INLAND ZDP PLC

AUDITED RESULTS FOR THE PERIOD TO 30 JUNE 2013

Chairman's Statement

I am pleased to present the Company's Annual Report and Accounts for the period ended 30 June 2013.

The Company is a wholly owned subsidiary of Inland Homes plc ("Inland") and was established solely for the purpose of issuing and redeeming ZDP Shares. 8,500,000 and 849,900 ZDP Shares were issued on 14 December 2012 at 100 pence per share and 23 January 2013 at 103 pence per share respectively. They will redeem on 10 April 2019 at a price of 155.9 pence per ZDP share giving a redemption yield of 7.3 per cent. per annum on the first placing and 6.92 per cent. per annum on the second. The proceeds of the ZDP Share issues were lent to Inland for use in future investment opportunities.

The results for the period are shown below. As at 30 June 2013 the ZDP Share price was 109.75 pence, representing a premium of 5.6 per cent. over the net asset value per ZDP Share of 103.97 pence.

The loan and contribution agreements between the Company and Inland contain certain protections for the Company which are intended to benefit its ZDP Shareholders. These include first charges over Pledged Assets (property) and Pledged Cash in a charged bank account. The Pledged Assets must have a book value of at least 120 per cent. Of the accrued value of the ZDP Shares net of the Pledged Cash. As at 30 June 2013, the accrued amount due to ZDP Shareholders was £9,695,756, the Pledged Cash was £12,161,465 and the Pledged Assets had a book value of £7,402,328, thereby satisfying this requirement.

The loan agreement also contained two covenants relating to asset cover and gearing, both of which are shown below as at 30 June 2013. The definitions of Assets and Financial Indebtedness are set out in the Prospectus published in connection with the issue of the ZDP Shares which is available at http://www.inlandplc.com/investor_relations/zdp_plc/

Asset Cover:
Assets / Financial Indebtedness plus ZDP Final redemption Liability £60.88m / £9.57m = 6.4 times cover
The Asset Cover should be at least 1.8 times, so this covenant, which is tested quarterly, was satisfied at 30 June 2013.

Gearing:
Financial Indebtedness plus ZDP accrued liability / Assets £4.70m / £60.88m = 8%
The gearing ratio should not exceed 40% so this covenant was also satisfied at 30 June 2013.

The Board believes that the use of book values is generally conservative, because a substantial proportion of the Group's assets are properties for which planning consents are sought. The planning process takes time and any progress towards reaching the stage when building can commence is not reflected in an increase in the book values beyond the costs attributable to the relevant sites, whereas any diminution in value is reflected by way of impairment provisions, such that planning gains are not generally recognised in Inland's financial statements until sales are contracted. If the covenant ratios were to be calculated by reference to the market values of the assets, the cover would be higher and the gearing lower.

The board is pleased to note that Morningstar includes the Company's ZDP shares in its published financial statistics. These include cover ratio statistics which are generally calculated on a different basis from that used for the covenant tests, deducting prior charges from the gross assets and dividing the result by the final redemption liability of the ZDP shares. In Inland's case, the ZDP Shares benefit from first charges over some of the Group's assets. As at 30 June 2013, Inland's Gross Assets (£85.49m) divided by the final redemption liability of the ZDP Shares (£14.58m) results in a cover ratio of 5.86 times.

Stephen Wicks
Chairman

Audited Statement of Comprehensive Income
For the period to 30 June 2013

Continuing operations	Note	2013 £000
Revenue		
Interest income	2	346
Total income		—
Expenditure		
Expenses	3	—
Total expenditure		—
Profit before finance costs and taxation		—
Finance costs	4	(346)
Profit before tax		—
Income tax	5	—
Profit and total comprehensive income		—

Audited Statement of Financial Position

At 30 June 2013

	Note	£000	2013 £000
Non-current assets			
Intercompany receivable	9	9,771	
			9,771
Creditors: amounts falling due after more than one year			
Zero Dividend Preference Shares	7	(9,721)	
			(9,721)
Net assets			**50**
Equity			
Ordinary share capital	8		**50**
Revenue reserve			**—**
Shareholders' funds			**50**

Audited Statement of Changes in Equity

At 30 June 2013

	Share capital £000	Revenue reserve £000	Total £000
Issue of equity	50	—	50
Transaction with owners	50	—	50
Result and total comprehensive income for the period	—	—	—
Total changes in equity	50	—	50
At 30 June 2013	**50**	—	**50**

Audited Statement of Cashflows

For the period ended 30 June 2013

	2013 £000
Cash flow from operating activities	
Profit for the period before tax	—
Adjustments for:	
– interest expense	**346**
– interest and similar income	**(346)**
Net cash flow from operating activities	—
Cash flow from investing activities	
Loan to parent company	**(9,375)**
Net cash outflow from investing activities	**(9,375)**
Cash flow from financing activities	
Proceeds on issue of ZDP Shares	**9,375**
Net cash inflow from financing activities	**9,375**
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	—

1. Accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below.

Basis of preparation

The financial information has been prepared in accordance with the Companies Act 2006 and International Financial Reporting Standards ('IFRS') as adopted by the European Union. The financial information comprises the Statement of Financial Position as at 30 June 2013 and, for the period ended 30 June 2013, the related Statement of Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows and related notes hereinafter referred to as 'financial information'. The principal accounting policies adopted by the Company are set out below.

The following new standards are in issue and have had no effect on these statements:

Standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted early by the Company

At the date of approval of these financial statements, certain new standards, amendments and interpretations to existing standards have been published by the IASB but are not yet effective, and have not been adopted early by the Company.

Management anticipates that all of the relevant pronouncements will be adopted in the Company's accounting policies for the first period beginning after the effective date of the pronouncement. Information on new standards, amendments and interpretations that are expected to be relevant to the Company's financial statements is provided below.

Certain other new standards and interpretations have been issued but are not expected to have a material impact on the Company's financial statements.

- IFRS 10 Consolidated Financial Statements
- IFRS 11 Joint Arrangements
- IFRS 12 Disclosure of Interests in Other Entities
- IAS 27 (Revised), Separate Financial Statements
- IAS 28 (Revised), Investments in Associates and Joint Ventures

Standards in issue but not yet effective

- IFRS 9 Financial Instruments (effective 1 January 2015)
- IFRS 13 Fair Value Measurement (effective 1 January 2013)
- IAS 19 Employee Benefits (Revised June 2011) (effective 1 January 2013)
- Disclosures – Offsetting Financial Assets and Financial Liabilities – Amendments to IFRS 7 (effective 1 January 2013)
- Offsetting Financial Assets and Financial Liabilities – Amendments to IAS 32 (effective 1 January 2014)

None of these standards will have an impact on the Company's financial statements.

Revenue

Interest income is recognised in revenue on an accruals basis.

Expenses

All expenses are borne by the Company's parent company, Inland Homes plc.

Zero Dividend Preference Shares

Zero Dividends Preference Shares are recognised as liabilities in the Statement of Financial Position in accordance with IAS 32 Financial Instruments: Presentation. After initial recognition, these liabilities are measured at amortised cost, which represents the initial proceeds of the issuance plus the accrued entitlement to the date of these financial statements.

Intercompany Receivable

Intercompany receivables are recognised as assets in the Statement of Financial Position in accordance with IAS 32 Financial Instruments: Presentation. After initial recognition they are measured at amortised cost which represents the initial loan plus the accrued interest receivable at the reporting date.

Finance Costs

Finance costs are calculated as the difference between the proceeds on the issue of Zero Dividend Preference Shares and the final liability and are charged as finance costs over the term of the life of these shares using the effective interest method.

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 balance sheet date.

Deferred taxation

Taxation deferred or accelerated can arise due to temporary differences between treatment of certain items for accounting and taxation purposes. Full provision for deferred taxation is made under the liability method, without discounting, on all temporary differences that have arisen, but not reversed, by the reporting date.

Equity

An equity instrument is a contract which evidences a residual interest in the assets after deducting all liabilities. Equity comprises the following:

- 'Share capital' represents the nominal value of equity shares; and
- 'Revenue reserve' represents retained profits.

Key estimates and assumptions

Estimates and judgements used in preparing the financial statements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed reasonable. The resulting estimates will, by definition, seldom equal the related actual results.

The Company has entered into two agreements with its parent company, an interest free loan note agreement and an asset contribution agreement covering the final repayment of external ZDP liabilities. The directors consider that to correctly reflect the substance of the transactions these should be accounted for as one financial instrument.

2. Income

	2013 £000
Other interest	**346**

3. Expenses

Administration expenses of £nil were suffered during the period. All administration expenses during the period were borne by the parent company, Inland Homes plc.

4. Finance costs

	2013 £000
ZDP Share interest costs	**346**

5. Taxation

	2013 £000
Profit before tax	—
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 24%	—
ZDP Share interest costs disallowed	83
Group relief	(83)
Tax charge	—

6. Earnings per Ordinary Share

The calculation of earnings per share is based on a profit after tax figure for the period of £nil and the weighted average number of 50,000 Ordinary Shares in issue during the period. The basic and diluted earnings per share are the same.

7. Zero Dividend Preference Shares

	2013 No.	2013 £000
ZDP shares		
Issued during the period	**9,349,900**	**9,375**
ZDP Share interest cost	—	346
	9,349,900	9,721

Details of the terms of the issue of the ZDP Shares can be found in the Chairman's Statement.

8. Ordinary share capital

	2013 No.	2013 £000
Opening Ordinary Shares	—	—
Issued during the period	50,000	50
50,000 issued Ordinary Shares of £1 each	50,000	50

All Ordinary Shares are owned by the Company's parent company, Inland Homes plc.

Each Ordinary Share is entitled to one vote at a general meeting.

In addition to receiving any income distributed by way of dividend, the ordinary shareholders will be entitled to all surplus assets after payment of all debts, including the ZDP Shares.

9. Financial instruments

The Company's financial instruments comprise fixed interest creditors, financial liabilities at amortised cost and loans and receivables.

The main risks arising from the Company's financial instruments are liquidity risk and funding risk and credit risk.

Liquidity and funding risk

This is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities.

Liquidity risk is considered to be significant as the Company is reliant upon repayment from its parent company. Details of how this risk is managed are contained within the financial statements of the parent company.

Contractual maturity analysis for financial liabilities at 30 June 2013

	Over five years £000	Total £000
ZDP Shares final redemption figure	**14,576**	**14,576**

Credit risk
This is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered with the Company.

At the reporting date, the Company's financial assets exposed to credit risk amounted to the following:

Loans and receivables

	2013 £000
Amounts due from parent company	**9,771**

10. Related party transactions
The loan to Inland Homes plc is interest free and is repayable on the ZDP repayment date or immediately upon an event of default. At 30 June 2013, the loan to the parent company was £9,771,000.

11. Holding company
The Company is a wholly owned subsidiary of Inland Homes plc, a listed company whose shares are traded on the AIM market of the London Stock Exchange. Copies of its accounts for the year ended 30 June 2013 will shortly be available to view on Inland's website (www.inlandplc.com).

12. Publication of non-statutory accounts
The financial information set out in this preliminary announcement does not constitute statutory accounts as defined in section 435 of the Companies Act 2006. The Statement of Comprehensive Income, the Statement of Financial Position at 30 June 2013, the Statement of Changes in Equity and the Statement of Cashflows and associated notes for the year then ended have been extracted from the Company's financial statements. The statutory accounts for the period ended 30 June 2013 (on which the audit report has been signed) will be delivered to the Registrar of Companies.

This statement is not being posted to shareholders. The Annual Report and Financial Statements will be posted to shareholders shortly. A copy will also be available on the Company's website, at http://www.inlandplc.com/investor_relations/zdp_plc/ in due course. Further copies are available on request to the Directors at Inland ZDP plc.

Copies of the Annual Report and Financial Statements have been submitted to the UK Listing Authority and will shortly be available for inspection on the National Storage Mechanism at: http://www.morningstar.co.uk/uk/NSM.