

INLAND ZDP PLC

Half-yearly report for the six months ended 31 December 2014

The half-yearly report can be accessed via the Inland ZDP PLC pages on the Inland Homes PLC website at <http://www.inlandhomes.co.uk/inland-zdp-plc> or by contacting the Company Secretary on 01494 762450.

COMPANY SUMMARY

Background

Inland ZDP PLC ('INLZ' or the 'Company') was incorporated on 22 November 2012 as a wholly owned subsidiary of Inland.

INLZ was formed especially for the issuing of Zero Dividend Preference Shares ('ZDP shares'). It raised £8,500,000 before expenses on 20 December 2012 by a placing of 8,500,000 ZDP shares, which are listed on the UK Official List and admitted to trading on the London Stock Exchange. Further issues of 849,900 ZDP Shares on 28 January 2013 and 934,900 ZDP Shares on 20 March 2014 have increased the number of ZDP Shares in issue to 10,284,800.

Pursuant to a loan agreement between INLZ and Inland, INLZ has lent the proceeds of the placing to Inland. The loan is non-interest bearing and is repayable three business days before the ZDP share redemption date of 10 April 2019 or, if required by INLZ, at any time prior to that date in order to repay the ZDP Share entitlement. The funds raised form part of the Inland Group's financing arrangements for its property development business.

A contribution agreement between INLZ and Inland has also been made whereby Inland undertakes to contribute such funds as would ensure that INLZ will have in aggregate sufficient assets on 10 April 2019 to satisfy the final capital entitlement of the ZDP Shares.

INTERIM MANAGEMENT REPORT

The Company was incorporated solely to issue ZDP Shares and has never traded. No important events occurred during the first six months of the financial year and no events had a material impact on the condensed set of financial statements set out below. During the first six months of the current financial year the accrual of the Capital Entitlements attributable due to ZDP Shareholders increased from £11.45m as at 30 June 2014 to £11.86m as at 31 December 2014.

I am pleased to report that as at 31 December 2014, Inland had complied with all its covenants under the Loan Note, Contribution Agreement and related security documentation.

As at 31 December 2014, each ZDP Share had an accrued Capital Entitlement of 115.36 pence (111.34 pence as at 30 June 2014).

The Cover Ratio and Gearing Ratio as at 31 December 2014 have been calculated as follows:

Cover Ratio (Assets / Financial Indebtedness)	3.6 times
Gearing Ratio	24 per cent.

Capital Entitlement, Assets, Financial Indebtedness, Cover Ratio and Gearing Ratio have been determined as set out in the Prospectus published by Inland ZDP PLC on 14 December 2012, which is available at: <http://www.inlandhomes.co.uk/inland-zdp-plc/>.

There was no change in the number of ZDP Shares in issue during the six months to 31 December 2014.

PRINCIPAL RISKS

The principal risks facing the Company are substantially unchanged since the date of the Company's Annual Report for the period ended 30 June 2014 and continue to relate to the risk of Inland being unable to satisfy its obligations to INLZ under the Loan Agreement and Contribution Agreement. These comprise liquidity risk, funding risk and credit risk as set out in note 9 of that Annual Report.

In addition, and due to the Company's dependence on Inland to repay the loan and provide a contribution to meet the capital entitlement of the ZDP shareholders, certain other risks faced by the Inland Group are considered to apply to INLZ as set out in the Prospectus published by INLZ on 14 December 2012. These comprise operational risks (eg planning and environmental) which may be specific to individual sites and risks associated with the housebuilding sector (such as falling house prices or variations in the availability of credit for buyers). The Prospectus may be found at <http://www.inlandhomes.co.uk/inland-zdp-plc>.

In particular, the Inland Group's business includes the purchase of land whose development potential is subject to a variety of risks, including the risk of planning consents being refused, contested at considerable expense and / or delayed. Such risks could, depending on their scale and timing reduce or delay Inland's ability to honour its obligations under the Contribution Agreement or the Loan Agreement, however there are over five years before the date when the Company is due to pay the Final Capital Entitlements and no events have occurred which suggest any increase in the risk of a breach of the terms of the Contribution Agreement or the Loan Agreement, the Company's directors consider that none of the events which have occurred pose any increase in the risks facing the Company.

RESPONSIBILITY STATEMENT OF THE DIRECTORS IN RESPECT OF THE HALF-YEARLY REPORT

We confirm that to the best of our knowledge:

- the condensed set of financial statements has been prepared in compliance with the IAS34 'Interim Financial Reporting' and gives a true and fair view of the assets, liabilities and financial position of the Company; and
- the interim management report and notes to the half-yearly report include a fair view of the information required by:
 - (a) DTR 4.2.7R of the Disclosure and Transparency Rules, being an indication of the 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
 - (b) DTR 4.2.8R of the Disclosure 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 Company during that period; and any changes in the related party transactions described in the last annual report that could do so.

This half-yearly report was approved by the Board of Directors on 13 March 2015 and the above responsibility statement was signed on its behalf by Nishith Malde, Chairman.

STATEMENT OF COMPREHENSIVE INCOME (unaudited)
for the six months ended 31 December 2014

Continuing operations	Note	Six months ended 31 December 2014 (unaudited) £000	Six months ended 31 December 2013 (unaudited) £000	Year ended 30 June 2014 (audited) £000
Revenue				
Interest income		406	322	723
Total income		406	322	723
Expenditure				
Expenses		—	—	—
Total expenditure		—	—	—
Profit before finance costs and taxation		406	322	723
Finance costs		(406)	(322)	(723)
Profit before tax		—	—	—
Income tax	2	—	—	—
Profit and total comprehensive income		—	—	—

The total column of this statement is the statement of comprehensive income of the Company, prepared in accordance with International Financial Reporting Standards ('IFRS'), as adopted by the EU.

All items in the above statement derive from continuing operations.

STATEMENT OF FINANCIAL POSITION (unaudited)
as at 31 December 2014

Continuing operations	Note	At at 31 December 2014 (unaudited) £000	At at 31 December 2013 (unaudited) £000	As at 30 June 2014 (audited) £000
Non-current assets				
Intercompany receivable		12,008	10,094	11,602
		12,008	10,094	11,602
Creditors: amounts falling due after more than one year				
Zero Dividend Preference Shares		(11,958)	(10,044)	(11,552)
		(11,958)	(10,044)	(11,552)
Net assets		50	50	50
Equity				
Ordinary share capital		50	50	50
Revenue reserve		—	—	—
Shareholders' funds		50	50	50

STATEMENT OF CASHFLOWS (unaudited)
for the six months ended 31 December 2014

	Six months ended 31 December 2014 (unaudited) £000	Six months ended 31 December 2013 (unaudited) £000	Period to 30 June 2014 (audited) £000
Cash flow from operating activities			
Profit for the period before tax	—	—	—
Adjustments for:			
– interest expense	406	322	723
– interest and similar income	(406)	(322)	(723)
Net cash flow from operating activities	—	—	—
Cash flow from investing activities			
Loan to ultimate parent company	—	—	(1,108)
Net cash outflow from investing activities	—	—	(1,108)
Cash flow from financing activities			
Proceeds on issue of ZDP Shares	—	—	1,108
Net cash inflow from financing activities	—	—	1,108
Net increase in cash and cash equivalents	—	—	—
Net cash and cash equivalents at beginning of period	—	—	—
Net cash and cash equivalents at the end of period	—	—	—

NOTES TO THE HALF-YEARLY REPORT
for the six months ended 31 December 2014

1. General information

The financial information contained in this half-yearly report does not constitute statutory financial statements as defined in Section 434 of the Companies Act 2006. The statutory financial statements for the year ended 30 June 2014, which contained an unqualified auditors' report, have been lodged with the Registrar of Companies and did not contain a statement required under the Companies Act 2006. These statutory financial statements were prepared under International Financial Reporting Standards.

The financial information of the Company for the period ended 31 December 2014 has also been consolidated into the results of Inland for the six months ended 31 December 2014.

This half-yearly report has not been reviewed by the Company's Auditors.

This half-yearly report has been prepared using accounting policies set out in note 1 of the Company's audited financial statements for the year ended 30 June 2014.

2. Taxation

The charge for taxation is based on the taxable profits for the period. Taxable profit differs from profit before tax as reported in the Statement of Comprehensive Income because it excludes items of income or expenses that are never taxable or deductible. The Company's liability for tax is calculated using rates that have been enacted or substantively enacted by the reporting date.

3. Going concern

The Company will fulfil its obligations to ZDP Shareholders through the contribution agreement it has with Inland. The contribution from Inland will provide the funds to pay the capital entitlement of the ZDP Shareholders when it falls due. The main risk the Company faces are, therefore, that Inland would not have sufficient assets to repay the loan and to make a contribution to fulfil the amount of the capital entitlement

due to ZDP shareholders. Covenants are in place between Inland and the Company, which ensure that Inland will not undertake certain actions in relation to both itself and the Company. All operating expenses of the Company are borne by Inland.

Due to the Company's dependence on Inland to repay the loan and provide a contribution to meet the capital entitlement of the ZDP shareholders, other risks faced by the Company are considered to be the same as for Inland. Please see the paragraph headed Principal Risks above for further information.

Inland has considerable financial resources and therefore the Directors believe that the Company is well placed to manage its business risks and also believe that Inland will have sufficient resources to continue in operational existence for the foreseeable future. Accordingly, they have prepared this half-yearly report on the going concern basis.

4. Related party transactions

The loan to Inland Homes plc is interest free and is repayable on the ZDP repayment date (see corporate summary above) or immediately upon an event of default. At 31 December 2014, the loan to the ultimate parent company was £12,008,000 (2013: £10,094,000).

Sources of further information:

The Company's ZDP shares are listed on the London Stock Exchange.

The Company's ZDP Asset Cover is released to the London Stock Exchange on a quarterly basis.

Information about the Company and Inland can be obtained on the Inland Group's website: www.inlandhomes.co.uk.

Share registrar enquiries:

The register for the ZDP shares is maintained by Neville Registrars Limited. In the event of queries regarding your holding, please contact the registrar on 0121 585 1131. Changes of name and/or address must be notified in writing to the Registrar.

Neither the contents of Inland's website nor the contents of any website accessible from hyperlinks on this announcement (or any other website) is incorporated into, or forms part of, this announcement.