

COMPANY REGISTRATION NUMBER 08303612

INLAND ZDP PLC

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2020

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The Company

Inland ZDP plc ('the Company') 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' or 'Group'), 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 18,101,857 ZDP shares in issue as at 30 September 2020 (2019: 16,430,790 ZDP). 1,671,067 new ZDP shares were issued during the year ended 30 September 2020. The proceeds of the ZDP share issues totalling £2.7m were lent to Inland Homes 2013 Limited 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 to pursue future opportunities. 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.

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 Inland.

The specific risks faced by Inland are included within its financial statements and are also included on the following pages.

The Directors of the Company are also directors of Inland and are therefore in a position to assess the recoverability of amounts due from Inland.

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.

Risk and description	Consequences of risk	Existing mitigations and internal controls
Counterparty loan risk A decline in the creditworthiness of Inland Homes PLC could lead to an inability to repay the loan made by the Company.	<ul style="list-style-type: none"> • Severe impact on cash flow 	<ul style="list-style-type: none"> • Regular review at Board level of detailed cash flow forecasts which are subject to sensitivity analysis • Strong relationships as part of the Inland Homes PLC Group through regular engagement
Infectious diseases The COVID-19 pandemic has demonstrated that the spread of an infectious disease or virus can lead to the Government imposing controls, including the movement of people and the closing of different parts of the economy and business	<ul style="list-style-type: none"> • Significantly reduced revenue or no revenue for a period of time • Severe impact on cash flow • Difficulties in meeting the Group's liabilities • Danger of breaching banking covenants 	<ul style="list-style-type: none"> • Balanced business model with housebuilding and contracting activities complementing its land trading business • The Group's Operating Board regularly ensures that the Group's business continuity and disaster recovery plans are tested and updated where required • Ensuring IT capabilities to accommodate efficient home working • Maintain sufficient liquidity with longer term borrowing facilities
Adverse economic conditions A decline in macroeconomic conditions in the UK and/or a downturn in conditions affecting the UK residential housing market or a decline in the propensity of people to buy homes	<ul style="list-style-type: none"> • A fall in the demand for housing and a material decline of both transaction levels and house prices as a result of low consumer confidence impacted by: – higher unemployment or fear of unemployment – ongoing economic uncertainty – weak real wage growth and reduced disposable income – rising interest rates – growing inflation – restriction in the availability of mortgages • Business uncertainty due to policy changes • Downward land and investment property portfolio valuation 	<ul style="list-style-type: none"> • Economic environment considered before committing to significant transactions or events such as land purchases and sales launches • Control over land acquisitions • Refined strategic priorities to maximise market opportunities • A focus on Build to Rent contracts gives greater certainty over cash flow • Strong financial forecasting and scenario planning
Adverse Government policy and planning regulations Potential changes in Government policy such as changes to the planning system, the tax regime, housing, environmental or building regulations or amendment of the Help to Buy scheme	<ul style="list-style-type: none"> • Risk of delay or refused planning decisions • Uncertainty around design solutions • Programmes and commencements on site disrupted • Increased costs due to excessive planning conditions (CIL and Section 106), increasing environmental and other taxes • Increased costs due to more challenging sustainability targets and fire and safety regulations. • Adverse effect on revenues, margins and asset values • Failure to comply with the requisite laws or regulations may lead the Group to be fined and suffer reputational damage • Reduction in sales resulting from changes to the Help to Buy Scheme 	<ul style="list-style-type: none"> • Considerable in-house technical and planning expertise available to address the prevailing regulations • Strong relationships maintained with local authorities, planning officers and local communities to better understand underlying policy and planning prospects • Regularly review prospects of the strategic land portfolio, with processes and appraisals in place to minimise disruption • Focus on acquiring development sites already allocated for development • Potential impact of changes in regulations are communicated throughout the relevant departments • Ensure a greater proportion of future product is within the price range of the revised Help to Buy Scheme, extended until spring 2023

<p>Inability to source and develop suitable land An inadequate supply of suitable land or the inability to convert the unconsented land portfolio into viable consented sites may frustrate the Group's growth</p>	<ul style="list-style-type: none"> • Portfolio depletion - fewer longer term sites to replenish the portfolio at good margins • Impact to in-house construction arm/self-build function • Operational start dates delayed on site 	<ul style="list-style-type: none"> • Highly experienced Land and Planning teams employed with strong track record of securing sites and planning consents • Targeted approach to land acquisitions through dedicated Land Team • Local insight and established relationships with agents and vendors give us a competitive edge • All potential land acquisitions are subject to a robust appraisal process to ensure viability
<p>Failure to effectively manage major projects to industry standard margins Unforeseen operational delays caused by disputes with third parties, adverse weather conditions or lack of project oversight could lead to delay, increased costs or termination of a project</p>	<ul style="list-style-type: none"> • Increased costs and reduced margins • Reduced quality of product • Health and safety issues • Reputational damage 	<ul style="list-style-type: none"> • Sites are monitored as a portfolio by the Board before any major acquisitions are made • Each site has a detailed plan prepared, including costs, labour utilisation and timing and is managed by the Group's Operating Board and by on-site management • Checks in place to ensure personnel adhere to internal controls • Regular management and project team monitoring • Ensure appropriate insurance is in place
<p>Health and safety A deterioration in the Group's health and safety standards, including additional measures put in place to comply with Public Health England guidance on social distancing</p>	<ul style="list-style-type: none"> • Immediate personal injury or damage to property • Reputational damage • Prosecution/imprisonment/significant fines • Remediation or legal costs • Programme delays and inability to reach forecast figures/market expectation 	<ul style="list-style-type: none"> • Strong safety culture driven by Directors and Senior staff • Experienced Health and Safety Department reinforces safety culture and carefully monitors adherence to guidance • Annual Health and Safety Workshops for all staff
<p>Staff Inability to attract and retain high calibre employees at all levels</p>	<ul style="list-style-type: none"> • Inability to meet strategic objectives • Pressured workloads where teams are under-resourced • Over reliance on consultants and agency staff • Inefficiencies and delays to operations resulting in increased costs could adversely affect the Group's financial results and prospects 	<ul style="list-style-type: none"> • Remuneration packages are regularly benchmarked against industry standards to ensure competitiveness • Dedicated HR team which monitors pay structures and market trends • Providing quality training and professional development opportunities, including through our Graduate and Apprenticeship Programmes • Development of preferred supplier list of specialist recruitment firms

<p>Solvency and liquidity Difficulty in procuring borrowing facilities at competitive rates and insufficient cash headroom</p>	<ul style="list-style-type: none"> • Liquidity crisis and inability to meet ongoing operational costs and other commitments • Danger of breaching banking covenants • Lack of development funding limits our ability to be agile in response to changes in the economic environment and to future development opportunities 	<ul style="list-style-type: none"> • Regular review at Board level of detailed cash flow forecasts which are subject to sensitivity analysis • Strong relationships with financial institutions through regular engagement • Monitor our current facilities to ensure sufficient headroom to allow us to take advantage of land opportunities • Realising sales where capital can be better deployed elsewhere
<p>Cyber and business continuity Cyber security risks such as data breaches, hacking and failure of the Group's IT security systems</p>	<ul style="list-style-type: none"> • Financial penalties and sanctions • Reputational damage • Loss of personal and/or business information • Outage of IT systems leading to operational disruption • Phishing attacks and ransom demands • Fraud leading to financial loss 	<ul style="list-style-type: none"> • Group has a fully tested disaster recovery system which is tested annually by a third-party supplier • Deep-dive review by a third-party security specialist • Boundary firewall at each location • Email encryption and two-factor authentication in place • Anti-virus software on all devices • Ensure appropriate insurance in place

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.

	30 September 2020	30 September 2019
Asset value per ZDP share	167.30p	159.42p
Accrued capital entitlement per ZDP Share	166.81p	159.12p
ZDP share price	156.00p	161.50p

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.

Under normal circumstances 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. The year-end share price had not recovered from the fall in markets in March 2020 caused by COVID19. However, as the share price recovers from this fall, it is still expected that 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 of 201.4p which is due on 10 April 2024.

S172 reporting

The Board recognises that the long-term success of Inland ZDP PLC is dependent on that of Inland. Accordingly, the s172 report made by Inland is included within its financial statements and is also replicated below.

Additionally, the Board of Inland ZDP plc make decisions on fundraising based on the needs of shareholders and the future demand for loans from Inland. The Directors listen to stakeholders and consider their interests and requires before any fundraising is undertaken.

How the Board of Inland complied with its Section 172 duty

The Board of Inland recognises that the long-term success of the business is dependent on maintaining relationships with our key stakeholders and having consideration for the external impact of the Company's activities. Now, as we enter a new financial year in the midst of a global pandemic, balancing the needs and expectations of our stakeholders has never been a more important or challenging task. The table below identifies our key stakeholders, how we engage and how their views have shaped our decision making.

Customers**Why it is important:**

We know that customers' needs are changing. It is vital that we engage with our customers to ensure we grow our business in a way that meets their needs now and into the future.

We know that high levels of customer satisfaction will enhance the reputation of our business and the Inland brand, increasing the likelihood of third-party endorsements and repeat customers.

Stakeholder priorities

- Great quality, affordably-priced homes delivered on time
- Excellent customer service and after care

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2020

- Placemaking, design and community infrastructure

How we engage

Through social media campaigns, via our dedicated and professional sales teams, customer service and after-sales teams. We also hold 'meet the builder' sessions and home buyer demonstrations.

Our on-site community engagement events are also important to our customers.

What we have done

- Mapped the customer journey to ensure better understanding of customer needs
- Invested in our customer relations teams
- Offered a key worker discount to the end of 2020
- Supported house buyers in the home buying search by offering virtual tours

Government and regulators

Why it is important

We understand the importance of fostering relationships with government and regulators to ensure policies are developed in the best interest of our customers, our business and the sector in which we operate.

Stakeholder priorities

- Communication
- Clear sustainability and environmental policies
- Increasing the number of homes and fast housing delivery

How we engage

We have ongoing engagement with planning authorities on a number of projects.

This involves regular contact with local government, highways agencies and education departments. Our onsite teams also work closely with other regulators such as HMRC and HSE.

What we have done

- Contributed at a policy level to proposed reforms to the planning system
- and submitted a response to the Government's 'Planning for the Future' White Paper
- Active members of trade associations including the House Builders Federation and Land Promoters and Developers Federation
- Participated in industry forums and events

Investors and lenders

Why it is important

We have a clear responsibility to engage with shareholders as the owners of our business as well as appealing to new shareholders.

We understand the importance of maintaining long-term relationships with investors and key banks to ensure the flow of short, medium and long-term funding.

Stakeholder priorities

- Long-term, sustainable income and capital growth
- Robust governance
- Debt reduction
- Risk management

How we engage

Shareholder engagement is the responsibility of the Executive Directors. They maintain and develop relationships with institutional investors, prospective investors and analysts through a programme of face-to-face meetings, roadshows and direct calls.

The AGM provides an important opportunity for our shareholders to participate in the governance of the Company and for the Board to engage and communicate with private and institutional investors through the Q&A session held after the formal meeting.

What we have done

- The views of analysts and major investors are fed back to the Board on a regular basis, especially following roadshows. This feeds into discussions on future strategy
- In advance of establishing new incentive plans for Executives, the Remuneration Committee Chairman writes to and consults with major shareholders on proposals regarding executive remuneration

Suppliers and subcontractors

Why it is important

We know that we are 'stronger together' and because of this we invest in our integrated supply chain.

Our collaborative approach ensures all parties have a shared long-term objective

to work together, reducing risk, maintaining high standards of business conduct and delivering to time and cost.

We recognise the importance of two-way communication and through sharing our expertise we know that we improve working practices, business conduct and our health and safety procedures.

Stakeholder priorities

- Visibility of future projects and workload
- Sharing risk and rewards
- Operational efficiency
- Timely payment
- Projects delivered safely and on time
- Financial target

How we engage

Our engagement with suppliers and subcontractors is continuous. We have a formal programme of engagement but we believe effective communication comes from informal dialogue that takes place on a day- to-day basis between our teams.

This keeps our subcontractors and supply chain up to date in respect of any changes to our working practices as appropriate.

What we have done

- Introduced project framework plans to ensure visibility of project pipeline
- Standardised build type and fit-out
- Supported open dialogue at tender stage around workload and resource to ensure continuity of work and success of project
- Held regular meetings to discuss supplier performance and areas for improvement and introduced KPIs to assist
- Managed cost inflation by fostering robust volume-based long-term agreements with supply chain partners

Communities and the environment

Why it is important

Working alongside communities helps us better understand the likely consequences of our decisions in the long term, ensuring we build communities which will thrive.

We know we have a part to play in reducing the negative impact of climate change, whilst providing sustainable, affordable homes and communities that people are proud to live in.

We place a great deal of importance on public and stakeholder engagement and the critical need to allow local communities the ability to view and comment on development proposals.

We believe the importance of considering feedback, addressing issues and providing clarification prior to an application being submitted greatly improves the quality of a planning application and process.

Stakeholder priorities

- Opportunities to engage and influence
- Investment in parks and public open spaces with increased biodiversity
- Investment in infrastructure, schools and health facilities
- Leaving a lasting legacy

How we engage

We engage with local communities via a number of methods which include social media, local media campaigns, community engagement events, freephone and direct link to project teams as part of the planning process.

We work with schools, colleges and universities to raise aspirations, increase awareness of construction and develop the talent of the next generation. More details on our apprentice programme can be found on page 46 of the Annual Report and Accounts of Inland Homes PLC.

What we have done

- Contributed £1.4m via Section 106, legal agreements and CIL payments
- Achieved an average 41.9/50 Considerate Constructors score
- Maintained our partnership with Bucks University Technical College

Employees

Why it is important

Our employees are our greatest asset and it is their experience and expertise that gives us a competitive edge. We are committed to creating a culture where all our employees can give their best. It ensures we retain and develop their exceptional talent.

With the world changing quickly as a result of the pandemic, our employees have told us they want to feel informed and connected, share successes, and have access to information wherever they are working. Supporting their wellbeing is more important than ever.

Stakeholder priorities

- Understanding the direction and strategy of the business
- Having the right opportunities to grow and develop

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2020

- Interesting and challenging work
- Feeling valued and recognised

How we engage

We encourage open and constructive discussions throughout the business. We engage with our employees in many ways, including through an Employee Engagement Survey, intranet, team meetings, messages from the CEO, newsletters and quarterly Business Updates. Further details can be found on page 46 the Annual Report and Accounts of Inland Homes PLC.

What we have done

- Introduced a quarterly Business Update and Group-wide newsletter
 - Supported and facilitated agile working arrangements
 - Promoted health and wellbeing, including the introduction of mental health first aiders
 - Provided access to counselling and support services
 - Revised our Code of Conduct to include an updated Equality and Diversity policy
- maintaining relationships with our key stakeholders and having consideration for the external impact of the Company's activities. Now, as we enter a new financial year in the midst of a global pandemic, balancing the needs and expectations of our stakeholders has never been a more important or challenging task. The table below identifies our key stakeholders, how we engage and how their views have shaped our decision making. Further details about our standards of business conduct, including our values, can be found on page 45 the Annual Report and Accounts of Inland Homes PLC.

Key strategic decisions during the year and consideration of the impact on stakeholders

In accordance with section 172 of the Companies Act 2006, the Board of Inland considers the likely consequences of our strategy and long-term decisions, taking into account the interests of our key stakeholders.

The Board reviewed the Group's financial position in light of the impact of COVID-19 on the business and implemented several measures.	
Key Board decisions	Considerations
<ul style="list-style-type: none"> - A successful placing of new ordinary shares in May 2020 to raise gross proceeds of £9.9m - Triggering the £20m accordion part of the revolving credit facility ("RCF") with HSBC which increases the facility available for house building to £65m - Cancellation of the FY20 interim dividend 	<p>Ensuring the health and resilience of the Group was an important factor in the Board's decision making. Additional funding strengthened the balance sheet and provided liquidity, enabling the Group to progress with its strategy to create value over the long term.</p> <p>The uncertainty of COVID-19 meant that a number of alternative scenarios for how the pandemic might evolve needed to be considered, particularly in relation to the impact on strategy and future cash requirements. The Board recognised that measures taken to conserve cash balances impacted on the wider stakeholder group and a balanced view of the differing perspectives was essential.</p>
The Board made a number of decisions as a result of the impact of COVID-19 on our business and stakeholders	
Key Board decisions	Considerations
<ul style="list-style-type: none"> - All but three sites remained operational through lockdown with stringent new procedures regarding hygiene, social distancing, travel and self-isolation in place to ensure the safety of those on site. - Temporary salary cuts for Executive and Non-Executive directors, the Operational Board and other members of staff - Use of the Government's Coronavirus Job Retention Scheme - Review of Group overheads and costs leading to staff redundancies 	<p>Throughout the pandemic, in line with the Group's commitment to health and safety, the Board's priority has been to safeguard the health and wellbeing of staff and maintain positive relationships with customers, subcontractors and suppliers. This was at the heart of the decisions made in response to the pandemic.</p> <p>Measures were rapidly taken to ensure full compliance with the Government's 'COVID-19 Secure' guidance and the Group became a signatory to the Home Builders Federation's 'Charter for Safe Working Practice'.</p> <p>The Government's furlough scheme enabled the Group to alleviate some of the immediate economic impact of COVID-19, whilst ensuring we had the workforce needed once the</p>

	situation improved. The review of Group overheads ensures that we are operationally efficient, with the right skills in place to take the business forward.
The Board made a number of key strategic decisions to support the ongoing success of the Group.	
Key Board decisions	Considerations
<ul style="list-style-type: none"> - Submission of major brownfield planning applications which will lead to the development of approximately 1,650 homes - Development of our asset management division to [six] live projects - Focus on growing partnership housing activity to secure a forward income stream and mitigate the impact of a potential decline in the private housing market 	<p>Whilst the general economic outlook remains uncertain, there is a fundamental shortage of high-quality, affordable housing across the UK and particularly in the South and South East of England which creates a sustained demand for our land assets, homes and expertise.</p> <p>The opportunities we pursue support the Government's efforts to increase affordable housing and create wider economic activity. We recognise that we have a part to play in building sustainable communities and our planning submissions reflect this and include new schools, enhanced public realm and community facilities.</p> <p>We believe investors are supportive of our asset management activity, which enables the Group to earn substantial fees generally with a significantly reduced investment and working capital requirement and this is an area of focus for the Group in the year ahead.</p>

By order of the Board
Nishith Malde
Director

5 February 2021

CHAIRMAN'S STATEMENT (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2020

I am pleased to present the Company's annual report and financial statements for the year ended 30 September 2020.

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 30 September 2020 the ZDP share price was 156.00p (30 September 2019: 161.50p), representing a discount of 6.5% (30 September 2019: premium of 1.50%) over the accrued value per ZDP share of 166.81p (30 September 2019: 159.12p).

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 in 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 September 2020, the accrued amount due to ZDP shareholders was £30,234,786 (30 September 2019: £26,144,183), the pledged cash was £7,702,396 (30 September 2019: £7,020,000) and the pledged assets had a book value of £32,861,848 (30 September 2019: £38,772,990), thereby satisfying this requirement.

The loan agreement also contains a covenant relating to asset cover, which is shown below as at 30 September 2020. 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 final ZDP Repayment Date of 10 April 2024.

Asset cover:

$\text{Assets} / \text{Financial Indebtedness plus ZDP Final Redemption Liability} = 2.2 \text{ times cover (30 September 2019: 2.0 times cover)}$.

The asset cover should be at least 1.8 times, so this covenant, which is tested quarterly, was satisfied at 30 September 2020.

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.

CHAIRMAN'S STATEMENT (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2020

The COVID-19 pandemic affected the Inland Homes plc group in a variety of ways as described in its annual report. The financing arrangements for the group are designed to spread loan and ZDP share maturities over time so that the risk of having to refinance an excessive amount when financial and credit markets are stressed is reduced. The funding comes from several sources, but with compatible terms and security arrangements, reducing the group's reliance on any single lender. Some of the group's financial commitments are at fixed rates and others (mainly revolving credit) are at floating rates of interest. This achieves a balance between deferring the impact of changes in interest rates and providing flexibility to draw down and repay some debt without early repayment penalties. The ZDP Shares benefit from the group's debt policies which mitigate and spread certain financing risks, and represent an important element of the Group's financing structure. ZDP Shareholders' ongoing support for the group is much appreciated by the Board.



Nishith Malde
Chairman
5 February 2021

INLAND ZDP PLC

BOARD OF DIRECTORS

FOR THE YEAR ENDED 30 SEPTEMBER 2020

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 has over 25 years experience in the property sector with wide professional knowledge and understanding of both listed and unlisted companies. Mr Malde was Finance Director of Country & Metropolitan plc which floated on the main market of the London Stock Exchange in 1999, until its disposal in April 2005 to Gladedale Holdings plc. Mr Malde is on the board of Drumz plc and is the Group Finance Director of Inland.

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.

Gary Skinner

Director

Mr Skinner, 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 annum. Mr Skinner is also Managing Director of Inland.

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 for which no charge is made.

INLAND ZDP PLC

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 SEPTEMBER 2020

The directors submit the annual report and financial statements of the Company for the year ended 30 September 2020.

The financial statements have been prepared in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006. There was no profit available for dividends for the year.

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 Homes 2013 Limited owns the entire issued ordinary share capital of the Company. The principal activity of the Company is to raise capital for its ultimate parent for the purpose of their principal activity.

The Company's registration number is 08303612.

Share capital

Ordinary shares

The issued ordinary share capital of the Company at 30 September 2020 amounted to 50,000 ordinary shares of £1 each (30 September 2019: 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 September 2020 there were a total of 18,101,857 ZDP shares of 10p each in issue (30 September 2019: 16,430,790 ZDP).

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

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2020

Board of directors (continued)

None of the directors has had any interest in the ordinary shares or the ZDP shares of the Company at any time during the year. 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 September 2020.

The board has carefully considered the independence of each director and in view of the cross-directorships detailed above, has concluded none of the directors are wholly independent. The directors believe that the board has an appropriate balance of skills, experience 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.

Corporate governance statement

As a Company whose preference shares have been admitted to a standard listing on the Official List, Inland ZDP Plc is not obliged to comply with the UK Corporate Governance Code and does not do so.

Inland ZDP Plc is a special purpose Company formed solely to issue the ZDP Shares and lend the proceeds to Inland. Its costs are all borne by Inland pursuant to the Contribution Agreement such that it has no transactions or cash flows of its own; except for and until cash is paid to it when (or shortly prior to) cash falls due to be paid to ZDP Shareholders. The Company has no business and no employees or executive directors and all the voting rights attaching to its shares are held by Inland Homes 2013 Limited, save in certain circumstances relating to the rights attributable to the ZDP Shares where ZDP Shareholders' prior approval will be required. Its only assets are its rights pursuant to the Loan Note and Contribution Agreement. Accordingly, the only risk to which it is subject is the risk that Inland fails to comply with its obligations under the Loan Note and Contribution Agreement.

In the opinion of the Company Directors, the interests of the Company and ZDP Shareholders are adequately covered by the governance procedures and diversity policies applicable to its ultimate holding company (Inland) save for certain specific responsibilities of the Company's Board who receive no remuneration from the Company. For example, Inland's audit committee considers the financial reporting procedures for the Group as a whole and the Company Directors see no benefit in convening a separate audit committee for Inland ZDP Plc. The remit of the audit committee of Inland covers all its subsidiaries including Inland ZDP Plc and the risk management procedures applied by Inland cover the risk of Inland being unable to comply with its obligations under the Loan Note and Contribution Agreement.

The Board considers the adequacy of the Pledged Assets and compliance with the other terms of the Loan Note, the Contribution Agreement and security documentation, the interim and annual reports and accounts and any other matters which may arise, for example to consider any proposals for the substitution of Pledged Assets. As the Company has no employees all decisions are taken by the Board.

None of the Directors are independent by virtue of their roles as Inland Directors and employees. The explanation for the Company not having any independent directors is that its Board considers that, in the context of the Company having no business, strategy or cash flows, the only matters requiring Board decisions can be properly addressed by non-independent directors, who have due regard to the interests of ZDP Shareholders.

In preparing the Company's annual report and financial statements, the Directors consider that judgement is required in assessing the recoverability of the intercompany receivable and where required as to going concern. As Inland is responsible for all of the Company's liabilities including its obligations to ZDP Shareholders, pursuant to the Loan Note and Contribution Agreement, the Directors rely on Inland's own assessment that it is a going concern has been properly conducted and reviewed by Inland's audit committee.

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. Inland ZDP plc is exempt from the requirement to disclose its carbon emissions due to it being below the 40,000 kWh threshold.

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 as outlined on pages 30-33.

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 is on terms requiring its repayment by Inland Homes plc to the Company immediately prior to the ZDP repayment date, being 10 April 2024. These funds are to be managed in accordance with the investment policy of Inland Homes plc.

Post Balance Sheet Events

There are no post balance sheet events.

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 BDO 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

5 February 2021

STATEMENT OF DIRECTORS' RESPONSIBILITIES

FOR THE YEAR ENDED 30 SEPTEMBER 2020

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; and
- 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.

STATEMENT OF DIRECTORS' RESPONSIBILITIES (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2020

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; and
- 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

5 February 2021

INLAND ZDP PLC

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF INLAND ZDP PLC

FOR THE YEAR ENDED 30 SEPTEMBER 2020

Opinion

We have audited the financial statements of Inland ZDP plc (the 'Company') for the year ended 30 September 2020 which comprise the statement of comprehensive income, the statement of financial position, the statement of cash flows, the statement of changes in equity 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 accounting standards in conformity with the requirements of the Companies Act 2006.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 September 2020 and of its result for the year then ended;
- have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006; 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 as applied to listed public interest entities, 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 SEPTEMBER 2020

Going Concern (note 1.1)	
Key audit matter	How we addressed the key audit matter
<p><i>Going Concern and recoverability of intercompany receivables (note 1.1 and 9)</i></p> <p>Inland ZDP Plc is reliant on its parent, Inland Homes Plc (the 'Group'), providing financial support to Inland Homes 2013 Ltd which would result in the receipt of the intercompany receivable enabling it to repay the zero dividend preference shares at the redemption date. Therefore, the going concern of the company and the recoverability of the intercompany receivable is dependent on the going concern of the Group. The intercompany receivable has security over pledged tangible assets of the Group. The Directors of the Company are also Directors of the Group and as such have full visibility of the forecasts for the Group. As a result of the significant assumptions made by the Directors of the Group in the assessment of going concern this was considered to be a key audit matter.</p>	<p>We evaluated the Directors' going concern assessment of the Group and Company by performing the following procedures:</p> <ul style="list-style-type: none"> - We assessed the appropriateness of the Group's cash flow forecasts in the context of the Group's 30 September 2020 financial position, the expected land and house sales and other contractual revenue and evaluated the Directors' downside sensitivities against these forecasts. - We considered the potential impact of the continuing Covid impact and the potential scenarios that this could have on trade. In assessing the potential impact we spoke to external property agents to understand the length of time that land markets were closed during the 2020 lockdown. - We evaluated the key assumptions in these forecasts and considered whether these appear reasonable, for example by comparing sales revenue to contractually secured future revenue and expected sales prices to forward sales, historic sales data in the area and expected completion of sites. - We obtained the Directors' views on their ability to obtain alternatives sources of finance to replace existing facilities, the Directors' views on and evidence of the continued support of their lenders and the ability to obtain finance on unencumbered assets. - We obtained and re-performed the Directors' forecast covenants compliance to 31 March 2022. We obtained a copy of the waiver document regarding the testing of one of the Group's bank covenants at the 31 December 2020 and 31 March 2021 testing dates. - We considered the Group's overhead and the level of discretionary spend in

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF INLAND ZDP PLC

FOR THE YEAR ENDED 30 SEPTEMBER 2020

	<p>the Group and the Directors' ability to flex this in base case scenarios.</p> <ul style="list-style-type: none">- Note 1.1 details the scenarios in which the Directors may be forced to discount property assets to achieve a sale. We discussed the ability and timeframe of the Directors to achieve such a sale in a shortened period in the context of the 2020 lockdown.- We also reviewed the disclosures provided relating to the going concern basis of preparation and considered whether these were consistent with the evidence that we found. <p>In addition, we assessed the value of the pledged tangible assets held as security noting the value is sufficient for full recoverability of the intercompany receivable.</p> <p>Key Observations</p> <p>Our observations are set out in the conclusions relating to going concern section of our report.</p>
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Our application of materiality

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements.

Based on our professional judgement, we determined that 1% of total assets (2019: 1% of total assets) would be the most appropriate basis for materiality as we consider this to be one of the principal considerations of users in assessing the financial performance of the Company. As such, materiality was determined to be £300,000 (2019: £262,000).

In order to reduce to an appropriately low level the probability that any misstatements exceed materiality, we use a lower materiality level, performance materiality, to determine the extent of testing needed. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole. On the basis of our risk assessment and judgement performance materiality was set at 75% of overall materiality (2019: 75%). As such performance materiality was set at £225,000 (2019: £196,500).

INLAND ZDP PLC

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF INLAND ZDP PLC

FOR THE YEAR ENDED 30 SEPTEMBER 2020

We agreed with the Audit Committee that we would report to them all individual audit differences in excess of £6,000 (2019: £5,200). We also agreed to report differences below this threshold that, in our view, warranted reporting on qualitative grounds.

An overview of the scope of our audit

Our audit was scoped by obtaining an understanding of the company and its environment, including the company's system of internal control, and assessing the risks of material misstatement in the company financial statements. We also addressed the risk of management override of internal controls, including assessing whether there was evidence of bias from the Directors that may have represented a risk of material misstatement. All work on the company audit was performed by BDO LLP.

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined below, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We gained an understanding of the legal and regulatory framework applicable to the entity and the industry in which it operates and considered the risk of acts by the Company which were contrary to applicable laws and regulations, including fraud. These included but were not limited to the Companies Act 2006, the DTR rules and accounting standards.

We considered non-compliance with this framework through discussions with the board and performed audit procedures on these areas as considered necessary. Our procedures involved enquiry with the board, review of the reporting to the Directors and review of board meeting minutes.

As in all of our audits we also addressed the risk of management override of internal controls, including testing journals and evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

Other information

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF INLAND ZDP PLC

FOR THE YEAR ENDED 30 SEPTEMBER 2020

The Directors are responsible for the other information. The other information comprises the information included in the financial statements, other than the financial statements and our auditor's report thereon. 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. We have nothing to report in this regard.

Opinions 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 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 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 Statement of Directors' responsibilities, 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.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF INLAND ZDP PLC

FOR THE YEAR ENDED 30 SEPTEMBER 2020

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 : www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Other matters which we are required to address

Following the recommendation of the audit committee, we were appointed by the Directors on 10 January 2020 to audit the financial statements for the year ending 30 September 2019 and subsequent financial periods. The period of total uninterrupted engagement is 2 years, covering the years ending 30 September 2019 to 30 September 2020.

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.

Use of our report

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.

Thomas Edward Goodworth (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
London, UK
5 February 2021

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 SEPTEMBER 2020

		Year ended 30 September 2020 £000	15-month period ended 30 September 2019 £000
Continuing operations	Note		
Revenue			
Interest income	2	1,537	1,523
Total income		1,537	1,523
Expenditure			
Expenses	3	-	-
Total expenditure		-	-
Profit before finance costs and taxation		1,537	1,523
Finance costs	4	(1,537)	(1,523)
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 / period	6	0.0p	0.0p

The accompanying accounting policies and notes on pages 29-39 form an integral part of these financial statements.

INLAND ZDP PLC**STATEMENT OF FINANCIAL POSITION****AS AT 30 SEPTEMBER 2020**

	Note	30 September 2020 £000	30 September 2019 £000
Current assets			
Intercompany receivable	9,11	30,285	26,194
		30,285	26,194
Non-current liabilities			
Zero Dividend Preference Shares	7	(30,235)	(26,144)
		(30,235)	(26,144)
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 5 February 2021 and signed on their behalf by:



Nishith Malde
Chairman

The accompanying accounting policies and notes on pages 29-39 form an integral part of these financial statements.

INLAND ZDP PLC**STATEMENT OF CHANGES IN EQUITY****AS AT 30 SEPTEMBER 2020**

	Share capital £000	Total £000
At 30 June 2018	50	50
Result and total comprehensive income for the period	-	-
At 30 September 2019	50	50
Result and total comprehensive income for the year	-	-
At 30 September 2020	50	50

The accompanying accounting policies and notes on pages 29–39 form an integral part of these financial statements.

INLAND ZDP PLC**STATEMENT OF CASHFLOWS****FOR THE YEAR ENDED 30 SEPTEMBER 2020**

	Year ended 30 September 2020 £000	15 months period ended 30 September 2019 £000
Cash flow from operating activities		
Profit for the year / period before tax	-	-
Adjustments for:		
– interest expense	1,537	1,523
– interest and similar income	(1,537)	(1,523)
Net cash flow from operating activities	-	-
Net increase in cash and cash equivalents	-	-
Net cash and cash equivalents at beginning of the year / period	-	-
Net cash and cash equivalents at the end of the year / period	-	-

The proceeds from the share issue during the year of £2.7m (2019: £6.2m) were paid directly to Inland Homes plc from the Company bank account and are included in the intercompany receivable on the Statement of Financial Position.

The accompanying accounting policies and notes on pages 29-39 form an integral part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

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 Accounting Standards in conformity with the requirements of the Companies Act 2006. The financial information comprises the Statement of Financial Position as at 30 September 2020 and, for the year ended 30 September 2020, the related Statement of Comprehensive Income, Statement of Changes in Equity, Statement of Cashflows 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.

These accounting policies comply with each accounting standard that is mandatory for accounting year ended 30 September 2020.

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.

The Company's business activities principal risks and uncertainty, and risk management are set out in the Strategic Report on pages 1 and 2. The Company is reliant on the ability of Inland Homes Plc to continue as a going concern as detailed in the strategic report. Further disclosures regarding the Company's financial instruments and exposure to credit and liquidity risk are set out in note 9 of the Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2020

Basis of preparation (continued)

Given the dependency on Inland Homes Plc, details regarding their going concern assumptions are given below.

Standards in issue but not yet effective

- Amendments to IFRS 9: Financial Instruments
- Annual Improvements to IFRSs (2015-2017 Cycle)
- Amendments to References to the Conceptual Framework in IFRS Standards*
- IFRS 3 Definition of a Business (Amendments to IFRS 3);
- IAS 1 and IAS 8 Definition of Material (Amendments to IAS 1 and IAS 8);
- IFRS 9, IAS 38 and IFRS 7 Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 38 and IFRS 7);
- Annual Improvements to IFRSs (2018-2020 Cycle)*; and
- IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Return Reform – Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7 and IFRS 16)*

*Standards and amendments not yet endorsed by the EU.

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

Going concern

The Directors have reviewed the performance of the Group to which the Company is a member of for the current period and forecasts for the period to 28 February 2022. The going concern of the Company is dependent on that of the Group due to the use of intercompany debt across the Group to support the consolidated operations and therefore Going Concern has been considered at Group level.

The Directors have reviewed the performance of the Group and parent Company for the current year and forecasts for the period to 28 February 2022.

The Directors are required to assess the Group's and parent Company's abilities to continue as a going concern for a period of at least the next twelve months. Given the significant adverse impact of the COVID-19 crisis on the economy and the activities of the Group, a thorough review of the going concern assumption has been undertaken in preparing the Group and parent Company financial statements.

The Group's and parent Company's going concern assessment considers the Group's and parent Company's principal risks and is dependent on several factors, including its financial performance, continued access to borrowing facilities and the ability to operate within their respective financial covenants.

In response to the global COVID-19 pandemic, which quickly emerged in March 2020, the Group adopted stringent cash management procedures to conserve resources, a range of other measures undertaken to reduce the cost base and raised new equity of £9.4m, net of expenses, to strengthen the balance sheet and provide additional liquidity during this uncertain period.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2020

In preparing the forecasts the Directors have considered the continued adoption of stringent cash management procedures, market disruptions already brought about by COVID-19, the possibility of future disruption in the going concern period which could potentially be caused by COVID-19 and other risks and uncertainties, including credit risk and liquidity risk, the present and possible future economic climate, the current and possible future demand for land with planning consent and the state of the housing market in the geographic areas where the Group operates. The key risks faced by the Group are set out on pages 36 to 38.

At the date of signing of the Group and parent Company's accounts, the continued and prolonged impact of COVID-19 may result in further uncertainties that are not apparent at present. There are contractual and anticipated cash inflows expected which ensure that the Group and parent Company have sufficient working capital for its requirements.

At the date of signing of this report, the Group has a total forward order book of £53.5m for private homes reserved or contracted, including two contracted block sales of 109 units and a contracted sale of a hotel and £73.9m for partnership housing contract income. In addition, the Group has contracted to sell a parcel of land for £14.0m (including payments for infrastructure works) subject to certain conditions being fulfilled.

The Group also has contracted annualised residential and commercial rental income of £2.3m.

As also disclosed in Note 42 of the Group's Annual Report and Accounts, the Group extended the following facilities during January 2021:

- A revolving credit facility for £15.4m to 31 December 2021.
- Two loan facilities amounting to £11.0m to 31 December 2021.
- Three bank loan facilities amounting to £41.3m to 30 April 2022.

The Group has three facilities totalling £26.4m falling due for repayment on 31 December 2021. The Directors are in advanced discussions with the provider of the revolving credit facility to renew the facility for a further five-year period. The Directors have positive relationships and have had constructive discussions with all their existing lenders and a number of other potential lenders; however, they do not as yet have a binding commitment to extend or refinance these facilities beyond 31 December 2021.

The Group has also negotiated a relaxation to the interest cover covenant test under the revolving credit facility with HSBC in respect of the December 2020 and March 2021 periods as proactive defence against any possible severe but plausible downside scenarios.

The Directors have performed detailed sensitivity analyses to test the Group's future liquidity and banking covenant compliance based on several scenarios. The Group has forecast land sales in the next twelve months in the normal course of its business.

As part of their Going Concern review, the Directors have considered the impact of a delay of six months on each of these sales in isolation. They have also considered, again in isolation, a price reduction of 10% on all residential unit sales that have not been contracted and are forecast to complete after 31 March 2021. Finally, the Group considered a delay in residential unit sales by three months. None of these scenarios

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2020

leads to an issue with either the Group's debt covenants or its liquidity.

The Directors have also considered the following severe, but plausible downside scenario:

- Only residential sales that have exchanged or reserved complete between now and 31 March.
- After 31 March through to 28 February 2022 legal completions of residential units continue, but at a 50% reduction in volume and a 10% reduction in sales prices
- No land sales until the end of May 2021, other than a small scheduled sale where negotiations with the purchaser are in progress at the date of this report.

Additionally, the Directors considered an even more severe scenario which mirrors the above, but assumes no residential unit sales for a period of three months from 1 April 2021 before returning to the assumptions in the Group's base case.

The Board's modelling choice of cessation of activity period for the severe, but plausible downside scenario is based on the market experiences of 2020, when the national housebuilders stopped purchasing land for a short period during national lockdown.

In making their assessment of the sensitivity tested above the Directors have considered the Stamp Duty Land Tax holiday which expires on 31 March 2021. The Directors are therefore confident that residential unit sales reserved or exchanged for completions due in the months of February 2021 and March 2021 are secure. The Directors have assumed that the current Stamp Duty Land Tax holiday window is not extended by the UK Government after 31 March 2021 in preparing their projections.

Under both severe, but plausible scenarios, the Directors would need to make strategic choices in the near term to delay both planning application activity, construction activity and identified but non-contractual purchases however there is no need for any further liquidity to be introduced into the Group or any need for any relaxation of the Group's financial covenants with its lenders. Should the cessation of the land and planning activity and housebuilding activity discussed above, extend beyond the periods referred to above, then the Group may have to rely on the sale of property assets at lower than open market values to generate liquidity for the Group and parent Company to meet their obligations as they fall contractually due. Again, there would be no need for any relaxation of the Group's financial covenants with its lenders under such circumstances.

Additionally, the Directors also have the option to access the capital and debt markets to raise further liquidity as may be needed.

The Strategy outlined above details our approach to the current situation but, the Directors are mindful that no one can forecast exactly how the global COVID-19 pandemic will play out and how this may affect the Group, industry and the wider economy for the foreseeable future. A significant worsening of the situation and a return to a strict national lockdown for a prolonged period longer than the severe, but plausible downside scenarios would have implications for the Group as it would for many other businesses. Such a situation would then require the Directors to re-examine the Group's financial position at the time and if necessary, report any significant adverse changes.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2020

At the time of approving these financial statements and after making appropriate enquiries, the Directors have a reasonable expectation that the Group and parent Company have adequate resources to continue in operational existence for the foreseeable future. The Directors therefore consider it appropriate to prepare the financial statements on the Going Concern basis.

Income

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

Expenses

All expenses are borne by the Company's parent Company, Inland Homes 2013 Limited.

Zero dividend preference shares

Zero dividend preference shares are recognised as liabilities in the Statement of Financial Position in accordance with IFRS 9: Financial Instruments. After initial recognition, these liabilities are measured at amortised cost, which represents the initial proceeds of the issuance plus the accrued interest based on the effective interest method to 30 September 2020.

With the modification of the zero dividend preference shares, which occurred during the prior period, the revised terms were considered to constitute a substantial modification.

Intercompany receivable

Intercompany receivables are recognised as assets in the Statement of Financial Position in accordance with IFRS 9: Financial Instruments. After initial recognition they are measured at amortised cost which represents the initial loan plus the accrued interest receivable at the reporting date. Directors have assessed intercompany receivables to meet the requirements under the business model test and SPPI test. The objective of the business model is to hold financial assets to collect their contractual cash flows. The cash flows are solely payments of principal and interest on the principal amounts outstanding.

The Company applies the general approach to providing for expected credit losses prescribed by IFRS 9 for intercompany receivables. The expected credit loss provision in the current year and prior period have been assessed as £nil.

Pursuant to a loan agreement between the Company and Inland Homes plc, the Company has lent Inland Homes plc the gross proceeds of its placings. This loan is on terms requiring its repayment by Inland Homes plc to the Company on the ZDP shares repayment date when the company must be wound up however the loan made is repayable to Inland ZDP plc on demand and therefore classified as a current asset.

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 Finance income

Finance income is calculated on the amount lent to Inland Homes 2013 Limited and represents the difference between the amounts advanced (which was equal to the proceeds on the issue of zero dividend preference shares) and the final amounts due

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2020

(which is equal to the liability payable on redemption of the zero dividend preference shares). It is recognised as revenue as interest income over the term of the zero dividend preference shares using the effective interest method.

1.8 Taxation

The charge for taxation is based on the taxable profits for the year. 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.

1.9 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.

1.10 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.

Judgement is required in assessing the recoverability of the intercompany receivable. Recoverability is underpinned by the profitability of Inland's development and strategic land sites.

1.11 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 final repayment date of 10 April 2024. Consequently, all information presented in these financial statements relate to that segment.

Interest income

	Year ended 30 September 2020 £000	15-month period ended 30 September 2019 £000
Interest income from group undertakings	1,537	1,523

Expenses

Administration expenses of £nil were suffered during the year (period ended 30 September 2019: £nil). All administration expenses during the year, including auditor's remuneration of £25,000 (2019 £20,000), 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 were no employees other than directors in the current year or the prior year.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2020

Finance costs

	Year ended 30 September 2020 £000	15-month period ended 30 September 2019 £000
ZDP share interest costs	1,537	1,523

Taxation

	Year ended 30 September 2020 £000	15-month period ended 30 September 2019 £000
Profit before tax	-	-
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 19.00% (2019: 19.00%)	-	-
ZDP share interest costs disallowed	292	290
Group relief	(292)	(290)
Tax charge	-	-

Earnings per ordinary share

The calculation of earnings per share is based on a profit after tax figure for the year of £nil (period ended 30 September 2019: £nil) and the weighted average number of 50,000 ordinary shares in issue during the year. The basic and diluted earnings per share are the same.

Zero dividend preference shares

	At 30 September 2020 No.	At 30 September 2020 £000	At 30 September 2019 No.	At 30 September 2019 £000
ZDP shares				
Opening ZDP shares	16,430,790	26,144	12,444,200	18,447
Issued during the year/period	1,671,067	2,554	3,986,590	6,174
ZDP share interest cost	-	1,537	-	1,523
	18,101,857	30,235	16,430,790	26,144

Details of the issue of the ZDP shares can be found in the Strategic Report on pages 1 and 2.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2020

8 Ordinary share capital

Authorised/called up/allotted/fully paid

	At 30 September 2020 No.	At 30 September 2020 £000	At 30 September 2019 No.	At 30 September 2019 £000
Opening ordinary shares	50,000	50	50,000	50
Issued during the year / 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.

Financial instruments

The Company's financial instruments comprise fixed interest creditors classified as financial liabilities at amortised cost and financial assets classified as amortised cost.

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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2020

Financial instruments (continued)

Contractual maturity analysis for financial liabilities

	At 30 September 2020 £000	At 30 September 2019 £000
	ZDP shares final redemption figure	ZDP shares final redemption figure
Less than one year	-	-
More than one year and less than five years	36,457	33,092
Over five years	-	-
	36,457	33,092

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:

Amortised Cost

	At 30 September 2020 £000	At 30 September 2019 £000
Amounts due from ultimate parent company	30,285	26,194

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

The Company applies the general approach to providing for expected credit losses prescribed by IFRS 9 for amounts due from ultimate parent Company. There were no expected credit loss provisions in the current year and prior period. The security that is pledged is more than sufficient to cover the amounts due. The Directors have assessed a possible downturn in the value of the pledged assets by 10% and following that assessment no credit loss, as defined by IFRS 9, would arise.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2020

Financial instruments (continued)

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.

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 October 2019	26,536	-	-	26,536
Additions	2,699	-	-	2,699
Fair value movements during the year	(996)	-	-	(996)
Net fair value at 30 September 2020	28,239	-	-	28,239

	Level 1 £000	Level 2 £000	Level 3 £000	Total £000
Net fair value at 1 July 2018	18,878	-	-	18,878
Additions	6,174	-	-	6,174
Fair value movements during the year	1,484	-	-	1,484
Net fair value at 30 September 2019	26,536	-	-	26,536

The ZDP shares are carried at their accrued value of 166.81p per share (30 September 2019: 159.12p) however their closing price on the main market of the London Stock Exchange on 30 September 2020 was 156.00p (30 September 2019: 161.50p).

In August 2018, the ZDP shareholders agreed to rollover and extend the facility and will now be repaid on or before 10 April 2024. This was accounted for as a substantial modification due to the significant extension in the term of the debt, the change to the covenants and the substantial change in interest rate. This resulted in no gain or loss being recognised in the Statement of Comprehensive Income.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2020

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 40%.

The capital of the Company comprises 1,860,186 (ordinary shares and ZDP preference shares) and the nominal value of these amounted to £50,000 and £1,810,186 respectively.

Related party transactions

The loan to Inland Homes plc is repayable along with all accrued interest, 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 1) or immediately upon an event of default. At 30 September 2020, the total amount due from the ultimate parent Company was £30,285,000 (30 September 2019: £26,194,000).

12 Ultimate controlling party

The directors regard Inland Homes Plc as the ultimate parent and controlling party.

13 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 September 2020 will shortly be available to view on Inland's website (www.inlandhomesplc.com)

INLAND ZDP PLC

CORPORATE INFORMATION

FOR THE YEAR ENDED 30 SEPTEMBER 2020

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