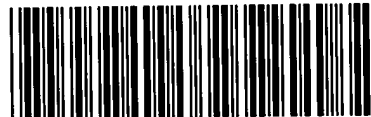


COMPANY REGISTRATION NUMBER 08303612

INLAND ZDP PLC
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

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INLAND ZDP PLC

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INLAND ZDP PLC

STARTEGIC REPORT

FOR THE YEAR ENDED 30 JUNE 2018

The company

Inland ZDP plc was incorporated on 22 November 2012 and has a capital structure comprising unlisted ordinary shares and zero dividend preference shares ('ZDP shares') listed on the Official List and traded on the London Stock Exchange. The Company's ordinary share capital is wholly owned by Inland Homes 2013 Limited which is a wholly owned subsidiary of Inland Homes plc ('Inland'), which has a principal activity of acquiring residential and mixed use sites and seeking planning consent for development. Inland develops a number of the plots for private sale and sells consented plots to housebuilders.

Following the publication of a prospectus on 14 December 2012 and issue of 8,500,000 ZDP shares at 100p per share there has been a series of further placings of new ZDP Shares in successive years resulting in there being 12,444,200 ZDP Shares in issue as at 30 June 2018. No new ZDP Shares were issued during the 12 months ended 30 June 2018. The proceeds of the ZDP share issues were lent to Inland for use in future investment opportunities.

Pursuant to a loan agreement between the Company and Inland, the company has lent Inland the gross proceeds of its placings and all issue costs were borne by Inland. This loan is on terms requiring its repayment by Inland to the company on the ZDP shares repayment date when the company must be wound up. The ZDP repayment date was initially 10 April 2019, but this was extended by 5 years to 10 April 2024 by the passing of resolutions at general and class meetings on 13 August 2018, ie after the after the end of the financial year to which this annual report relates.

Objective and investment policy

The objective of the company is to make loans to Inland on terms which provide the final capital entitlement due to the holders of the ZDP shares at the repayment date of 10 April 2024.

Principal risks and uncertainty and risk management

The board believes that the principal risk faced by the Company is the credit risk associated with the loan made to its ultimate parent company, Inland Homes plc. The specific risks faced by Inland Homes plc are included within its financial statements and comprise: the inability to source, acquire, promote and dispose of land; the increased complexity in the planning process and the adoption of the Community Infrastructure Levy; a severe fall in the housing market in the regions in which the group operates; inability to retain or source high calibre and experienced staff; significant upward changes in interest rates; unexpected contamination being found on a site; changes in legislation; cost overruns, material shortages and construction delays; and the availability of finance for land acquisition. The Directors of the Company are also directors of the ultimate parent company and are therefore in a position to assess the recoverability of amounts due by Inland Homes plc.

The Company is also exposed to risks in relation to its financial instruments. Further details of these risks and the way in which they are managed are contained in note 9 of the financial statements.

INLAND ZDP PLC

STRATEGIC REPORT

FOR THE YEAR ENDED 30 JUNE 2018

Key performance indicators

The key performance indicators used by the board to measure the Company's success are the cover ratio (which is described in detail in the chairman's statement), the accrued capital entitlement and the price of the ZDP shares.

	2018 £000	2017 £000
Asset value per ZDP share	148.23p	138.95p
Accrued capital entitlement per ZDP Share	147.59p	137.55p
ZDP share price (30 June)	151.70p	143.75p

The asset value and the accrued capital entitlement will continue to increase as the repayment date approaches. The book value of ZDP Shares in the financial statements is derived from the various issue prices using the effective interest method, whereas the accrued capital entitlement is based on the initial issue price (100p) and its accrual over time to the redemption price and is not affected by the prices of subsequent issues. As at the repayment date, the book value and accrued capital entitlement will be equal to one another.

It is anticipated that the ZDP share price will be higher than the accrued entitlement as it will reflect the fixed nature of the return. Provided interest rates remain low, there will be a premium on the ZDP shares for as long as the return is higher than is generally available elsewhere. It is unlikely that the share price will exceed the ultimate repayment price, which was increased after the financial year end from 155.9p per share on 10 April 2019 to 201.4p on 10 April 2024.



By order of the Board
Nishith Malde
Director
12 October 2018

INLAND ZDP PLC

CHAIRMAN'S STATEMENT FOR THE YEAR ENDED 30 JUNE 2018

I am pleased to present the Company's annual report and financial statements for the year ended 30 June 2018.

The Company is a wholly owned subsidiary of Inland Homes 2013 Limited which is a wholly owned subsidiary of Inland Homes plc ("Inland") and was established solely for the purpose of issuing ZDP shares and lending the proceeds to Inland.

As at 29 June 2018 the ZDP share price was 151.7p (2017: 143.75p), representing a premium of 2.78% (2017: 4.51%) over the accrued value per ZDP share of 147.59p (2017: 137.55p).

The original 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 and pledged cash in a charged bank account. The pledged assets (such as property and interests property development joint ventures) must have a book value of at least 120% of the accrued value of the ZDP shares net of the pledged cash. As at 30 June 2018, the accrued amount due to ZDP shareholders was £18,365,950 (2017: £17,116,681), the pledged cash was £nil (2017: £nil) and the pledged assets had a book value of £22,880,249 (2017: £26,644,059), thereby satisfying this requirement.

The original loan agreement also contained two covenants relating to asset cover and gearing, both of which are shown below as at 30 June 2018. 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 www.inlandhomesplc.com/inland-zdp-plc. The definition of Financial Indebtedness excludes indebtedness which falls due more than 6 months after the initial ZDP Repayment Date of 10 April 2019. Inland Group's borrowings are substantially all due for repayment after 10 October 2019, causing the calculation of the ratios below to show high levels of asset cover and low gearing.

Asset cover:

Assets / Financial Indebtedness plus ZDP Final Redemption Liability = 17 times cover (2017: 25.2 times cover).

The asset cover should be at least 1.8 times, so this covenant, which is tested quarterly, was satisfied at 30 June 2018.

Gearing:

Financial Indebtedness plus ZDP accrued liability / Adjusted assets 5.5% (2017: 3.0%).

The gearing ratio should not exceed 40% so this covenant was also satisfied at 30 June 2018.

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.

Following consultations with certain ZDP Shareholders, your Board convened general and class meetings held on 13 August 2018 at which resolutions were passed approving (i) the continuation of the life of the ZDP Shares for an additional five years to 10 April 2024, (ii) an increase in the Final Capital Entitlement to 201.4 pence per ZDP Share, (iii) various amendments to the Loan Notes and

INLAND ZDP PLC

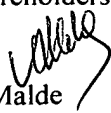
CHAIRMAN'S STATEMENT FOR THE YEAR ENDED 30 JUNE 2018

Contribution Agreement between Inland Homes and ZDPCo, (iv) the adoption of new Articles of Association and (v) the ratification of a previous issue of ZDP Shares. The foregoing proposals were accompanied by a Tender Offer by Panmure Gordon (UK) Limited (as principal) to holders of ZDP Shares on the register of members at close of business on 18 July 2018 enabling those who preferred not to hold a longer dated ZDP Share to sell their ZDP Shares for 150.8 pence. Panmure Gordon (UK) Limited procured placing commitments from investors willing to buy ZDP Shares at 150.8 pence. These were applied to pay for tendered ZDP Shares and to subscribe for 1,000,000 new ZDP Shares which were admitted to Listing and to trading on the main Market of the London Stock Exchange on 16 August 2018.

The passing of the resolutions at general and class meetings on 13 August 2018 resulted in amendments being made to the loan agreements between the Company and Inland Homes plc and to other related documents. The changes included the removal of the gearing covenant. If these resolutions had been passed and other changes made prior to 30 June 2018, the Asset Cover as at that date would have been 4.2 times. As this is higher than 1.8 times, the asset cover test would have been satisfied.

The accrued value of a ZDP Share as at 13 August 2018, being the date when the resolutions were passed to change the Final Redemption Date to 10 April 2024, was 148.84 pence. This will accrue to 201.4 pence on 10 April 2024, which is an effective compound rate of 5.49 per cent. per annum.

The Board is pleased to note that the resolutions to approve the extension of the life of the ZDP Shares and related matters were approved by 99 per cent. of votes cast at the ZDP Class Meeting and the general meeting. The loans from the Company to Inland Homes plc form an important component of the Inland Group's financing arrangements as its business evolves and grows. The Inland Group thanks ZDP Shareholders for their ongoing support


Nishith Malde
Chairman
12 October 2018

INLAND ZDP PLC

BOARD OF DIRECTORS

FOR THE YEAR ENDED 30 JUNE 2018

The current directors of Inland ZDP PLC are:

Nishith Malde

Chairman

Mr Malde qualified as a Chartered Accountant in 1985 with KPMG and specialised in advising owner managed businesses. He left KPMG in 1989 to set up a consultancy firm which later merged with an audit practice where he was the partner responsible for the affairs of Country & Metropolitan plc. Mr Malde joined Country & Metropolitan plc as Finance Director and Company Secretary in 1998. He was actively involved in the preparation for the flotation of Country & Metropolitan plc in December 1999 and its further development until it was acquired by Gladedale Holdings plc in April 2005. Mr Malde is on the board of Energiser Investments plc and is the Finance Director of Inland Homes plc.

Stephen Wicks

Director

Mr Wicks was the founding shareholder and Chief Executive of Country & Metropolitan plc, which floated on the main market of the London Stock Exchange in December 1999 with a market capitalisation of £6.9m. He directed the growth of Country & Metropolitan plc until its disposal in April 2005 to Gladedale Holdings plc for approximately £72m. Mr Wicks has worked in the construction and housebuilding sector all of his working life and has extensive knowledge of local and national policies on both greenfield and brownfield sites. He is also the Chief Executive of Inland Homes plc.

Gary Skinner

Director

Mr Skinner, who was appointed to the board on 8 May 2018, has over 30 years' experience in the housebuilding sector, having formerly been Operations Director at Willmott Dixon Housing, a privately-owned contracting and interior fit-out group, where he was responsible for the sourcing, planning and the commercial delivery of up to 1,000 units per year. Mr Skinner is also Managing Director of Inland Homes plc.

Paul Brett – Resigned 16/04/2018

Director

Paul Brett served as a director of the Company since its incorporation in November 2012 until his resignation on 16 April 2018. He specialised in brownfield property development, with a detailed understanding of the complexities of the planning system. His resignation followed his decision to leave the Inland Group to pursue other interests.

All the current directors are also directors of the Company's ultimate parent company, Inland Homes plc.

The operations of the Company are undertaken by staff employed by Inland Homes plc for which no charge is made.

INLAND ZDP PLC

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2018

The directors submit the annual report and financial statements of the company for the year ended 30 June 2018.

The financial statements have been prepared in accordance with International Financial Reporting Standards ('IFRS') as adopted by the EU. There was no profit available for dividends for the period.

Principal activity and status

The Company is a wholly owned subsidiary of Inland Homes 2013 Limited which is a wholly owned subsidiary of Inland Homes plc ('Inland'), incorporated in England & Wales, which has a principal activity of acquiring residential and mixed use sites and seeking planning consent for development. Inland develops a number of the plots for private sale and sells consented plots to housebuilders. Inland owns the entire issued ordinary share capital of the Company.

The Company's registration number is 08303612.

Share capital

Ordinary shares

The issued ordinary share capital of the Company at 30 June 2018 amounted to 50,000 ordinary shares of £1 each (2017: 50,000).

On a winding up of the Company, after satisfying all liabilities, including obligations to the holders of ZDP shares, ordinary shareholders are entitled to receive the surplus assets of the Company available for distribution. Ordinary shareholders have the right to receive notice of, and attend and vote at any general meetings of the Company.

Zero dividend preference shares

At 30 June 2018 there were a total of 12,444,200 ZDP shares of 10p each in issue (2017: 12,444,200).

In accordance with the Company's Articles of Association, the ZDP shares carry no entitlement to any dividends or other distributions or to participate in the revenue or any other profits of the Company. The ZDP shareholders have no right to receive notice of, or to attend or vote at, any general meeting of the Company except in those circumstances set out in the company's Articles of Association, which would be likely to affect their rights or general interests. The final capital entitlement for the ZDP shares is not guaranteed should Inland's net assets be insufficient on the repayment date. The security provided to the Company, from which ZDP shareholders benefit, and the covenants that Inland must adhere to are detailed in the chairman's statement.

Board of directors

The board of directors is responsible for the overall stewardship of the Company including investment and dividend policies, corporate strategy, corporate governance and risk management. Biographical details of all the directors, all of whom are non-executive, can be found on page 6. All directors are also directors of the Company's parent company, Inland Homes plc.

None of the directors has had any interest in the ordinary shares or the ZDP shares of the company at any time during the period. The directors' interests in the shares of Inland, the Company's ultimate parent company, are shown in Inland's annual report and financial statements for the year ended 30 June 2018.

INLAND ZDP PLC

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2018

Board of directors (continued)

The board has carefully considered the independence of each director and, notwithstanding the cross-directorships detailed above, has concluded that each director is wholly independent as none of the directors hold a beneficial interest in the Company and none are ZDP shareholders. The directors believe that the board has an appropriate balance of skills and experience, independence and knowledge of the Company to enable it to provide effective strategic leadership and proper governance of the Company.

Given the nature of the Company's business and the number of directors, the directors have not established separate committees of the board but deal with all business themselves.

None of the directors receive a salary and accordingly it is appropriate that no remuneration report is included within the financial statements.

The board confirms that the performance of each of the directors continues to be effective, which is illustrated by the compliance with the covenants at each quarter end, and demonstrates commitment to the role. The board therefore believes that it is in the interest of shareholders that these directors remain in office.

Directors' indemnities

As at the date of this report, indemnities are in force between Inland and each of its directors under which the Company has agreed to indemnify each director, to the extent permitted by law, in respect of certain liabilities incurred as a result of carrying out his or her role as a director of Inland and the Company. The directors are also indemnified against the costs of defending any criminal or civil proceedings or any claim by Inland or the Company or a regulator as they are incurred provided that where the defence is unsuccessful, the director must repay those defence costs to the Company. The indemnities are qualifying third party indemnity provisions for the purposes of the Companies Act 2006. A copy of each deed of indemnity is available for inspection at the Company's registered office during normal business hours.

Conflicts of interest

Under the Companies Act 2006 a director must avoid a situation where he or she has, or can have, a direct or indirect interest that conflicts, or possibly may conflict with the Company's interests. The requirement is very broad and could apply, for example, if a director becomes a director of another company or a trustee of another organisation. The Companies Act 2006 allows directors of public companies to authorise conflicts and potential conflicts, where appropriate, where the Articles of Association contain a provision to approve such situations.

The Company maintains a register of directors' conflicts of interest which have been disclosed and approved by the other directors. This register is kept up to date and the directors are required to disclose to the board of directors any changes to conflicts or any potential new conflicts.

Compliance with corporate governance

The Company is committed to high standards of corporate governance and the board is accordingly accountable to the Company's shareholders for good governance. However, as the Company has only ZDP shares listed, it is not required to comply with the UK Corporate Governance Code but is committed to appropriately high standards of corporate governance.

INLAND ZDP PLC

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2018

Compliance with corporate governance (continued)

Further detailed disclosures relating to the corporate governance procedures of the group can be found in the annual report of the ultimate parent company, Inland Homes plc ('Inland'), which is available on Inland's website www.inlandhomesplc.com

Community, employee and environmental issues

In carrying out its activities and in its relationships with the community, the company aims to conduct itself responsibly, ethically and fairly. The Company has no employees and the board is comprised entirely of non-executive directors.

Going concern

The directors believe that the Company has the ability to meet its financial obligations as they fall due for a period of at least twelve months from the date of approval of the financial statements. Accordingly, the financial statements have been prepared on a going concern basis.

Financial instruments

The Company's financial instruments comprise debtors and creditors that arise directly from its operations. The financial risk management objectives and policies arising from its financial instruments and the exposure of the Company to risk are disclosed in note 9 to the financial statements.

Significant agreements

Pursuant to the intra-group loan agreement between the company and Inland Homes plc documenting the loan from the Company to Inland Homes plc of the proceeds of the ZDP share placing, the loan will be on terms requiring its repayment by Inland Homes plc to the Company immediately prior to the ZDP repayment date, being 10 April 2019. These funds are to be managed in accordance with the investment policy of Inland Homes plc.

Post Balance Sheet Events

Further details of events that happened post balance sheet are disclosed in note 13 to the financial statements.

Disclosure of information to auditors

The directors confirm that, so far as each of them are aware, there is no relevant audit information of which the Company's auditors are unaware and the directors have taken all steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Auditor

A resolution to reappoint UHY Hacker Young LLP as auditor for the ensuing year will be proposed at the AGM in accordance with section 489 of the Companies Act 2006.


By order of the Board
Nishith Malde
Director
12 October 2018

STATEMENT OF DIRECTORS' RESPONSIBILITIES

FOR THE YEAR ENDED 30 JUNE 2018

Statement of directors' responsibilities in relation to the financial statements

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors are required to prepare financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss for the Company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRSs as adopted by the European Union, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business;
- prepare a director's report and a strategic report which comply with the requirements of the Companies Act 2006.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Website publication

The directors are responsible for ensuring the annual report and the financial statements are made available on a website. Financial statements are published on the Company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Company's website is the responsibility of the directors. The directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

INLAND ZDP PLC

STATEMENT OF DIRECTORS' RESPONSIBILITIES

FOR THE YEAR ENDED 30 JUNE 2018

Directors' responsibilities pursuant to DTR4

The directors confirm to the best of their knowledge:

- The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and give a true and fair view of the assets, liabilities, financial position and profit and loss of the Company.
- The annual report includes a fair review of the development and performance of the business and the financial position of the Company, together with a description of the principal risks and uncertainties that they face.



On behalf of the Board

Nishith Malde

Director

12 October 2018

INLAND ZDP PLC

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF INLAND ZDP PLC

FOR THE YEAR ENDED 30 JUNE 2018

Opinion

We have audited the financial statements of Inland ZDP plc for the year ended 30 June 2018 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 June 2018 and of its result for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to Going Concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or;
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

INLAND ZDP PLC

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF INLAND ZDP PLC

FOR THE YEAR ENDED 30 JUNE 2018

The recognition of the zero dividend preference shares

Risk: The Company has issued zero dividend preference shares which are measured at amortised cost, representing the initial proceeds of issuance plus the accrued entitlement to 30 June 2018.

The measurement relies on the correct calculation of the accrued entitlement with inputs taken from the particulars of each zero dividend preference share issue.

Response: Our audit work included, but was not limited to obtaining the particulars from each zero dividend share issue and re-performing the calculation of the accrued entitlement using our own model.

The recoverability of the inter-company receivable

Risk: The Company has an inter-company receivable from Inland Homes Plc comprising an interest free loan and a contribution which together allows the Company sufficient cash funds to satisfy the capital entitlement of the ZDP shares.

Response: Our audit work included, but was not limited to, obtaining and checking the compliance with the security and covenants within the associated loan notes.

Our application of materiality

We use materiality during the planning stage of our audit to determine the nature and extent of our testing, and also to assess the results of our work. We calculate materiality based on the magnitude of misstatement that could reasonably influence the economic decisions of users of the financial statements.

The materiality for the financial statements as a whole was set at £35,000, representing 3% of income of £1.156m, and was considered appropriate in view of the nature of the Company. Performance materiality was set at 80% of the above figure and we agreed that any individual misstatements in excess of £1,000 would also be reported to the directors alongside any smaller differences that warranted reporting on qualitative grounds.

An overview of the scope of our audit

The scope of our audit was determined by gaining an understanding of the nature of the Company, the system of internal control, determining materiality and assessing the risks of material misstatement or omission. As is typical of all audits, we also considered the risk of management override of internal controls. Our audit was fully substantive in nature.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

INLAND ZDP PLC

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF INLAND ZDP PLC FOR THE YEAR ENDED 30 JUNE 2018

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report on by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on pages 10 and 11, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate. This description forms part of our auditor's report.

INLAND ZDP PLC

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF INLAND ZDP PLC

FOR THE YEAR ENDED 30 JUNE 2018

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

Other matters which we require to address

We were appointed by the directors on 1 June 2018 to audit the financial statements for the year ending 30 June 2018. Our total uninterrupted period of engagement is two years, covering the periods ending 30 June 2017 to 30 June 2018.

The non-audit services prohibited by the FRC's Ethical Standard were not provided to the Company and we remain independent of the Company in conducting our audit.

Our audit opinion is consistent with the additional report to the audit committee.

Andrew Hulse (Senior Statutory Auditor)
For and on behalf of UHY Hacker Young
Chartered Accountants
Statutory Auditor
6 Broadfield Court
Broadfield Way
Sheffield
S8 0XF

Date 12 October 2018

INLAND ZDP PLC**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2018**

		Year ended 30 June 2018 £000	Year ended 30 June 2017 £000
Continuing operations	Note		
Revenue			
Interest income	2	1,156	1,128
Total income		1,156	1,128
Expenditure			
Expenses	3	-	-
Total expenditure		-	-
Profit before finance costs and taxation		1,156	1,128
Finance costs	4	(1,156)	(1,128)
Profit before tax		-	-
Income tax	5	-	-
Profit for the year and total comprehensive income		-	-
Earnings per share for profit attributable to the equity holders of the company during the year	6	0.0p	0.0p

The accompanying accounting policies and notes on pages 20 - 26 form part of these financial statements.

INLAND ZDP PLC**STATEMENT OF FINANCIAL POSITION****AS AT 30 JUNE 2018**

	Note	2018 £000	2017 £000
Non-current assets			
Intercompany receivable	9,11	-	17,341
		-	17,341
Current assets			
Intercompany receivable	9,11	18,497	-
		18,497	-
Current liabilities			
Zero Dividend Preference Shares	7	(18,447)	-
		(18,447)	-
Non-current liabilities			
Zero Dividend Preference Shares	7	-	(17,291)
		-	(17,291)
Net assets		50	50
Equity			
Ordinary share capital	8	50	50
Shareholders' funds		50	50

The financial statements were approved and authorised for issue by the Board of Directors on 12 October 2018 and signed on their behalf by:



Nishith Malde
Chairman

The accompanying accounting policies and notes on pages 20 - 26 form part of these financial statements.

INLAND ZDP PLC

STATEMENT OF CHANGES IN EQUITY

AS AT 30 JUNE 2018

	Share capital £000	Total £000
At 1 July 2016	50	50
Result and total comprehensive income for the year	-	-
At 30 June 2017	50	50
Result and total comprehensive income for the year	-	-
At 30 June 2018	50	50

The accompanying accounting policies and notes on pages 20 – 26 form part of these financial statements.

INLAND ZDP PLC**STATEMENT OF CASHFLOWS****FOR THE YEAR ENDED 30 JUNE 2018**

	Year ended 30 June 2018 £000	Year ended 30 June 2017 £000
Cash flow from operating activities		
Profit for the period before tax	—	—
Adjustments for:		
– interest expense	1,156	1,128
– interest and similar income	(1,156)	(1,128)
Net cash flow from operating activities	—	—
Cash flow from investing activities		
Loan to ultimate parent company	—	(1,557)
Net cash outflow from investing activities	—	(1,557)
Cash flow from financing activities		
Proceeds on issue of ZDP Shares	—	1,557
Net cash inflow from financing activities	—	1,557
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	—	—

The accompanying accounting policies and notes on pages 20 - 26 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018**

1 Accounting policies

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

1.1 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 2018 and, for the year ended 30 June 2018, 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 financial statements are prepared in sterling, which is the functional currency of the Company. Monetary amounts in these financial statements are rounded to the nearest £'000.

The accounting policies that have been applied in the opening Statement of Financial Position have also been applied throughout all periods presented in these financial statements. These accounting policies comply with each IFRS that is mandatory for accounting periods ending on 30 June 2018.

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.

Standards in issue but not yet effective

- IFRS 9 Financial Instruments (effective 1 January 2018)
- IFRS 15 Revenue from Contracts with Customers (effective 1 January 2018)
- IFRS 16 Leases (EU effective date 1 January 2019)
- Amendments to IFRS 2 Classification and Measurement of Share-based Payment Transactions (EU effective date 1 January 2018)
- Amendments to IFRS 1 - Annual Improvements to IFRSs (2014-2016 cycle) (EU effective date 1 January 2018)
- Amendments to IAS 28 - Annual Improvements to IFRSs (2014-2016 cycle) (EU effective date 1 January 2018)
- Amendments to IAS 40 - Transfers of Investment Property (EU effective date 1 January 2018)
- IFRIC 23 Uncertainty over Income Tax Treatments (EU effective date 1 January 2019)

None of the standards above are expected to have an impact on the Company's financial statements.

1.2 Revenue

Income is recognised in revenue using the effective interest method on an accruals basis.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018**

1.3 Expenses

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

1.4 Zero dividend preference shares

Zero dividend 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 30 June 2018.

1.5 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.

1.6 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.

1.7 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.

1.8 Equity

An equity instrument is a contract which evidences a residual interest in the assets after deducting all liabilities. Equity comprises 'Share capital', which represents the nominal value of equity shares.

1.9 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 does not consider that there have been any significant estimates or assumptions in the current financial year.

INLAND ZDP PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

1.10 Segment information

In accordance with IFRS 8, information is disclosed to enable the users of financial statements to evaluate the nature and financial effects of the business activities in which the Company engages. The board has identified that the sole operating segment is to provide the final capital entitlement of the Company's ZDP shares to the holders of the ZDP shares at the initial repayment date of 10 April 2019. Consequently, all information presented in these financial statements relate to that segment.

2 Income

	Year ended 30 June 2018 £000	Year ended 30 June 2017 £000
Income from group undertakings	1,156	1,128

3 Expenses

Administration expenses of £nil were suffered during the period (2017: £nil). All administration expenses, including auditor's remuneration, during the period were borne by the ultimate parent company, Inland Homes plc. The directors received no remuneration for their services in relation to ZDP. Further disclosures with regards to the auditors' remuneration can be found in the group financial statements.

There are no employees other than directors in the current year or the prior year.

4 Finance costs

	Year ended 30 June 2018 £000	Year ended 30 June 2017 £000
ZDP share interest costs	1,156	1,128

5 Taxation

	Year ended 30 June 2018 £000	Year ended 30 June 2017 £000
Profit before tax	—	—
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 19.00% (2017: 19.75%)	—	—
ZDP share interest costs disallowed	220	223
Group relief	(220)	(223)
Tax charge	—	—

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

6 Earnings per ordinary share

The calculation of earnings per share is based on a profit after tax figure for the period of £nil (2017: £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

	2018 No.	2018 £000	2017 No.	2017 £000
ZDP shares				
Opening ZDP shares	12,444,200	17,291	11,313,200	14,607
Issued during the period			1,131,000	1,556
ZDP share interest cost		1,156		1,128
	12,444,200	18,447	12,444,200	17,291

Details of the terms of the issue of the ZDP shares can be found in the Chairman's Statement on page 4.

8 Ordinary share capital

Authorised/called up/allotted/fully paid

	2018 No.	2018 £000	2017 No.	2017 £000
Opening ordinary shares	50,000	50	50,000	50
Issued during the period	—	—	—	—
50,000 issued ordinary shares of £1 each	50,000	50	50,000	50

All ordinary shares are owned by the Company's parent company, Inland Homes 2013 Limited.

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 classified as 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 ultimate parent company. The parent company manages liquidity risk by maintaining sufficient cash balances and ensuring availability of funding through an adequate amount of credit facilities. The parent company aims to maintain flexibility in funding by keeping credit lines available.

INLAND ZDP PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

Contractual maturity analysis for financial liabilities

	2018 £000	2017 £000
	ZDP shares final redemption figure	ZDP shares final redemption figure
Less than one year	19,401	—
More than one year and less than five	—	19,401
Over five years	—	—
	19,401	19,401

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. Credit risk is managed by way of a security over the loan. The security relates to pledged tangible assets (such as property and interests in property development joint ventures) and pledged cash in a charged bank account.

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

Loans and receivables

	2018 £000	2017 £000
Amounts due from ultimate parent company	18,497	17,341

The directors consider the carrying amounts to be a reasonable approximation of fair value.

The following table presents the fair value of financial liabilities that are carried at amortised cost in the Statement of Financial Position in accordance with the fair value hierarchy. This hierarchy groups financial liabilities into three levels based on the significance of inputs used in measuring the fair value of the financial liabilities. The fair value hierarchy has the following levels:

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

The level within which the financial liability is classified is determined based on the lowest level of significant input to the fair value measurement.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

9 Financial instruments (continued)

If the financial liabilities were measured at fair value in the Group Statement of Financial Position they would be grouped into the fair value hierarchy as follows:

	Level 1 £000	Level 2 £000	Level 3 £000	Total £000
Net fair value at 1 July 2017	17,889	—	—	17,889
Additions	—	—	—	—
Fair value movements during the year	989	—	—	989
Net fair value at 30 June 2018	18,878	—	—	18,878

The ZDP shares are carried at their accrued value of 148.23p per share (2017: 138.95p) however their closing price on the main market of the London Stock Exchange on 30 June 2018 was 151.70p (2017: 143.75p).

10 Capital management policies and procedures

The Company's objectives when managing capital are:

- to safeguard its ability to continue as a going concern; and
- to ensure sufficient liquid resources are available to meet the funding requirement of its ZDP shareholders.

The directors consider that the capital management policies and procedures of the ultimate parent company will enable the Company to meet its objectives. Further details of the policies and procedures of Inland Homes plc can be found within its financial statements and include a target capital to overall financing ratio of over 50%.

The capital of the Company comprises the 12,494,200 (ordinary shares and ZDP preference shares) and the nominal value of these amounted to £50,000 and £1,244,420.

11 Related party transactions

The loan to Inland Homes plc is interest free and is repayable, together with a contribution for such amount that will result in the Company having sufficient cash funds to satisfy the then current, or as the case may be, final capital entitlement of the ZDP shares on the ZDP repayment date (see the Strategic Report on page 2) or immediately upon an event of default. At 30 June 2018, the total amount due from the ultimate parent company was £18,497,000 (2017: £17,341,000).

12 Ultimate controlling party

There is no ultimate controlling party.

13 Post balance sheet events

On 13th August 2018, class meetings and general meetings took place to consider proposals which included the continuation of the life of the ZDP shares for an additional five years to 10 April 2024 and an increase in the Final Capital Entitlement. The resolutions also proposed certain amendments to the terms of the loans to Inland and the contribution agreement between Inland and the Company. All proposals were passed with the requisite majority. 1,000,000 new ZDP Shares were issued and admitted to Listing and to trading on the main market of the London Stock Exchange on 16 August 2018 and there are now 13,444,200 ZDP Shares in issue.

INLAND ZDP PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

14 Holding company

The Company is a wholly owned subsidiary of Inland Homes 2013 Limited which 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 2018 will shortly be available to view on Inland's website (www.inlandhomesplc.com).

INLAND ZDP PLC

CORPORATE INFORMATION

FOR THE YEAR ENDED 30 JUNE 2018

Company registration number	08303612
Registered office and website	Decimal Place Chiltern Avenue Amersham Buckinghamshire HP6 5FG Telephone: 01494 762 450 Website: www.inlandhomesplc.com/inland-zdp-plc
Guarantor	Inland Homes plc Chiltern Avenue Amersham Buckinghamshire HP6 5FG Telephone: 01494 762 450
Registrars	Neville Registrars Limited Neville House 18 Laurel Lane Halesowen B63 3DA Telephone: 0121 585 1131
Auditors	UHY Hacker Young Chartered Accountants Statutory Auditor 6 Broadfield Court Broadfield Way Sheffield S8 0XF
Bankers	Barclays Bank plc Fourth Floor Apex Plaza Forbury Road Reading Berkshire RG1 1AX