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INLAND HOMES PLC
("INLAND" or "the Company" or "the Group")

brownfield regeneration specialists and home builders

Date: Friday, 14 December, 2012

Immediate release

**Inland ZDP PLC to raise £8.1m (net)
to finance
the expansion of the Group's Development portfolio**

The Board of INLAND is pleased to announce that it has entered into a Placing agreement with Libertas Capital Corporate Finance Limited ("Libertas") to raise up to £8,500,000 (gross) to finance the expansion of the Group's portfolio of brownfield development projects.

Key highlights:

- **A new wholly owned subsidiary, Inland ZDP PLC ("ZDPCo"), has been formed to issue 8,500,000 zero dividend preference shares ("ZDP Shares") at 100p each**
- **ZDP Shareholders will be entitled to receive Final Capital Entitlement of 155.9p per ZDP Share**
- **The ZDP Shares have a redemption yield of 7.3 per cent. per annum and will be repaid on or before 10 April 2019**
- **Flexibility in security to be provided including unconsented properties**
- **The transaction will maintain flexibility to pay future dividends should the Board so determine unless there is a substantial decline in the value of the Group's assets**

"Since its incorporation, the Group has sold a total of 926 building plots on 26 sites and 68 completed units on two sites. As at 12 December 2012, the Group owned or controlled over 1,300 building plots with planning permission and over 450 potential building plots. INLAND's Board continually reviews potential additions to its development portfolio and is currently working towards the possible purchase of certain sites where, by applying the Operational team's expertise in planning and development, the Board sees opportunities to achieve attractive returns for INLAND and its shareholders."

"The INLAND Board considers that this is an opportune time to seek additional finance to allow the business to capitalise on a number of attractive future development opportunities in the marketplace. We believe that the Group's future outlook and its ability to improve returns to shareholders will be enhanced as a result of having raised this flexible medium term funding, and we have therefore concluded that, the Placing is in the best interests of all shareholders."

Terry Roydon, Chairman, **Inland Homes PLC**

Editor's Note:

INLAND identifies land in the South of England where it considers it to hold excellent potential for residential and mixed use development including commercial space. It then seeks to enhance its land value by obtaining planning permission before selling consented land onto housebuilders. It also develops some of its own plots for private sale.

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Ticker: LSE: AIM: INL

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INLAND HOMES PLC

("INLAND" or "the Company" or "the Group")

The Group is pleased to announce that it has entered into a Placing Agreement with Libertas Capital Corporate Finance Limited to raise approximately £8.08 million (net of expenses) by issuing 8,500,000 new ZDP Shares in Inland ZDP PLC ("ZDPCo"), a newly formed wholly owned subsidiary of Inland) at a price of 100p each. ZDPCo will be wound up on or before 10 April 2019, when ZDP Shareholders will be entitled to receive 155.9p per ZDP Share ("Final Capital Entitlement"), which is equivalent to a gross redemption yield of 7.3 per cent. per annum.

Background to the Placing

The Group has a residential and mixed-use property development business which specialises predominantly in buying brownfield sites and enhancing their value, primarily for residential and mixed-use development. The Group seeks to acquire properties with development potential and apply its knowledge and experience in planning to win consents and approvals and either selling consented land to house building companies or working with its associated company, Howarth Homes PLC or another main contractor to build, market and sell homes.

Since its incorporation the Group, up until 12 December 2012, has sold a total of 926 building plots on 26 sites and 68 completed units on two sites. As at 12 December 2012, the Group owned or controlled over 1,300 building plots with planning permission and over 450 potential building plots. INLAND's Board continually reviews potential additions to its development portfolio and is currently working towards the possible purchase of certain sites where, by applying the Operational team's expertise in planning and development, the Board sees opportunities to achieve attractive returns for INLAND and its shareholders.

One of the principal constraints for INLAND in progressing its business has been the lack of bank finance available to the sector in which INLAND operates and in particular those at the small-mid-cap range. As a consequence, and as shareholders are aware, the Group has been seeking finance from alternative lending sources, particularly longer term finance, which the Board believes is better suited to the period of time that can elapse between the buying of unconsented land and the obtaining of the requisite planning consent.

The INLAND Board considers that this is an opportune time to seek additional finance to allow the business to capitalise on a number of attractive future development opportunities in the marketplace. It believes that the Group's future outlook and its ability to improve returns to shareholders will be enhanced as a result of having raised this flexible medium term funding and the Directors of INLAND have therefore concluded that, the issue of ZDP Shares (the "Placing") is in the best interests of all shareholders.

Proposed issue of ZDP Shares

A ZDP Share is not an equity share and does not entitle the holder to any dividends, but it offers the holder a capital payment on a fixed date at a higher price than the initial subscription price, giving the holder a fixed return. The amount due to holders of ZDP Shares, which accrues over time, is accounted for as a liability rather than as share capital.

Application has been made for the standard listing of the ZDP Shares on the Official List and for these to be admitted to trading on the London Stock Exchange's Main market for listed securities.

It is expected that admission will be effective and dealings will commence on Thursday, 20 December 2012 and, that the payment of the Final Capital Entitlement to ZDP Shareholders will be effected by winding up ZDP Co on the Final ZDP Payment Date in April 2019.

Key information about the ZDP Shares:

Expected admission date	Thursday, 20 December 2012
ZDP Final Payment Date	10 April 2019
Issue price per ZDP Share	100 pence
Final Capital Entitlement per ZDP Share	155.9 pence
Redemption Yield at the Placing Price	7.3 per cent. per annum
Initial Cover	2.9 times
Hurdle rate to receive the Final Capital Entitlement	-15.5 per cent. per annum
Hurdle rate to receive the initial subscription price	-18.9 per cent. per annum
ISIN	GB00B99R1Q79
SEDOL Code	B99R1Q7
Ticker	INLZ

Terms of the ZDP Share issue and security arrangements

The ZDP Shares have been allotted by ZDP Co, subject *inter alia* to their admission to listing and to trading on the London Stock Exchange's Main market for listed securities, which is expected to take place at 8.00 am. on Thursday, 20 December 2012.

The ZDP Shareholders will receive no dividends, but are entitled to receive 155.9p per ZDP Share in just over six years' time, on 10 April 2019, when ZDP Co will be wound up. This equates to a gross redemption yield of 7.3 per cent. per annum.

ZDP Co will lend the Placing proceeds of £8,500,000 (gross) to INLAND which has entered into a Loan Note and Contribution Agreement with ZDP Co whereby INLAND is committed to pay all ZDP Co's costs and expenses and satisfy the Final Capital Entitlement of £13,251,794 (assuming 8,500,000 ZDP Shares are in issue at that time) on the ZDP Final Payment Date. The Board will react to opportunities and conditions in the development property market, credit markets and capital markets to plan for the financing of the ZDP Shares well ahead of the repayment date. It is anticipated that the Final Capital Entitlement may be repaid in a number of ways, including: an issue of new zero dividend preference shares; by replacement bank debt; out of the proceeds of an issue of ordinary shares or, by selling some of INLAND's property interests.

The full terms and conditions relating to the ZDP Shares and ZDP Co are set out in the Prospectus issued by INLAND in connection with the issue. Some of the key terms are as follows:

- ZDP Co will have the benefit of INLAND's commitment to ensure that ZDP Co has the ability to pay its creditors and ZDP Shareholders' Capital Entitlements. These obligations will be secured by first charges over (i) cash held in a designated bank account ("Pledged Cash") and (ii) other tangible assets held by INLAND ("Pledged Assets"). The capital value of the ZDP Shares, as it accrues over time, must be covered by a combination of the Pledged Cash and Pledged Assets, such that the Pledged Assets must have a value of 120 per cent. of the accrued balance due to ZDP Co shareholders, net of the Pledged Cash. This value will be tested quarterly, based on book values under IFRS.

- If the Pledged Asset cover falls below 120 per cent., then unless INLAND provides security over cash or further property assets within three months to remedy any shortfall, ZDPCo will convene a class meeting of ZDP Shareholders to consider proposals for the continuation of ZDPCo. If such proposals are not approved by ZDPCo Shareholders by special resolution, ZDPCo will be wound up and ZDP Shareholders will be entitled to receive their accrued Capital Entitlement at the winding up date (assuming INLAND has sufficient resources to meet such entitlement).
- Whilst ZDP Shareholders will have the protections afforded to them by virtue of the class rights attaching to the ZDP Shares, INLAND will control all the voting shares in ZDPCo. Provided the 120 per cent. asset cover is maintained, INLAND will have the ability to substitute the properties that ZDPCo has a first charge over. At present, INLAND has some unencumbered sites which may be pledged to ZDPCo to fulfil its obligations to satisfy the 120 per cent. cover requirement described above.
- The Contribution Agreement and Loan Note include certain covenants. The Cover Ratio covenant is designed to prevent dividends to INLAND Ordinary Shareholders being paid by INLAND if the Cover Ratio falls below 1.8, which could happen if there should be a substantial decline in the value of the Group's assets. To set this in some context for shareholders, INLAND's (non-consolidated) financial statements as at 30 June 2012 showed distributable reserves of approximately £6.27 million. If the Cover Ratio restriction described above had been in place at that time, the Cover Ratio as at 30 June 2012 would have been 2.9 times, which would have resulted in INLAND being in a position to consider paying dividends to Ordinary shareholders of up to £23.10 million, which is considerably more than INLAND would have been legally permitted to distribute as at that date.
- The Gearing Ratio covenant is intended to limit ZDP Shareholders' exposure to a fall in asset values (ie the value of houses and building land), not to restrict the completion of existing development and building projects. This restriction on increasing the Group's borrowings does not apply to new borrowings incurred to complete the development of existing sites; borrowings for other pre-existing financial liabilities and working capital purposes; or debt incurred for the purpose of returning cash to ZDP Shareholders or other financial liabilities as it may be necessary or desirable to complete development and other work before marketing assets for sale to reduce borrowings.

Effect of the Placing on INLAND and use of proceeds

The effect of the Placing on the financial statements of INLAND is to show the obligation to ZDP Shareholders (initially £8.5 million and increasing over time) as a long term debt. In the short term, the net proceeds of the Placing, estimated at up to £8.08 million, will be held by the Group as cash balances, pending their use to invest in inventories or settle liabilities to vendors. If the Placing had been effected on 30 June 2012 and the £8.08 million net proceeds of the Placing had all been invested in inventories, the overall assets and borrowings (net of cash) in the Group's financial statements would have both been up to £8.08 million greater. The costs of the Placing are treated as a prepayment in the Inland Homes PLC's Group financial statements and amortised over the period to the ZDP Final Payment Date. Accordingly, the Placing would have no initial impact on INLAND's consolidated net assets, which would subsequently be reduced by the £0.42 million estimated costs of the Placing as they are amortised over the period to the ZDP Final Payment Date. The effect on the Group's Income statement is to record the cost of the ZDP Shares (which would have been £0.7 million comprising the 7.3 per cent. accruing to ZDP Shareholders for the year to 30 June 2012 and the amortising of Placing costs, if the Placing had taken place at the beginning of that financial year) and the return on investment generated from the net proceeds of the Placing. The latter will initially comprise interest receivable on these proceeds pending the purchase of new sites or interest saved by paying deferred consideration to vendors.

The Group expects to apply some of the Placing proceeds in due course to acquire new brownfield sites. The effect of this on Inland Homes PLC's Consolidated financial statements would be to show the assets acquired as an increase in inventories and (as stated above) the liability to ZDP Shareholders will be shown as debt.

Directors of ZDPCo

The first three Directors of ZDPCo will be Stephen Wicks, Nishith Malde and Paul Brett, who are all Executive directors of Inland Homes PLC ("INLAND"). ZDPCo's Articles provide that no remuneration is payable to any ZDPCo directors who are also directors of INLAND and as such, there will be no variation to any directors' emoluments as a result of the Placing.

Publication of the Prospectus

A Prospectus has been published today in respect of the new ZDP Shares (the "Prospectus"). Copies of the Prospectus have been submitted to the National Storage Mechanism and will shortly be available for inspection at www.morningstar.co.uk/uk/nsm.

A copy of the Prospectus can also be viewed or downloaded from INLAND's website:

www.inlandplc.com or via the following link: http://www.inlandplc.com/investor_relations/zdp_plc

or for collection from:

Inland ZDP PLC, 2 Anglo Office Park, 67 White Lion Road, Amersham, Bucks, HP7 9FB; and
Libertas Capital Corporate Finance Limited, 17c Curzon Street, London W1J 5HU").

Libertas Capital Corporate Finance Limited ("Libertas") which is authorised and regulated by the Financial Services Authority, has given and have not withdrawn its written consent to the publication of this announcement containing references to its name in the form and context in which they appear. Libertas is acting exclusively for INLAND and ZDPCo and not for any other person in relation to the matters referred to in this announcement and will not be responsible to any other person for providing the protections afforded to customers of Libertas in relation to the matters referred to herein.

Definitions:

The following expressions have the meanings set out below when used in this announcement:

"Admission to Listing"	the admission to listing on the Official List (by way of a standard listing under Chapter 14 of the Listing Rules) of the ZDP Shares
"Admission to Trading"	the admission to trading on the London Stock Exchange's Main market for listed securities of the ZDP Shares
"Admission"	Admission to Listing and Admission to Trading and a reference to Admission becoming "effective" is to be construed in accordance with the Listing Rules or the Standards (as applicable)
"Articles of Association" or "Articles"	the articles of association of ZDPCo as adopted on Friday, 14 December 2012 conditional on Admission
"Assets"	in the context of the Gearing Ratio and the Cover Ratio, Assets means the net sum of (i) consolidated gross assets of the Inland Group; (ii) less intangible assets; (iii) less cash; (iv) less trade creditors payable before six months following the ZDP Final Payment Date; and (v) less deferred consideration payable for sites purchased by INLAND Group companies other than (a) any Excess Deferred Consideration and (b) any deferred consideration payable after six months following the ZDP Final Payment Date
"Capital Entitlement"	the amount accrued to each ZDP Share to the date of receipt of cash on the winding up of ZDPCo
"Cover Ratio" or "Cover"	the ratio of (i) Assets to (ii) the sum of the Financial Indebtedness and the ZDP Liability as at the ZDP Final Payment Date
"Excess Deferred Consideration"	deferred consideration due to a vendor by the Inland Group in respect of any site which represents more than 60 per cent. of the initial purchase price of such site excluding amounts payable after six months following the ZDP Final Payment Date and excluding amounts in respect of which the vendor has no recourse to the assets of the Inland Group other than the asset sold by such vendor
"Final Capital Entitlement"	155.9 pence per ZDP Share
"Financial Indebtedness"	the net sum of (i) bank and other borrowings less any cash of the INLAND Group and (ii) Excess Deferred Consideration; other than any such indebtedness which is repayable after six months following the ZDP Final Payment Date
"Gearing Ratio"	the gearing ratio of (i) the sum of the Financial Indebtedness and the ZDP Liability to (ii) Assets
"Group" or "Inland Group"	Inland and its subsidiaries and subsidiary undertakings, from time to time (including, for the avoidance of doubt, ZDPCo)
"Hurdle Rate"	the minimum rate of return per annum on Assets at which the Final Capital Entitlement is paid in full or, where it is expressed in relation to the Issue Price, the minimum rate of return per annum on Assets at which the Issue Price is returned on the ZDP Final Payment Date
"IFRS"	International Financial Reporting Standards
"Initial Cover"	the Cover Ratio as at 30 June 2012 on the basis that the Placing was effected and the net proceeds invested in inventories on that date
"Inland Ordinary Shares" or "Ordinary Shares"	ordinary shares of 10 p each in the capital of Inland
"ISIN"	international securities identification number
"Libertas"	Libertas Capital Corporate Finance Limited and, where the context so requires, its registered representatives
"Placing"	the Placing of up to 8,500,000 ZDP Shares with the Places
"Pledged Assets"	all interests in assets of INLAND which are the subject to first charges in favour of ZDPCo, save for the Pledged Cash
"Pledged Cash"	cash held by INLAND in the Secured Account subject to a charge in favour of ZDPCo
"Secured Account"	a bank account to be opened by INLAND to hold cash which is subject to a first legal charge in favour of ZDPCo
"ZDPCo"	Inland ZDP PLC, a wholly-owned subsidiary of INLAND
"ZDP Liability"	for the purposes of the Cover Ratio means the total amount due to ZDP Shareholders on the ZDP Final Payment Date and for the purposes of the Gearing Ratio means the total accrued capital value of the ZDP Shares as at the calculation date of the Gearing Ratio
"ZDP Final Payment Date"	10 April 2019
"ZDP Shareholders"	holders of ZDP Shares
"ZDP Share(s)"	zero dividend preference shares of 10 pence each

IMPORTANT INFORMATION

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