ONE HERITAGE GROUP PLC

(the "Company" or "One Heritage")

Interim report for

the six months ended

31 December 2023

27 March 2024

One Heritage Group PLC (LSE: OHG), the UK-based residential developer focused on the North of England, announces its half year results for the six months ended 31 December 2023.

Financial highlights

- Revenue of £9.15m (H1 FY23 for the six month period to 31 December 2022: £5.75m). This primarily reflects a significant growth in sales along with construction services.
- Gross profit improved by £0.44m to a profit of £0.16m (H1 FY23: loss £0.28m) as a result of reduced impairments in the current year, with a charge of £0.33m (H1 FY23: £1.10m) being recognised in the period. Loss before tax of £1.94m (H1 FY23: loss £1.57m).
- Basic loss per share (pence) of 5.2 (H1 FY23: 4.1).
- Net debt of £18.67m (H2 FY23 for the six month period to 30 June 2023: £16.94m) an increase of £1.73m facilitating the completion of developments prior to legal completions.
- Inventory reduced in the period by £2.27m to £14.30m (H2 FY23: £16.57m) reflecting completed sales.

Operational highlights

- Commencement of construction on One Victoria, Manchester, which comprises 129 units, with practical completion due in 2025, where the Group benefits from development management fees of 2% of development cost.
- Commencement of construction for 24 houses at Victoria Road, Eccleshill, West Yorkshire, the Group's first new build housing project.

Post Period Events

- Practical completion of St. Petersgate, Stockport.
- Practical completion of North Church House, Queen Street, Sheffield.
- Repaid £1.5m Corporate Bond and signed another £0.5m unsecured loan to 15th March 2025 at 8% interest.
- A revision of the Shareholder loan agreement extending terms to 31 December 2025 with the option to extend for a further 36 months.

Outlook

- On track to deliver strong revenue for FY24, driven by robust pipeline of property sales.
- Commencement of marketing for sale of 24 houses at Victoria Road, Eccleshill, West Yorkshire in April 2024.
- With a determined focus on finding good development and development management opportunities, we are cautiously exploring several promising options in core city centre locations for apartments, as well as high-demand areas for new build housing projects.

Commenting on the Group's performance, Jason Upton, Chief Executive Officer said:

"Our focus has been on finishing our projects in hand, both our own developments and those where we are development manager. In this respect, by the end of our interim reporting period, we had substantially completed projects at St. Petersgate, Stockport and North Church House, Queen Street, Sheffield.

We have stepped back from the risks associated with self-delivery and we have looked at ways to monetise our unsold inventory. We have embarked upon a thorough investigation into how we can fully utilise, through diversification, the potential of our excellent team and brand in our core business of development/development management and we are actively engaged in conversations with distribution networks in territories abroad where we know there to be significant amounts of capital as we seek an even wider market for the Group's end-product.

Our positive outlook is grounded in a robust strategy that focuses on core city centre locations for residential apartment projects and areas in high demand for our new build housing initiatives. The North West of England, particularly Greater Manchester, continues to be our primary focus, with the region expecting the highest sales price growth of any UK city in 2024 and already generating above average growth for rent at 9.8%, above the national average of 7.8% in January 2024.

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About One Heritage Group

One Heritage Group PLC is a property development and management company. It focuses on the residential sector primarily in the North of England, seeking out value and maximising opportunities for investors. In 2020 One Heritage Group PLC became one of the first publicly listed residential developers with a focus on co-living.

The Company is listed on the Standard List of the Main Market of the London Stock Exchange, trading under the ticker OHG.

For further information, please visit the Company's website at https://www.oneheritageplc.com/.

CHIEF EXECUTIVE'S REVIEW

During the second half of calendar year 2023, our interim reporting period, our focus has been on finishing our projects in hand, both our own developments and those where we are development manager. In this respect, by the end of our interim reporting period, we had substantially completed projects at St Petersgate, Stockport and North Church House, Queen Street, Sheffield. During this same period, as anticipated, we began to see some degree of stabilisation in build costs on our latest developments, Victoria Road, Eccleshill, where we are the developer and One Victoria, Manchester where we are the development manager. Both have fixed priced contracts in place which are proving essential in de-risking the build process. In time, we expect that this model will serve to ease the pressure on our margins. We have also continued to pay careful attention to our cash management including the refinancing of Oscar House, Manchester (as reported on 28 December) enabling unsold units to generate revenues through rentals and serviced apartments and agreeing construction finance at Victoria Road, Eccleshill and, in so doing, fully funding the remaining development cost.

Post period, we announced practical completion of St Petersgate, Stockport (as reported on 9 January); practical completion of North Church House, Queen Street, Sheffield (as reported on 12 March); completion of a revision of the shareholder loan agreement, extending terms to 31 December 2025 (as reported on 15 January); and the appointment to the Board of Directors in February of a new Chief Financial Officer Stuart Ormisher and then, regrettably, his decision to step down at the end of this month. In this respect we have secured a highly experienced Interim Head of Finance and have commenced the search for a long-term replacement.

In assessing our performance, the strategic objectives outlined in our annual results for the financial year 2023 serve as a benchmark, guiding this performance. An update against these objectives is outlined below.

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

As announced in our annual results for the financial year ending 30 June 2023, four project completions – three direct developments and one development management project were completed within the period.

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 was appointed with a fixed price build contract and completion is expected in H2 2024.

In July 2023, we were also pleased to sign a construction contract for our development management project One Victoria, Manchester which comprises 129 units. This secured further fees of 2% of the ongoing development costs which are in the region of £20,000 per month until practical completion in Q2 2025.

Post period end, in January 2024, we announced the completion of St Petersgate, Stockport, a conversion of a former office building, comprising 18 apartments, and 1 commercial unit totalling c.12,000 square feet. The project was delivered in house and is the last direct development that will be delivered by this method for the foreseeable future.

In March 2024, North Church House, Queen Street, Sheffield, a development management project, which comprises 58 apartments in a former office building totalling c.41,400 square feet reached completion.

Direct Development Projects	Residential Units	Commercial Units	Gross Development Value (£m)	Reservations*	Exchanged *	Completed Sales *	Expected Completion
Lincoln House, Bolton	88	0	£10.1m	0	0	77	Completed
Bank Street, Sheffield	23	0	£3.9m	0	0	19	Completed
Oscar House, Manchester	27	0	£6.8m	3	0	8	Completed
St Petersgate, Stockport	18	1	£2.9m	1	3	14	Completed
Victoria Road, Eccleshill	24	0	£6.5m	Not released			H2 2024
Seaton House, Stockport	35	0	N/A	Not released			To be sold
Churchgate, Leicester	15	1	N/A	Not released			To be sold
Total	**230**	**2**	**£30.2m**	**4**	**3**	**118**	

***As at 22 March 2024**

2. Secure sales for our properties under construction

The UK housing markets continues to be under pressure, and we are not immune to the effects of this. As such, we saw a slowdown in property sales over the last six months of 2023 against a backdrop of high inflation and interest rates which impacted buyer demand.

In the face of this, some unsold units at our completed developments will be rented to enable revenue to be generated as we remain reluctant to reduce sales prices for these remaining units.

The marketing of the 24 houses at Victoria Road, Eccleshill will commence in April 2024 as we enter the final months of the project. Sales will be to the local market.

3. Growing the pipeline of new development opportunities

We are working hard to diversify and thereby increase our pipeline of new development opportunities. The process involves a substantial investment of time as we thoroughly assess a considerable array of new opportunities of a diverse nature designed to ensure the long-term success and resilience of our company.

One significant stride in this direction has been our entry into new build housing with the Victoria Road, Eccleshill project, commencement of which marks our initial step towards diversification into new build housing.

While our move into new build housing serves to broaden our offer and provides us with a more balanced and diversified portfolio, we remain committed to our core product of City Centre apartments. Our brand will expand to incorporate this strategic adjustment as we define a ‘One Heritage City Centre Living’ brand for our apartments, and a ‘One Heritage Homes’ brand for our new build family homes.

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

Development management

In July 2023, we signed a construction contract at One Victoria which secures the Company 2% of ongoing total development costs payable over the anticipated development period. These fees are running in the region of £20,000 per month until practical completion in Q2 2025. The Company will also be entitled to 15% of the net profit generated, which will be distributed following the legal completion of the sales for all units.

North Church House, Queen Street, Sheffield which comprises 58 apartments, reached practical completion earlier this year in March 2024. This marks the completion of our second development management project.

Our final development management agreement is for One Heritage Tower, Salford. To date we have been successful in achieving planning permission for a 542-unit, 55 storey tower, and are currently in a Pre-Construction Service Agreement (PCSA) with a contractor to secure a fixed price construction cost for the delivery of the project. An update is expected to be provided later in 2024 as the Company is exploring options to either secure an institutional funding partner or a sale of the project.

Property services

As announced in our results for the financial year 2023, there are viability concerns surrounding Co-Living. We have seen a reduction of Co-Living activity with the cost to deliver the projects, high running costs and high interest rates all contributing towards wavering investor demand. A strategic review of this business line is ongoing and, simultaneously, we are looking at new opportunities such as Serviced Accommodation.

Our property management team continues to work hard to provide a first-class service to our landlords and improve processes as we increase the volume of properties under management.

Outlook

As well as experiencing challenging economic headwinds causing upward pressure on building costs which in turn have continued to put pressure on our margins as a developer, and those of our developer clients for whom we act as development manager, we have also witnessed a dropping-off in investor demand for our end-product. To counteract this: we have stepped back from the risks associated with self-delivery; we have looked at ways to monetise our unsold inventory; we have embarked upon a thorough investigation into how we can fully utilise, through diversification, the potential of our excellent team and brand in our core business of development/development management and we are actively engaged in conversations with distribution networks in territories abroad where we know there to be significant amounts of capital into which we can tap as we seek an even wider market for the Group's end-product.

Our positive outlook is grounded in a robust strategy that focuses on core city centre locations for residential apartment projects and areas in high demand for our new build housing initiatives. The North West of England, particularly Greater Manchester, continues to be our primary focus. Housing in this region remains in high demand and focus will be on areas where performance outpaces national trends. In January 2024 the North West had average growth for rent at 9.8%, above the national average of 7.8% according to Zoopla. Rightmove have also recently reported a 1.5% increase in house price growth in March, the highest monthly house price increase in 10 months.

As we embark on the next phase of our journey, we express sincere gratitude to our dedicated team, supportive shareholders, and stakeholders for their unwavering support. Our optimism for the future is complemented by a cautious approach, ensuring that we navigate market dynamics with resilience and strategic acumen. As such, we believe that we are well-prepared to seize the opportunities that lie ahead.

FINANCE REVIEW

For the six months ended 31 December 2023, revenue increased by £3.40m (+59%) to £9.15m (H1 FY23: £5.75m). This primarily reflects significant growth in sales along with construction services.

Revenue	**H1 FY24 £m**	**H1 FY23 £m**	**Change £m**	**Change %**
Development management fees & other income	0.29	0.23	0.06	+26%
Development sales	4.99	3.29	1.70	+52%
Construction *	3.70	1.89	1.81	+96%
Property Services	0.11	0.28	(0.17)	-61%

Corporate	0.06	0.06	0.00	-
TOTAL	**9.15**	**5.75**	**3.40**	**+59%**

* Construction revenue in in-house residential development projects discontinued with the exception of live contracts for existing development schemes. Construction revenues from the refurbishment of Co-Living properties will continue.

Developments sales revenue remained the largest contributor to Group revenue, accounting for 55% of total revenue. This significant growth was driven mainly by a further 22 completions at Lincoln House, Bolton, along with completions following practical completion at Oscar House, Manchester (7 completions) and Bank Street, Sheffield (2 completions).

Construction Services delivered revenue of £3.70m in the period (H1 FY23: £1.89m), reflecting building activity supplied to related parties Robin Hood Ltd on Co-Living properties and Queen Street, Sheffield, a refurbishment project where the Group is Development Manager.

There was a small increase in development management fee income of £0.06m to £0.29m (H1 FY23: £0.23m), and this was delivered from three projects: North Church House, Sheffield; One Heritage Tower, Salford and One Victoria, Salford.

Property Services also saw a decrease over the same period last year from £0.28m in H1 FY23 to £0.11m in H1 FY24. This reduction was as a result of the group providing no sourcing and acquisition services in period. The £0.11m of revenue relates to property management fees.

Gross profit improved by £0.44m to a profit of £0.16m (H1 FY23: loss £0.28m) as a result of reduced impairments in the current year, following stabilisation of self-delivered projects with an impairment charge of £0.33m (H1 FY23: £1.10m) being recognised in the period. There have been a number of significant changes implemented to reporting, risk management and operational delivery, to better protect the Group from similar challenges in the future. Schemes currently in construction, namely Victoria Road, have been procured under a design and build, fixed priced contract to limit the level of construction and programme risk within the Group. The gross margin was 1.77% (H1 FY23: (4.87%)), whilst positive is lower than targeted due to a number of schemes within the Group having previously been impaired and therefore there is no margin to be recognised on these schemes as we complete on sales in the current year.

Administrative expenses were £1.53m in the period (H1 FY23: £1.13m). This represents an overall £0.40m increase in overheads arising from an increase in staff costs, consultancy costs, and an increase in recruitment costs. The Group remains focused on tight control of overheads, whilst introducing some investment in cost to benefit revenue streams. Administrative expenses as a proportion of revenue were 16.8% in H1 FY24 (19.7% H1 FY23).

The operating loss decreased by £0.04m to a loss of £1.37m (H1 FY23: loss of £1.41m). Finance costs were £0.57m (H1 FY23: £0.16m). The increase in finance cost is due to development schemes reaching practical completion such as Oscar House and all finance costs since then have been expensed and not capitalised. Basic loss per share was 5.2 pence (H1 FY23: loss 4.1 pence).

Net debt at 31 December 2023 was £18.67m (30 June 2023: £16.94m), with the increase over the six-month period to support operating cashflows and working capital requirements. Inventory reduced in the period by £2.27m to £14.30m (30 June 2023: £16.57m) reflecting completed sales at Lincoln House, Oscar House and Bank Street. Trade Receivables increased in the period to £3.88m (30 June 2023: £2.10m) resulting from billed works for development management schemes not settled in the period. The Group continues to have a very strong relationship with the majority shareholder, One Heritage Property Development Limited (OHPD), and the funding facility provided by OHPD had a drawn down amount of £13.02m at the period end. It is expected that the utilisation of this facility will reduce as our completions and sales crystallise over the remainder of H2 FY24

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 & 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 the 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 & 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.

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.

STATEMENT OF DIRECTOR'S RESPONSIBILITIES
in respect of the half-yearly financial report

We confirm that to the best of our knowledge:

- the condensed set of financial statements has been prepared in accordance with IAS 34 Interim Financial Reporting as adopted for use in the UK;
- the interim management report includes a fair review of the information required by:
    - DTR 4.2.7R of the Disclosure Guidance and Transparency Rules, being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements; and a description of the principal risks and uncertainties for the remaining six months of the year; and
    - DTR 4.2.8R of the Disclosure Guidance and Transparency Rules, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the entity during that period; and any changes in the related party transactions described in the last annual report that could do so.

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

By order of the Board

Jason Upton

Chief Executive Officer

26 March 2024

INDEPENDENT REVIEW REPORT TO ONE HERITAGE GROUP PLC
Report on the interim financial statements

Conclusion

We have been engaged by the company to review the condensed set of financial statements in the interim report for the six months ended 31 December 2023 which comprises the consolidated statements of comprehensive income, financial position, changes in equity and cash flows and the related explanatory notes.

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the interim report for the six months ended 31 December 2023 is not prepared, in all material respects, in accordance with IAS 34 Interim Financial Reporting as adopted for use in the UK and the Disclosure Guidance and Transparency Rules ("the DTR") of the UK's Financial Conduct Authority ("the UK FCA").

Basis of conclusion

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

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

Conclusions relating to going concern

Based on our review procedures, which are less extensive than those performed in an audit as described in the Basis of conclusion section of this report, nothing has come to our attention that causes us to believe that the directors have inappropriately adopted the going concern basis of accounting, or that the directors have identified material uncertainties relating to going concern that have not been appropriately disclosed.

This conclusion is based on the review procedures performed in accordance with ISRE (UK) 2410. However, future events or conditions may cause the group to cease to continue as a going concern, and the above conclusions are not a guarantee that the group will continue in operation.

Directors' responsibilities

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

As disclosed in note 2, the annual financial statements of the group are prepared in accordance with UK-adopted international accounting standards.

The directors are responsible for preparing the condensed set of financial statements included in the interim report in accordance with IAS 34 as adopted for use in the UK.

In preparing the condensed set of financial statements, the directors are responsible for assessing the group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or to cease operations, or have no realistic alternative but to do so.

Our responsibility

Our responsibility is to express to the company a conclusion on the condensed set of financial statements in the interim report based on our review. Our conclusion, including our conclusions relating to going concern, are based on procedures that are less extensive than audit procedures, as described in the Basis for conclusion section of this report.

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

This report is made solely to the company in accordance with the terms of our engagement to assist the company in meeting the requirements of the DTR of the UK FCA. Our review has been undertaken so that we might state to the company those matters we are required to state to it in this report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company for our review work, for this report, or for the conclusions we have reached.

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

26 March 2024

FINANCIAL STATEMENTS

Consolidated statement of comprehensive income

For the six months ended 31 December 2023

£ unless stated	Notes	Six months to 31 December 2023	Six months to 31 December 2022
Revenue	6	9,153,637	5,748,725
Revenue – Development management fees & other income		290,411	228,117
Revenue – Development sales		4,998,598	3,292,524
Revenue - Construction		3,696,623	1,887,022
Revenue – Property services		112,005	276,729
Revenue - Corporate		56,000	64,333
Cost of sales	6	(8,991,637)	(6,028,942)
Cost of sales – Development management fees & other income		-	-
Cost of sales – Development sales		(5,095,322)	(3,086,903)
Cost of sales – Construction		(3,519,421)	(1,796,318)
Cost of sales – Property services		(50,781)	(42,980)
Cost of sales – Impairment of inventory		(326,113)	(1,102,741)
Gross profit/(loss)		162,000	(280,217)
Other income		83	-
Administration expenses	7	(1,534,662)	(1,132,942)
Operating (loss)		**(1,372,579)**	**(1,413,159)**
Finance expense		(565,495)	(158,674)
(Loss) before taxation		**(1,938,074)**	**(1,571,833)**
Taxation		(67,301)	-
(Loss) after taxation		**(2,005,375)**	**(1,571,833)**
Other comprehensive income		-	-
COMPREHENSIVE LOSS attributable to shareholders		**(2,005,375)**	**(1,571,833)**
Weighted average shares in issued over the period		38,440,561	38,440,561
(Loss) per share (GBp)		(5.2)	(4.1)

Diluted (loss) per share (GBp)	(5.2)	(4.1)

Consolidated statement of financial position

As at 31 December 2023

£ unless stated	Notes	As at 31 December 2023	As at 30 June 2023
ASSETS			
Non-current assets			
Property, plant and equipment		227,722	278,628
Intangible asset		1,797	1,913
		229,519	280,541
Current assets			
Cash and cash equivalents		125,371	303,816
Inventory	8	14,299,038	16,566,922
Trade and other receivables	9	3,882,521	2,100,169
		18,306,930	18,970,907
TOTAL ASSETS		**18,536,449**	**19,251,448**
LIABILITIES			
Non-current liabilities			
Borrowings	11	4,196,496	11,572,047
		4,196,496	11,572,047
Current liabilities			
Trade and other payables	10	2,314,899	2,579,644
Borrowings	11	14,599,145	5,668,473
		16,914,044	8,248,117
TOTAL LIABILITIES		21,110,540	19,820,164
EQUITY			
Share capital	12	386,783	386,783
Share premium	12	4,753,325	4,753,325
Retained earnings		(7,714,199)	(5,708,824)
TOTAL EQUITY		(2,574,091)	(568,716)
TOTAL LIABILITIES AND EQUITY		**18,536,449**	**19,251,448**
Shares in issue		38,678,333	38,678,333
Net asset value per share (GBp)		(6.7)	(1.5)

Consolidated statement of cash flows

For the six months ended 31 December 2023

£ unless stated	Six months to 31 December 2023	Six months to 31 December 2022
Cash flows from operating activities		
Loss for the period before tax	(1,938,074)	(1,571,833)
Adjustments for:		
Finance expense	565,495	158,674
Amortisation of intangible asset	116	295
Depreciation of property, plant and equipment	52,330	51,852
Movement in working capital:		
(Increase)/Decrease in trade and other receivables	(2,344,471)	262,496
Decrease/(Increase) in inventories	3,540,306	(2,022,337)
Increase in trade and other payables	548,102	67,911
Cash from operations	**423,804**	**(3,052,942)**
Taxation paid	(67,601)	-
Net cash generated from / (used in) operating activities	**356,203**	**(3,052,942)**
Cash flows from investing activities		
Proceeds on sale of associate	-	50,000
Purchases of property, plant and equipment	(1,423)	(5,976)
Net cash (used in)/generated from investing activities	**(1,423)**	**44,024**
Financing cash flows		
Issue of share capital	-	1,247,100
Interest paid	(2,151,732)	(1,165,570)
Proceeds of borrowing	4,067,218	2,452,151
Payment of third party loans	(4,118,054)	(2,160,880)
Proceeds of related party borrowing	1,712,654	2,060,054
Payments made in relation to lease liabilities	(43,312)	(43,313)
Net cash (used in)/generated from financing activities	**(533,226)**	**2,389,542**
Net change in cash and cash equivalents	**(178,446)**	**(619,376)**
Opening cash and cash equivalents	303,816	974,201
Closing cash and cash equivalents	**125,371**	**354,825**

Consolidated statement of changes in equity

For the six months ended to 31 December 2023

£	Share capital	Share premium	Retained earnings	Total Equity
Balance at 01 July 2023	386,783	4,753,325	(5,708,824)	(568,716)
Loss for the period	-	-	(2,005,375)	(2,005,375)
Other comprehensive income for the period	-	-	-	-
Balance at 31 December 2023	**386,783**	**4,753,325**	**(7,714,199)**	**(2,574,091)**

For the six months ended 31 December 2022

£	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	-	-	(1,571,833)	(1,571,833)
Other comprehensive income for the year	-	-	-	-
Total comprehensive income for the period	**324,283**	**3,568,725**	**(4,890,405)**	**(997,397)**
Issue of share capital	62,500	1,187,500	-	1,250,000
Cost of share issue	-	(2,900)	-	(2,900)
Balance at 31 December 2022	**386,783**	**4,753,325**	**(4,890,405)**	**249,703**

For the year ended 30 June 2023

£	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 period	**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)**

Notes to the interim financial statements

For the six months ended to 31 December 2023

1. Reporting entity

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

These condensed consolidated interim financial statements ("interim financial statements") as at the end of the six month period to 31 December 2023 comprise of the Company and its subsidiaries.

2. Basis of preparation

These interim financial statements for the six months ended 31 December 2023 have been prepared in accordance with IAS 34 Interim Financial Reporting as adopted for use in the UK, and should be read in conjunction with the Group's last annual consolidated financial statements as at and for the year ended 30 June 2023 ("last annual financial statements"). They do not include all of the information required for a complete set of financial statements prepared in accordance with IFRS Standards. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual financial statements.

The annual financial statements of the Group are prepared in accordance with UK-adopted international accounting standards. As required by the Disclosure Guidance and Transparency Rules of the Financial Conduct Authority, the condensed set of financial statements has been prepared applying the accounting policies and presentation that were applied in the preparation of the company's published consolidated financial statements for the year ended 30 June 2023.

These interim financial statements were authorised for issue by the Company's board of directors on 26 March 2024.

Going concern

Notwithstanding net current liabilities of £12,906,152 (excluding inventory balances totalling £14,299,038) and net liabilities of £2,574,091 as at 31 December 2023 (30 June 2023: net current liabilities £5,844,132 (excluding inventory balances totalling £16,566,922) and net liabilities £568,716), a loss for the interim period then ended of £2,005,375 (H1 FY23: £1,571,833) and operating cash inflows for the period of £356,203 (H1 FY23: cash outflows of £3,052,942), 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 2025 which indicates that, taking account of reasonably possible downsides, the Group will have sufficient funds to meet its liabilities 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 period-end)
- the forecast continued sale of development property inventory
- 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 £0.977m at 31 December 2023 which can be drawn down as required and is due to mature in December 2025 and
- On 9 November 2023, a subsidiary, One Heritage Victoria Road Limited, signed a loan agreement with Hampshire Trust Bank Limited. This was for a gross amount of construction finance totalling £3,846,700 of which £791,499 has been drawn down to 31 December 2023.

As with any company placing reliance on other group/related entities for financial support, the directors acknowledge that although there can be no absolute certainty that this support will continue, at the date of approval of these financial statements, they have substantive reasons to believe that it will 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.

3. Use of judgements and estimation uncertainty

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

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 two of the developments.

- *Going concern:* The Directors have prepared forecast financial information for the period to December 2025. This forecast requires management to make judgements and assumptions with regard to future performance, such as the timing of completion of development projects, and subsequent sales of inventory as well as the availability of resources to meet liabilities as they fall due.

4. Accounting policies

The accounting policies applied in these interim financial statements are the same as those applied in the Group's consolidated financial statements as at and for the year ended 30 June 2023.

The accounting policies will also be reflected in the Group's consolidated financial statements as at and for the year ending 30 June 2024.

No new accounting standards were adopted in the year that had a significant impact on these financial statements.

5. Operating segments

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

All the revenues generated by the Group were generated within the United Kingdom. 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 period ended 31 December 2023:

£ unless stated	Developments	Construction	Property Services	Corporate	Total
Revenue	5,289,009	3,696,623	112,005	56,000	9,153,637
Cost of sales	(5,095,322)	(3,519,421)	(50,781)	-	(8,665,524)
Impairment of inventory	(326,113)	-	-	-	(326,113)
Gross (loss)/profit	(132,426)	177,202	61,224	56,000	162,000
Depreciation	-	-	-	(52,446)	(52,446)
Administration expenses	(416,790)	-	(243,354)	(821,989)	(1,482,133)
Operating (loss)/profit	**(549,216)**	**177,202**	**(182,130)**	**(818,435)**	**(1,372,579)**
Finance expense	(169,493)	-	-	(396,002)	(565,495)
Taxation	-	-	(400)	(66,901)	(67,301)
(Loss)/profit for the year	**(718,709)**	**177,202**	**(182,530)**	**(1,281,338)**	**(2,005,375)**

For the period ended 31 December 2022:

£ unless stated	Developments	Construction	Property Services	Corporate	Total
Revenue	3,520,641	1,887,022	276,729	64,333	5,748,725
Cost of sales	(3,086,903)	(1,796,318)	(42,980)	-	(4,926,201)
Impairment of inventory	(1,102,741)	-	-	-	(1,102,741)
Gross (loss)/profit	(669,003)	90,704	233,749	64,333	(280,217)
Depreciation	-	-	-	(52,147)	(52,147)
Administration expenses	(132,877)	-	(111,874)	(836,044)	(1,080,795)
Operating (loss)/profit	**(801,880)**	**90,704**	**121,875**	**(823,858)**	**(1,413,159)**
Finance expense	(155,587)	-	-	(3,087)	(158,674)
(Loss)/profit for the year	**(957,467)**	**90,704**	**121,875**	**(826,945)**	**(1,571,833)**

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.

6. Revenue

The Group generates its revenue primarily from development management agreements, development sales and construction services.

£ unless stated	Six months to 31 December 2023	Six months to 31 December 2022
Revenue		
Development sales	4,998,598	3,292,524
Development management	290,411	228,117
Construction	3,696,623	1,887,022
Property services	112,005	276,729
Corporate	56,000	64,333

	9,153,637	5,748,725
Cost of sales		
Development sales	(5,095,322)	(3,086,903)
Impairment of inventory (see note 8)	(326,113)	(1,102,741)
Construction	(3,519,421)	(1,796,318)
Property services	(50,781)	(42,980)
Corporate	-	-
	(8,991,637)	(6,028,942)
Gross profit/(loss)	**162,000**	**(280,217)**

Developments consist of sales of properties owned and developed by the Group and three development management agreements with One Heritage Tower 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% of costs incurred to date per month, being £70,530 (31 December 2022: £65,928) 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.
- One Heritage Great Ducie Street Limited: The Group earned a management fee of £103,080 (31 December 2022: £103,080) through the agreement with One Heritage Great Ducie Street.
- The One Heritage North Church Limited agreement splits the fees into three parts: 1. 2% of total development cost £9,677 (31 December 2022: £27,459), paid monthly over the period of the development; 2. 15% of net profit, paid on completion; 3. 1% on any debt finance raised.

The Group has not recognised any revenue linked to the profit share element of these agreements as the transaction price is variable and the amount cannot be reliably determined at this time. This is because the developments are either yet to commence construction or have reached practical build completion but sales values are not yet fully committed, and as such there is too much uncertainty to reliably estimate expected revenue.

During the period £4,998,598 development sales revenue was generated from external parties through the sale of 31 units in completed developments (2022: £3,292,524). In the Lincoln House development, 22 units were sold during the period generating revenue of £2,914,733. The Bank Street development sold 2 units generating £350,385 in revenue. The Oscar House development sold 7 units, generating revenue of £1,733,480.

Construction generates the majority of revenue from two entities: Robin Hood Property Development Limited and One Heritage North Church Limited. The Group receives a cost plus 5.0% margin on all works undertaken for Robin Hood Property Development Limited, recognising £458,902 (31 December 2022: £826,440) 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 £3,232,894 (31 December 2022: £1,023,018) in the period.

The development management 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, including that for Robin Hood Property Development Limited, a related party £91,600 (31 December 2022: £108,830).

The Corporate revenue is from contracts signed with related parties Robin Hood Property Development Limited, generating revenue of £50,000 (2022: £58,333) and One Heritage Property Rental Limited, recognising revenue of £6,000 (2022: £6,000) and is in consideration for a range of administration services and use of the Group's office.

7. Administration expenses

£ unless stated	Six months to 31 December 2023	Six months to 31 December 2022
The aggregate remuneration comprised:		
- Wages and salaries	690,185	554,078
- National insurance	76,603	63,627
- Pension costs	10,667	7,788

Staff costs	777,455	625,493
Other administration expenses	757,207	507,449
	1,534,662	1,132,942
Average number of employees	28	20

8. Inventory

£ unless stated	31 December 2023	30 June 2023
Residential developments		
- Land	4,239,078	4,895,358
- Construction and development costs	8,468,523	9,547,628
- Capitalised interest	1,591,437	2,123,936
	14,299,038	16,566,922

Due to further expenditures, the Group has taken the decision to further impair the value of its Bank Street and St Petersgate developments. The impairment totalled £2,718,249 at 31 December 2023 and the charge for the period ended 31 December 2023 was £326,113 (31 December 2022 £1,102,741).

9. Trade and other receivables

£ unless stated	31 December 2023	30 June 2023
Trade receivables	2,212,868	339,097
Other debtors	785,653	1,132,525
Prepayments and other income	509,992	47,116
Prepaid sales fees and commissions	359,603	521,572
VAT receivable	-	51,636
Related party receivable	14,405	8,223
	3,882,521	2,100,169

Trade receivables includes £28,517 (30 June 2023: £14,192) due from One Heritage Tower Limited, £41,232 (30 June 2023: £nil) due from One Heritage Great Ducie Street Limited, £114,038 (30 June 2023: £30,061) due from Robin Hood Property Development Limited and £2,400 (30 June 2023: £1,200) due from One Heritage Property Rental Limited, all of whom are related parties. There is also £1,946,036 (30 June 2023: £209,168) due from One Heritage North Church Limited (a related party), which will be settled to the Group on legal completion of all the units.

The prepaid sales fees and commissions relate to the sales agent fees and commissions paid on units from developments that have contractually exchanged but not yet legally completed. These relate to units exchanged on the Lincoln House Bolton, St Petersgate Stockport, Bank Street Sheffield and Oscar House Manchester 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.

10. Trade and other payables

£ unless stated	31 December 2023	30 June 2023
Trade payables	383,286	778,995
Accruals	692,935	192,439
Customer deposits	785,611	1,302,276
Related party payable	92,252	17,482
Tax payable	250,173	250,473
VAT payable	25,057	-
PAYE payable	85,585	37,979

	2,314,899	2,579,644

Trade payables includes £5,064 (30 June 2023: £nil) due to Robin Hood Property Development Limited and £2,275 (30 June 2023: £nil) due from One Heritage North Church Limited, each of whom are related parties.

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 £785,611 (30 June 2023: £1,302,276). The deposits relate to units that have contractually exchanged and may be repayable if the group does not fulfil its contractual obligations.

The company has financial risk management policies in place to ensure that all payables are paid within agreed payment terms.

11. Borrowing

£ unless stated	As at 31 December 2023	As at 30 June 2023
Non - current		
Lease liability	154,997	193,109
Related party borrowings	-	11,378,938
Loan	4,041,499	-
	4,196,496	11,572,047
Current		
Lease liability	86,625	86,622
Related party borrowings	13,023,004	-
Loan	1,489,516	5,581,851
	14,599,145	5,668,473
	18,795,641	17,240,520

As sales on the One Heritage Oscar House Limited development incurred delays, the Group refinanced the project settling the previous debt of £4.1m with Hampshire Trust Bank Limited on 22 December 2023. An agreement has been entered into with a new lender, 365 Funding Limited, on improved terms for £3.25m, for a period of 18 months to provide appropriate funding until all the remaining units are legally completed and handed over to customers.

On 9 November 2023, a subsidiary, One Heritage Victoria Road Limited, signed a loan agreement with Hampshire Trust Bank Limited. This was for a gross amount of construction finance totalling £3,846,700 of which £791,499 has been drawn down at 31 December 2023. This has a term of 16 months and is to be drawn down to fund costs incurred by the development in that subsidiary. The loan has a covenant that is linked to the underlying development, to not exceed a loan to Gross Development Value of 61% which has been complied with during the reporting period.

On 18 March 2022 the Group had a £1.5m corporate bond admitted to the Standard List of the London Stock Exchange. This had a 2 year term and an 8.0% coupon which was 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. £1.0m of the Bond was repaid on maturity following 31 December 2023 with the remainder £0.5m being converted to a loan note with a term of 12 months and 8% interest.

Related party borrowings

On 31 July 2023 the shareholder loan facility was increased by £1.7m, to £14.0m. This can be drawn down as required, has an interest rate of 7.0% and was repayable on 31 December 2024 (refer to note 15). The balance on this loan at 31 December 2023 was £13,023,004 (30 June 2023: £11,378,938).

Terms and repayment schedule

The terms and conditions of outstanding loans are as follows:

As at	As at

£ unless stated	Currency	Nominal interest rate	Maturity Date	31 December 2023 Face value	31 December 2023 Carrying amount	30 June 2023 Face value	30 June 2023 Carrying amount
Hampshire Trust Bank Limited	GBP	9.3%	Apr-24	-	-	4,118,054	4,118,054
Hampshire Trust Bank Limited	GBP	10.8%	Apr-25	791,499	791,499	-	-
Funding 365 Limited	GBP	9.6%	Jun-25	3,250,000	3,250,000	-	-
One Heritage Property Development	GBP	7.0%	Dec-24	13,023,004	13,023,004	11,378,938	11,378,938
Corporate Bond	GBP	8.0%	Mar-24	1,489,516	1,489,516	1,463,797	1,463,797
				18,554,019	18,554,019	16,960,789	16,960,789

12. Share capital

£ unless stated	As at 31 December 2023	As at 30 June 2023
Share capital (1p per share)	386,783	386,783
Share premium	4,753,325	4,753,325
	5,140,108	5,140,108

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

13. Financial instruments and fair value disclosures

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).

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

As at 31 December 2023

	Carrying value			Fair value			
£ unless stated	Financial assets at amortised cost	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
Financial assets not measured at fair value							
Trade and other receivables	3,882,521	-	3,882,521	-	-	3,882,521	3,882,521
Cash and cash equivalents	125,371	-	125,371	125,371	-	-	125,371
	4,007,892	-	4,007,892	125,371	-	3,882,521	4,007,892
Financial liabilities not measured at fair value							
Secured bank loans	-	4,041,499	4,041,499	-	-	4,041,499	4,041,499
Other borrowings	-	14,512,520	14,512,520	-	-	14,512,520	14,512,520
Lease liability	-	241,621	241,621	-	-	241,621	241,621
Trade and other payables	-	2,314,899	2,314,899	-	-	2,314,899	2,314,899
	-	21,110,539	21,110,539	-	-	21,110,539	21,110,539

As at 30 June 2023

£ unless stated	Carrying value: Financial assets at amortised cost	Carrying value: Other financial liabilities	Carrying value: Total	Fair value: Level 1	Fair value: Level 2	Fair value: Level 3	Fair value: Total
Financial assets not measured at fair value							
Trade and other receivables	2,100,169	-	2,100,169	-	-	2,100,169	2,100,169
Cash and cash equivalents	303,816	-	303,816	303,816	-	-	303,816
	2,403,985	-	2,403,985	303,816	-	2,100,169	2,403,985
Financial liabilities not measured at fair value							
Secured bank loans	-	4,118,054	4,118,054	-	-	4,118,054	4,118,054
Other borrowings	-	12,842,735	12,842,735	-	-	12,842,735	12,842,735
Lease liability	-	279,731	279,731	-	-	279,731	279,731
Trade and other payables	-	2,579,644	2,579,644	-	-	2,579,644	2,579,644
	-	19,820,164	19,820,164	-	-	19,820,164	19,820,164

14. Related party

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 Heritage Holding Group Limited, incorporated in the British Virgin Islands, is considered the ultimate controlling party through its 100% ownership of One Heritage Property Development Limited.

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

Transactions with key management

Key management personnel compensation comprised the following:

£ unless stated	31 December 2023	30 June 2023
Short term employee benefits	113,821	412,851
	113,821	412,851

15. Events after the reporting date

The St Petersgate development reached practical completion on 9 January 2024. To date, 8 of the available 18 units have legally completed generating revenue of £1,206,503.

In January 2024, the Group's current shareholder agreement, initially executed on 21 September 2020, underwent an amendment. The principal modification confirms the full balance of any drawdown is due on 31 December 2025.

The Corporate Bond matured on 15 March 2024 with £1.0m of the Corporate Bond repaid in March 2024 and the £0.5m remainder being converted to a loan note with a term of 12 months and 8% interest.