-	1,944,632	-	-	-
	17,865,673	19,134,764	-	11,519,836	7,503,633	111,204	-

The secured bank debt contains loan covenants, disclosed in note 19. A future breach of covenant may require the Group to repay the loan earlier than indicated in the above table.

Market risk

Market risk is the risk that changes in market prices will affect the Group's income. The objective of market risk management is to manage and control risk exposures within acceptable exposures within acceptable parameters, while optimising the return. The Group does not hold any equity positions and trade in foreign currencies. It therefore considers the market risk to be low.

Interest rate risk management

The Group has a policy to have fixed interest rate borrowings where possible. Where this is not possible, the Group will look to hedge interest variability if cost effective.

Interest rate sensitivity

The Group currently has two variable interest rate arrangements and therefore returns are sensitive to movements in the interest rates in the next financial period on existing borrowing obligations.

If interest rates on the loans had been 1% per cent higher/lower and all other variables were held constant, the Group's loss for the year ended 30 June 2023 would (increase)/decrease by (£423,130)/£340,769. This is mainly attributable to the Group's exposure to interest rates on its variable rate borrowings.

22. Directors' remuneration

£ unless stated	Year to 30 June 2023	Year to 30 June 2022
During the period remuneration payable to directors was as follows:		
Jason Upton	97,154	76,321
Yiu Tak Cheung	15,000	15,000
Jeffrey Pym	-	19,172
Anthony Unsworth	115,794	-
David Izett	29,167	25,000
Jeremy Earnshaw	25,000	6,181
	282,115	141,674

The Directors did not receive any other benefits or post-employment remuneration.

23. Share capital

£ unless stated	30 June 2023	30 June 2022
Share capital (1p per share)	386,783	324,283
Share premium	4,753,325	3,568,725
	5,140,108	3,893,008

All shares issued by the Company are ordinary shares and have equal voting and distribution rights.

On 07 July 2022 the Group issued 6,250,000 new ordinary shares of 1.0 pence each at an issue price of 20.0 pence per share, raising gross proceeds of £1,250,000.

The total shares in issue as at 30 June 2023 is 38,678,333 (30 June 2022: 32,428,333) and are fully paid up.

24. Related parties

Parent and ultimate controlling party

At the reporting date 65.15% of the shares are held by One Heritage Property Development Limited, which is incorporated in Hong Kong. One 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.

Transactions with key management

Key management personnel compensation comprised the following:

£ unless stated	Year to 30 June 2023	Year to 30 June 2022
Short term employee benefits	412,851	311,061
	412,851	311,061

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

Key management personnel transactions

The key management control 3% (30 June 2022: 31%) of the voting shares of the Company.

Other related party activity

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

Company	Notes	Description
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 Great Ducie Street Limited	7, 17, 19	Common directors, owned by the beneficial owners of the Group
One Heritage North Church Limited	7,17,19	Common directors, majority stake held 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	7,17,19	Common directors, part owned by the beneficial owners of the Group
Robin Hood Property Development Limited	7,17,19	Common directors, owned by the beneficial owners of the Group

25. Events after the reporting date

On 31 July 2023 the Group facility was increased by £1.7 million, to £14 million. This can be drawn down as required, has an interest rate of 7.0% and is repayable on 31 December 2024. This additional amount can only be drawn to fund property development activities where obtaining project financing is delayed or unavailable.

26. New Standards and amendments to Standards

There are no new or amended standards that are expected to have a significant impact on the Group's consolidated financial statements when adopted.

New standards and amendments issued but not effective for the current annual period

The following standards and interpretations had been issued but not yet mandatory for annual reporting periods ending June 30, 2023.

Description

- Non-current liabilities with Covenants - Amendments to IAS 1 (effective for annual periods beginning on or after 1 January 2024)
- Classification of Liabilities as Current or Noncurrent – Amendments to IAS 1 (effective for annual periods beginning on or after 1 January 2024)
- Lease liability in a Sale and Leaseback - Amendments to IFRS 16 (effective for annual periods beginning on or after 1 January 2024)
- Sale or Contribution of Assets between an investor and its Associate or Joint Venture - IFRS 10 and IAS 28 (effective date deferred indefinitely)

The Group anticipates that these new standards, interpretations, and amendments will be adopted in the financial statements as and when they are applicable and adoption of these new standards, interpretations and amendments, may have no material impact on the financial statements in the period of initial application.

27. Disclosures relating to subsidiary undertakings

The Company's subsidiaries and other related undertakings at 30 June 2023 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	Business activity	Company number	Ownership
One Heritage Property Development (UK) Limited	Property developer	11982934	100.0%
One Heritage Churchgate Limited	Development company	12114319	100.0%
One Heritage Lincoln House Limited	Development company	12434625	100.0%
One Heritage Bank Street Limited	Development company	12763845	100.0%
One Heritage Oscar House Limited	Development company	11331256	100.0%
One Heritage St Petersgate Limited	Development company	13154858	100.0%
One Heritage Red Brick Limited	Property services	13178461	100.0%
One Heritage Property Services Limited	Property services	13426415	100.0%
One Heritage Seaton House Limited	Development company	13520340	100.0%
One Heritage Construction Limited	Construction company	13761479	100.0%
One Heritage Victoria Road Limited	Development company	14172104	100.0%
St Petersgate Building Management Limited	Dormant	13979905	100.0%
Oscar House Building Management Limited	Dormant	13981057	100.0%
Liberty House Building Management Limited	Dormant	13986387	100.0%
Lincoln House Building Management Limited	Dormant	12710283	100.0%
OH Oscar House Property Limited	Dormant	14969230	100.0%
OH Lincoln House Property Limited	Dormant	14255279	100.0%

There are loans between these entities, which are all interest free and repayable on demand.

28. Audit exemption taken for subsidiaries

The following subsidiaries are exempt from the requirements of the Companies Act 2006 relating to the audit of individual accounts by virtue of Section 479A of that Act.

Company name	Company number
One Heritage Property Development (UK) Limited	11982934
One Heritage Churchgate Limited	12114319
One Heritage Lincoln House Limited	12434625
One Heritage Bank Street Limited	12763845
One Heritage Oscar House Limited	11331256
One Heritage St Petersgate Limited	13154858
One Heritage Red Brick Limited	13178461
One Heritage Property Services Limited	13426415
One Heritage Seaton House Limited	13520340

One Heritage Construction Limited	13761479
One Heritage Victoria Road Limited	14172104
St Petersgate Building Management Limited	13979905
Oscar House Building Management Limited	13981057
Liberty House Building Management Limited	13986387
Lincoln House Building Management Limited	12710283

FINANCIAL STATEMENTS

Company balance sheet

As at 30 June 2023

£ unless stated	Notes	As at 30 June 2023	As at 30 June 2022
INTANGIBLE ASSETS			
Trademark		1,913	2,324
		1,913	2,324
TANGIBLE ASSETS			
Investments	2	1,007,732	2,750,100
		1,007,732	2,750,100
OTHER NON-CURRENT ASSETS			
Debtors*	3	3,033,711	2,183,153
		3,033,711	2,183,153
CURRENT ASSETS			
Debtors*	4	302,351	127,719
Cash at bank		8,615	4,383
		310,966	132,102
Creditors: amounts falling within one year	5	(5,191,231)	(55,975)
Net current (liabilities)/assets		(4,880,265)	2,259,280
Total assets less current liabilities		(836,909)	5,011,704
Creditors: amounts due after one year	6	-	(1,412,777)
Net assets		**(836,909)**	**3,598,927**
CAPITAL AND RESERVES			
Called up share capital	7	386,783	324,283
Share premium account		4,753,325	3,568,725
Profit and loss account		(5,977,017)	(294,081)
Shareholders' funds		**(836,909)**	**3,598,927**

*restated (note 1)

These financial statements were approved by the board of directors on 31 October 2023 and were signed on its behalf by:

Jason upton (Oct 31, 2023 21:04 GMT+8)

Jason David Upton
Company registration number: 12757649

The accompanying notes on pages 85 to 90 form an integral part of the financial statements

FINANCIAL STATEMENTS

Company statement of changes in equity

For the year ended 30 June 2023

£ unless stated	Called up share capital	Share premium	Profit and loss account	Shareholders Funds
Balance at 1 July 2022	**324,283**	**3,568,725**	**(294,081)**	**3,598,927**
Loss for the period	-	-	(5,682,936)	(5,682,936)
Total comprehensive income for the period	**324,283**	**3,568,725**	**(5,977,017)**	**(2,084,009)**
Issue of share capital	62,500	1,187,500	-	1,250,000
Cost of share issuance	-	(2,900)	-	(2,900)
Balance at 30 June 2023	**386,783**	**4,753,325**	**(5,977,017)**	**(836,909)**

For the year ended 30 June 2022

£ unless stated	Called up share capital	Share premium	Profit and loss account	Shareholders Funds
Balance at incorporation	**324,283**	**3,568,725**	**(123,154)**	**3,769,854**
Loss for the period	-	-	(170,927)	(170,927)
Total comprehensive income for the period	**324,283**	**3,568,725**	**(294,081)**	**3,598,927**
Balance at 30 June 2022	**324,283**	**3,568,725**	**(294,081)**	**3,598,927**

The accompanying notes on pages 85 to 90 form an integral part of the financial statements.

FINANCIAL STATEMENTS

Notes to the Company financial statements

For the year ended to 30 June 2023

1. Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements, except as noted below.

General information

One Heritage Group plc is a public limited company, limited by shares, incorporated in England and Wales under the Companies Act 2006 on 21 July 2020. The address of its registered office and principal place of trading is 80 Mosley Street, Manchester, M2 3FX. The principal activity of the Company is a property development holding company. The Company does not have any employees and is funded through the issuance of share capital to investors.

Basis of preparation

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101").

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of international accounting standards in conformity with the requirements of the Companies Act 2006 ("Adopted IFRSs") but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

Under section s408 of the Companies Act 2006 the Company is exempt from the requirement to present its own profit and loss account.

Restatement

The prior year presentation of the amount due from subsidiary of £2,183,153 has been reclassified from current asset to other non-current asset. This correction has been made in order to reflect that the amount was not expected to be settled in the ordinary course of business in the next 12 months. The impact of this restatement reduced current assets by £2,182,153 and increased other non-current assets by the same amount.

In these financial statements, the Company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- Cash Flow Statement and related notes;
- Certain disclosures regarding revenue;
- Certain disclosures regarding leases;
- Disclosures in respect of transactions with wholly owned subsidiaries;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs;
- Disclosures in respect of the compensation of Key Management Personnel;
- Disclosures of transactions with a management entity that provides key management personnel services to the Company.

As the consolidated financial statements include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- Certain disclosures required by IFRS 3 Business Combinations in respect of business combinations undertaken by the Company in the current and prior periods; and
- Certain disclosures required by IFRS 13 Fair Value Measurement and the disclosures required by IFRS 7 Financial Instrument Disclosures.

- Certain disclosures required by IAS 36 Impairment of Assets

Going concern

Notwithstanding net current liabilities of £4.9 million as at 30 June 2023 (2022: net current assets £2.3 million) and a loss for the year then ended of £5.68 million (2022: £0.17 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 a cash flow forecast for the period to 31 December 2024 on a consolidated basis which indicates that, taking account of reasonably possible downsides, the Company will have sufficient funds through existing resources held by the company and subsidiaries (including funds drawn down on the parent company loan facility post year-end), the continued forecast realisations of development property inventory by its subsidiaries, and in the event of need continued financial support from its parent company, One Heritage Property Development Limited ("OHPD"), to meet its liabilities as they fall due for that period, including the Corporate Bond of £1.5 million due for repayment in March 2024.

As with any company placing reliance on other group/related 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.

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

Measuring convention

The financial statements are prepared on the historical cost.

Significant judgements

The significant judgements with regard to going concern are the forecast timing of development property inventory realisations and in the event it is needed the ability of the Group to be able to drawdown on the facility by its parent company, One Heritage Property Development Limited ("OHPD"). Management of the Company is not aware of any material uncertainties that may cast significant doubt on the Company's ability to continue as a going concern. Therefore, the parent company financial statements continue to be prepared on the going concern basis. For detail refer note 1 going concern.

Financial guarantees

A financial guarantee contract is initially recognised at fair value. At the end of each subsequent reporting period, financial guarantees are measured at the higher of:

- The amount of the loss allowance, and
- The amount initially recognised less cumulative amortisation, where appropriate.

The amount of the loss allowance at each subsequent reporting period equals the 12-month expected credit losses. However, where there has been a significant increase in the risk that the specified debtor will default on the contract, the calculation is for lifetime expected credit losses.

Investment in subsidiary

Investment in and loans to subsidiaries are stated at cost less impairment.

Impairment

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. 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 of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

2. Investment in subsidiaries

£ unless stated	30 June 2023	30 June 2022
One Heritage Property Development (UK) Limited	1,007,732	2,750,100
	1,007,732	2,750,100

The Company assesses the subsidiaries for any indicators of impairment by looking at the individual performance of the underlying entities, including their budgets, development progress and forecast profitability.

Due to losses in the underlying subsidiaries, the investment in subsidiaries were impaired in the current year by £1,742,368 (2022: £nil) in order to reflect the estimated recoverable amount based on the net asset value of the subsidiary entity and net realisable value of inventory. The impairment was recognised in the current year as a consequence of the losses and impairment to inventory recognised by Group entities. The carrying amount is considered to reflect the fair value less costs of disposal and is considered a level 3 asset in the fair value hierarchy.

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

Company name	Jurisdiction	Company number	Ownership
One Heritage Property Development (UK) Limited	England and Wales	11982934	100.0%

Below is a list of the key subsidiaries of One Heritage Property Development (UK) Limited.

Company name	Jurisdiction	Company number	Ownership
One Heritage Churchgate Limited	England and Wales	12114319	100.0%
One Heritage Lincoln House Limited	England and Wales	12434625	100.0%
One Heritage Bank Street Limited	England and Wales	12763845	100.0%
One Heritage Oscar House Limited	England and Wales	11331256	100.0%
One Heritage St Petersgate Limited	England and Wales	13154858	100.0%
One Heritage Red Brick Limited	England and Wales	13178461	100.0%
One Heritage Property Services Limited	England and Wales	13426415	100.0%
One Heritage Seaton House Limited	England and Wales	13520340	100.0%
One Heritage Construction Limited	England and Wales	13761479	100.0%
One Heritage Victoria Road Limited	England and Wales	14172104	100.0%
St Petersgate Building Management Limited	England and Wales	13979905	100.0%
Oscar House Building Management Limited	England and Wales	13981057	100.0%
Liberty House Building Management Limited	England and Wales	13986387	100.0%
Lincoln House Building Management Limited	England and Wales	12710283	100.0%

3. Debtors: amounts receivable within one year

£ unless stated	30 June 2023	30 June 2022
Intercompany loan	-	2,183,153
Trade and other receivables	270,000	90,000
Prepayments	32,351	37,719
	302,351	2,310,872

4. Debtors: amounts receivable after one year

£ unless stated	30 June 2023	30 June 2022
Intercompany loan	3,033,711	-
	3,033,711	-

The Intercompany loan payable by One Heritage Property Development (UK) Limited is interest free and payable on demand.

The Company assesses the intercompany loans for any indicators of impairment by looking at the individual performance of the underlying entities, including their budgets, development progress and forecast profitability. There are no indicators of impairment and therefore no expected credit losses.

5. Creditors: amounts falling within one year

£ unless stated	30 June 2023	30 June 2022
Trade and other payables	15,000	16,393
Accruals	76,780	37,500
Corporate bond	1,463,797	-
Parental guarantee provision (refer to note 10)	3,635,109	-
Tax payable	545	2,082
	5,191,231	55,975

6. Creditors: amounts due after one year

£ unless stated	30 June 2023	30 June 2022
Corporate bond	-	1,412,777
	-	1,412,777

On 18 March 2022 the Group had a £1.5 million corporate bond admitted to the Standard List of the London Stock Exchange. This had a 2 year term and a 8.0% coupon which is paid on 30 June and 31 December each year. The Group incurred listing costs of £102,040, which were capitalised and released over the term of the Bond. The bond is repayable in March 2024.

7. Called up share capital

£ unless stated	Ordinary Shares
Issued share capital as at 30 June 2023	38,440,561
	38,440,561

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

On 07 July 2022 the Company issued 6,250,000 new ordinary shares of 1.0 pence each at an issue price of 20.0 pence per share, raising gross proceeds of £1,250,000.

8. Audit exemption taken for subsidiaries

The following subsidiaries are exempt from the requirements of the Companies Act 2006 relating to the audit of individual accounts by virtue of Section 479A of that Act. Under the Act the Company has undertaken guarantees for all outstanding liabilities to which the subsidiary company is subject at the end of the financial year to which the guarantee relates, until they are satisfied in full.

Company name	Company number
One Heritage Property Development (UK) Limited	11982934
One Heritage Churchgate Limited	12114319
One Heritage Lincoln House Limited	12434625
One Heritage Bank Street Limited	12763845
One Heritage Oscar House Limited	11331256
One Heritage St Petersgate Limited	13154858
One Heritage Red Brick Limited	13178461
One Heritage Property Services Limited	13426415
One Heritage Seaton House Limited	13520340
One Heritage Construction Limited	13761479
One Heritage Victoria Road Limited	14172104
St Petersgate Building Management Limited	13979905

Oscar House Building Management Limited	13981057
Liberty House Building Management Limited	13986387
Lincoln House Building Management Limited	12710283

9. Post balance sheet events

On 31 July 2023 the Company facility was increased by £1.7 million, to £14 million. This can be drawn down as required, has an interest rate of 7.0% and is repayable on 31 December 2024. This additional amount can only be drawn to fund property development activities where obtaining project financing is delayed or unavailable.

10. Related party disclosures

The Directors of the Company were paid through One Heritage Property Development (UK) Limited, a subsidiary.

£ unless stated	Year to 30 June 2023	Year to 30 June 2022
During the period remuneration payable to directors was as follows:		
Jason Upton	97,154	76,321
Yiu Tak Cheung	15,000	15,000
Jeffrey Pym	-	19,172
Anthony Unsworth	115,794	-
David Izett	29,167	25,000
Jeremy Earnshaw	25,000	6,181
	282,115	141,674

Guarantees

The Company's policy is to provide financial guarantees only for subsidiaries' liabilities. At 30 June 2023, the Company has issued a guarantee to certain banks in respect of credit facilities granted to One Heritage Oscar House Limited £4,118,054 (30 June 2022: £2,185,772). Refer to note 5 for provisions recognised.

Refer to note 8 for additional guarantees undertaken by the Company and note 5 for provisions recognised.

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. Keith Crews held 9.6% of the shares at the reporting date.

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.

ONE HERITAGE GROUP PLC

Notice of Annual General Meeting

NOTICE IS GIVEN that the Annual General Meeting (the "AGM") of One Heritage Group plc (the "Company") will be held at 10.00 a.m. on 30th November 2023 at the offices of Shakespeare Martineau LLP, 6th Floor, 60 Gracechurch Street, London, EC3V 0HR to consider and if thought fit, pass the following resolutions. Resolutions 1 to 5 will be proposed as ordinary resolutions and resolutions 6 and 7 will be proposed as special resolutions.

ORDINARY RESOLUTIONS

1. To receive the Company's annual report and accounts for the year ended 30 June 2023.
2. To approve the remuneration report set out on pages 34 to 38 of the annual report for the year ended 30 June 2023.
3. To re-appoint KPMG Audit LLC as auditor of the Company.
4. To authorise the Directors to determine the auditor's remuneration.
5. That, the Directors be generally and unconditionally authorised in accordance with section 551 of the Companies Act 2006 (the 'Act') and in substitution for all existing authorities under that section, to exercise all the powers of the Company to allot shares in the Company or to grant rights to subscribe for, or to convert any security into, shares in the Company ('Rights') up to an aggregate nominal amount of £193,391.67 during the period commencing on the date of the passing of this resolution and expiring at the conclusion of the next Annual General Meeting of the Company or 15 months from the passing of this resolution, whichever is earlier, and provided further that the Company shall be entitled before such expiry to make an offer or agreement which would or might require shares to be allotted or Rights to be granted after such expiry and the Directors shall be entitled to allot shares and grant Rights under such offer or agreement as if this authority had not expired.

SPECIAL RESOLUTIONS

6. THAT, subject to and conditional upon the passing of Resolution 5 the Directors be and they are hereby authorised pursuant to Section 570 of the Act to allot equity securities (as defined in Section 560 of the Act) for cash pursuant to the authority conferred by resolution 5 above as if Section 561(1) of the Act did not apply to any such allotment, provided that this power shall be limited to:

   a) the allotment of equity securities in connection with an issue in favour of shareholders where the equity securities respectively attributable to the interests of all such shareholders are proportionate (or as nearly as may be practicable) to the respective number of Ordinary Shares in the capital of the Company held by them on the record date for such allotment, but subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or legal or practical problems under the laws of, or the requirements of, any recognised regulatory body or any stock exchange, in any territory;

   b) the allotment of equity securities arising from the conversion of any other convertible securities outstanding at the date of this resolution; and

c) the allotment (otherwise than pursuant to sub-paragraph (a) and (b) above) of further equity securities up to an aggregate nominal amount of £193,391.67;

provided that this power shall, unless previously revoked or varied by special resolution of the Company in general meeting, expire at the conclusion of the Annual General Meeting of the Company to be held in 2024 or 15 months from the passing of this resolution, whichever is earlier. The Company may, before such expiry, make offers or agreements which would or might require equity securities to be allotted after such expiry and the Directors are hereby empowered to allot equity securities in pursuance of such offers or agreements as if the power conferred hereby had not expired.

7. That a general meeting of the Company (other than an annual general meeting) may be called on not less than 14 clear days' notice.

By Order of the Board

Shaun Zulafqar
Company Secretary

3 November 2023

Registered Office
6th Floor, 60 Gracechurch Street
London EC3V 0HR

Notice of Meeting Notes:

The following notes explain your general rights as a shareholder and your right to attend and vote at this Meeting or to appoint someone else to vote on your behalf.

1) Pursuant to the Company's Articles of Association, a member of the Company entitled to attend and vote at the meeting convened by this notice is entitled to appoint one or more proxies to exercise any of his rights to attend, speak and vote at that meeting on his behalf.

2) If a member appoints more than one proxy, each proxy must be entitled to exercise the rights attached to different shares. If you submit more than one valid proxy appointment in respect of the same shares, the appointment received last before the latest time for the receipt of proxies will take precedence.

3) A proxy may only be appointed using the procedures set out in these notes and the notes to the form of proxy. To validly appoint a proxy, a member must complete, sign and date the enclosed form of proxy and deposit it at the office of the Company's registrars, Neville Registrars, at Neville House, Steelpark Road, Halesowen, West Midlands B62 8HD, by 10:00 a.m. on 28th November 2023 (or, in the event that the meeting is adjourned, not less than 48 hours, excluding non-working days, before the time fixed for the holding of the adjourned meeting). Any power of attorney or any other authority under which the form of proxy is signed (or a duly certified copy of such power or authority) must be enclosed with the form of proxy.

4) In order to revoke a proxy appointment, a member must sign and date a notice clearly stating his intention to revoke his proxy appointment and deposit it at the office of the Company's registrars, Neville Registrars, at Neville House, Steelpark Road, Halesowen, West Midlands B62 8HD prior to commencement of the meeting. If the revocation is received after the time specified, the original proxy appointment will remain valid unless the member attends the meeting and votes in person.

5) Pursuant to the Articles of Association, any corporation which is a member of the Company may authorise one or more persons (who need not be a member of the Company) to attend, speak and vote at the meeting as the representative of that corporation. A certified copy of the board resolution of the corporation appointing the relevant person as the representative of that corporation in connection with the meeting must be deposited at the office of the Company's registrars, Neville Registrars, at Neville House, Steelpark Road, Halesowen, West Midlands B62 8HD prior to the commencement of the meeting. If the revocation is received after the time specified, the original corporate representative appointment will remain valid unless the member attends the meeting and votes in person.

6) In the case of joint holders, where more than one of the joint holders purports to appoint a proxy in respect of the same shares, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first named being the most senior).

7) The right to vote at the meeting shall be determined by reference to the register of members of the Company. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001 (as amended), only those persons whose names are entered on the register of members of the Company at 6.00 p.m. on 28th November 2023 (or, in the event of any adjournment, at 6.00 p.m. on the date which is two days prior to the adjourned meeting) shall be entitled to attend and vote in respect of the number of shares registered in their names at that time. Changes to entries on the register of members after that time shall be disregarded in determining the rights of any person to vote at the meeting.

8) CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the meeting and any adjournment(s) thereof by using the procedures described in the CREST Manual (available via www.euroclear.com). CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

9) In order for a proxy appointment or instruction made by means of the CREST service to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & International Limited's ("Euroclear") specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the Company's agent (ID 7RA11) by the latest time for proxy appointments set out in paragraph 3 above. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the Company's agent is able to retrieve the message by enquiry to CREST in the manner

prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

10) CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore, apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001 (as amended).

11) Any corporation which is a shareholder can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a shareholder provided that no more than one corporate representative exercises powers in relation to the same shares.

12) Any shareholder attending the Meeting has the right to ask questions. The Company must cause to be answered any such question relating to the business being dealt with at the Meeting but no such answer need be given if: (a) to do so would interfere unduly with the preparation for the Meeting or involve the disclosure of confidential information; (b) the answer has already been given on a website in the form of an answer to a question; or (c) it is undesirable in the interests of the Company or the good order of the Meeting that the question be answered.

13) You may not use any electronic address (within the meaning of Section 333(4) of the Companies Act 2006) provided in either this Notice or any related documents (including the form of proxy) to communicate with the Company for any purposes other than those expressly stated.

14) A copy of this Notice, and other information required by Section 311A of the Companies Act 2006, can be found on the Company's website at https://www.oneheritageplc.com/.

15) At 2 November 2023, (being the latest practicable date prior to the publication of this notice) the issued share capital of the Company consisted of 38,678,333 Ordinary Shares of 1 pence each in the capital of the Company. Each share carries one vote. The Company held no shares in treasury, therefore the total voting rights in the Company as at 2 November 2023 were 38,678,333.

EXPLANATION OF BUSINESS

Resolution 1: To receive the annual report and accounts
Company law requires the Directors to present the annual report and accounts of the Company to shareholders in respect of each financial year.

Resolution 2: To approve the remuneration report
The remuneration report is set out on pages 34 to 38 of the annual financial report. It gives details of the Directors' remuneration for the year ended 30 June 2023. The vote is advisory and does not affect the actual remuneration paid to any individual Director.

Resolution 3 and 4: To reappoint the auditor and authorise the Board to determine their remuneration
The Company is required to appoint an auditor at each general meeting at which accounts are laid before the members, to hold office until the conclusion of the next such meeting. Resolution 3 is for members to reappoint KPMG Audit LLC as auditors of the Company and resolution 4 proposes that shareholders authorise the Board to determine the remuneration of the auditors. In practice, the audit committee will consider the audit fees and recommend them to the Board.

Resolution 5: Directors' authority to allot shares
Resolution 5 authorises the Directors to allot shares in the Company until the conclusion of the next AGM or 15 months from the passing of this resolution, whichever is earlier. The resolution would give the Directors authority to allot ordinary shares, and grant rights to subscribe for or convert any security into shares in the Company, up to an aggregate nominal value of £193,391.67. This amount represents half of the issued ordinary share capital of the Company as at 2 November 2023, the latest practicable date prior to the publication of this document.

Resolution 6: Disapplication of pre-emption rights
If Directors of a Company wish to allot shares in the Company, or to sell treasury shares, for cash (other than in connection with an employee share scheme) company law requires that these shares are offered first to shareholders in proportion to their existing holdings.

The purpose of Resolution 6 is to authorise the Directors to allot ordinary shares in the Company, or sell treasury shares, for cash (i) in connection with a rights issue; and, otherwise, (ii) up to a nominal value of £193,391.67, equivalent to half of the total issued ordinary share capital of the Company as at 2 November 2023 without the shares first being offered to existing shareholders in proportion to their holdings.

Resolution 7: Approval for calling of general meetings (other than AGMs) on 14 days' notice
Under company law, the Company is required to give 21 clear days' notice for a general meeting of the Company unless shareholders approve a shorter notice period, which cannot be less than 14 clear days (AGMs must continue to be held on at least 21 clear days' notice).

Resolution 7 proposes a special resolution and seeks shareholder approval to enable the Company to call general meetings, other than AGMs, on at least 14 clear days' notice. The approval will be effective until the Company's next AGM, when it is intended that a similar resolution will be proposed. The flexibility offered by this resolution will be used where, taking into account the circumstances, the Directors consider to be appropriate in relation to the business to be considered at the meeting in question and where it is thought to be to the advantage of shareholders as a whole. In order to be able to call a general meeting on less than 21 clear days' notice, the Company must make a means of electronic voting available to all shareholders for that meeting.

Retirement by Rotation

The Company's articles of association provide for each director appointed during the year to retire at the next annual general meeting and for each director to retire from office at the third annual general meeting after the AGM at which he/she was previously appointed or reappointed. According to the company's articles of association, none of the directors are eligible to retire by rotation this year. As announced on 29th September 2023, Anthony Unsworth, Chief Financial Officer and Executive Director, will depart the Company at the end of March 2024. Directors' biographical details are given on pages 19 to 20 of the annual financial report.

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Final Audit Report 2023-10-31

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By:	Jacqueline van Heerden (jacqueline.vanheerden@one-heritage.com)
Status:	Signed
Transaction ID:	CBJCHBCAABAAiG2ogVEO_-CN0ljT_ZY5IOI8HySK38Hj

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2023-10-31 - 12:05:21 PM GMT

Email viewed by anthony.unsworth@one-heritage.com
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2023-10-31 - 12:15:36 PM GMT

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2023-10-31 - 1:03:43 PM GMT

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2023-10-31 - 1:04:18 PM GMT

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2023-10-31 - 1:23:46 PM GMT

Document e-signed by David Izett (david.izett@one-heritage.com)

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Agreement completed.

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