Inland homes

# Bringing land to life

**Report for the six-month period ended 31 March 2022**

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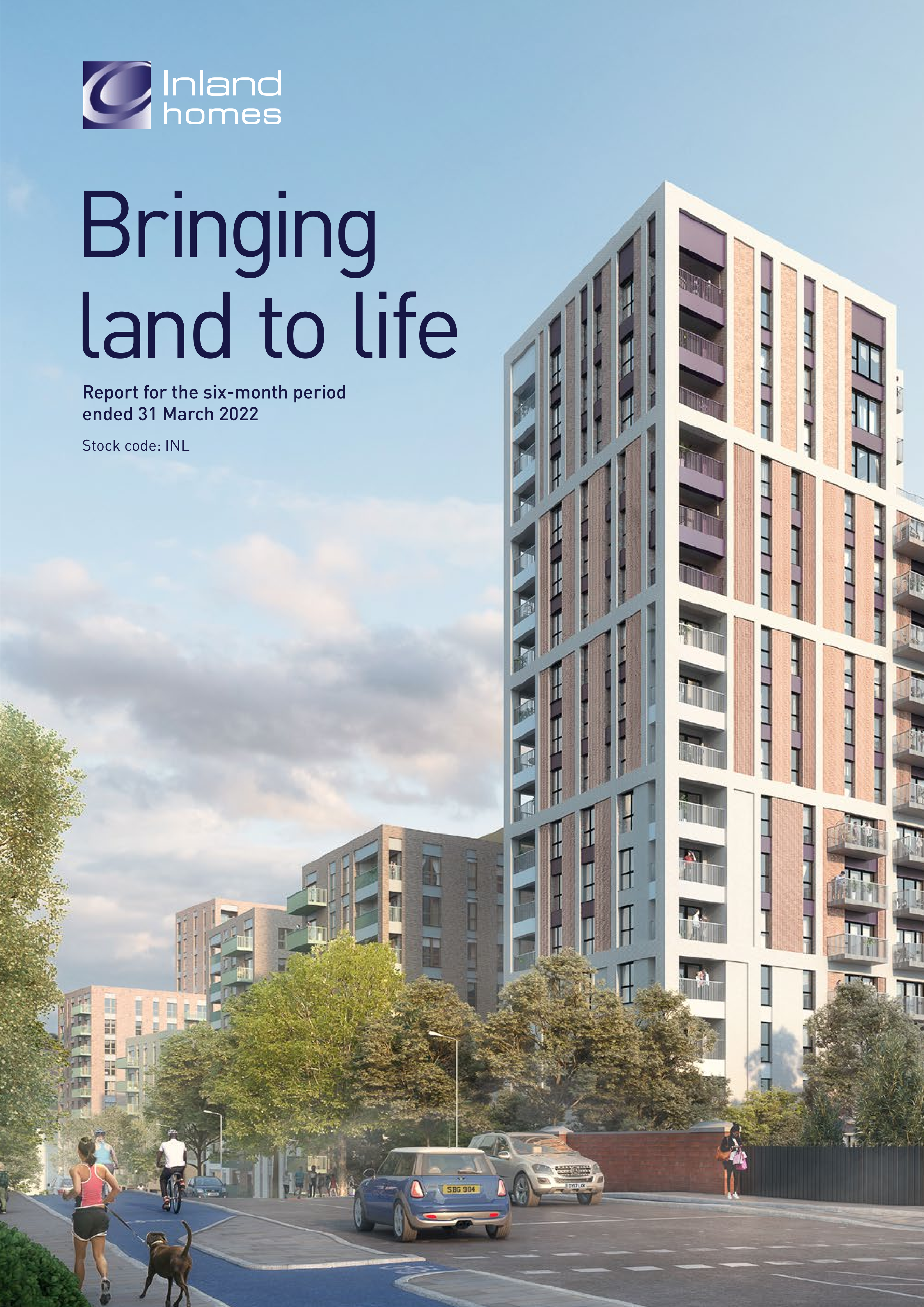

# Bringing land to life

Incorporated in the UK in 2005, Inland Homes plc is an AIM-listed specialist housebuilder and brownfield developer, dedicated to achieving excellence in sustainability and design.

Inland Homes acquires brownfield land in the South and South East of England principally for residentially led development schemes. The business then enhances the land value by obtaining planning permission, before building open market and affordable homes or selling surplus consented land to other developers to generate cash.

Inland Homes has a proud history of brownfield site regeneration, creating new homes which leave a positive legacy for future generations. The Group is committed to extensive public and community consultation in order to ensure that, where possible, local community needs and objectives are met.

Inland's aim is to create sustainable communities and homes which set a benchmark for all future developments in the South and South East of England, where there is sustained demand for additional housing which outstrips the available supply. The Company is always looking for brownfield sites without planning permission for future development.

## Key financials

£80.5m
Revenue
(30 September 2021: £181.7m; 31 March 2021: £78.0m)

£96.2m
Net debt
(30 September 2021: £118.1m; 31 March 2021: £132.9m)

£27.5m
Cash balances
(30 September 2021: £12.1m; 31 March 2021: £28.0m)

55.1%
Net gearing
(30 September 2021: 64.5%; 31 March 2021: 79.1%)

£236.7m
EPRA net tangible assets
(30 September 2021: £246.4m; 31 March 2021: £222.0m)

103.60p
EPRA net tangible assets per ordinary share
(30 September 2021: 107.84p; 31 March 2021: 97.29p)

£8.2m
Loss before taxation
(31 March 2021: £5.8m)

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# Chairman's statement

“... the demand for prime land in the South and South East, where the Group operates, remains strong. The Group's high-quality land portfolio means that Inland Homes is well positioned to optimise returns through targeted land sales.”

Simon Bennett
Chairman

## Introduction

Inland Homes is committed to ensuring that the new homes it builds leave a lasting legacy. The Group designs and builds new homes that are targeted at the first-time buyer and first-time mover market. The Group's credentials as a high-quality housebuilder are evidenced by the number of Inland Homes' award-winning developments. The underlying housing market has been strong and the Group finished the last financial year strongly, as demand for the new homes it builds remained vibrant. The Group generates income from multiple sources and in this financial period the land trading and asset management divisions continued to perform well.

The Group's primary objective continues to be to make progress in reducing the Group's net debt. I am therefore pleased to report that as at 31 March 2022, net debt stood at £96.2m (30 September 2021: £118.1m; 31 March 2021: £132.9m), a reduction of 19% since the last financial year end.

The key metric in measuring the value of the Group continues to be the EPRA net tangible asset (EPRA NTA) value per ordinary share. Largely as a result of the losses recorded in the first half of this financial year, the EPRA NTA per ordinary share has decreased to 103.60p (30 September 2021: 107.84p; 31 March 2021: 97.29p).

## Financial and operational

### Reduction of net debt

The key strategic priority for the Group is the reduction in net debt. This has gone hand in hand with successfully extending the maturity of the Group's debt facilities and reprofiling its existing debt on more favourable terms.

Net gearing as at 31 March 2022 had been significantly reduced to 55.1% (30 September 2021: 64.5%; 31 March 2021: 79.1%). In addition, as at 31 March 2022 the Group had further undrawn loan facilities of £33.3m (30 September 2021: £33.9m; 31 March 2021: £39.2m).

## Land bank

At the heart of Inland Homes' business is its valuable land bank. The Group specialises in finding brownfield sites, obtaining the relevant planning consent, remediating the land where necessary, installing the infrastructure and then either developing the consented sites or selling them to other housebuilders. The Group looks to derive a balanced return from its land bank. Short and medium-term returns are achieved from the sale of plots with planning consent or the sale of whole consented sites, with partnership housing contracts to housing associations and Build to Rent (BtR) investors. Longer-term returns are derived from the Group's strategic land bank, where plots are controlled by way of options which are usually at a discount to their open market value.

The land market in the areas where the Group operates continues to be strong. The Group's land and asset management segments both performed well during this financial period. The Group achieved revenue of £16.4m (30 September 2021: £21.9m; 31 March 2021: £0.6m) from land sales during the first six months of the financial year and this part of the business made a profit before tax of £3.6m (30 September 2021: £1.1m; 31 March 2021: loss £2.1m).

In November 2021, Inland Homes sold the last phase of its successful Carters Quay development in Poole to the local council by way of a partnership contract. This development is a good example of the Group's business model. Originally, Inland Homes acquired a brownfield site which was formerly a tile factory. Working with the local council on a long-term basis to create much needed new homes and commercial space, three phases have been successfully developed, providing 165 new homes. The Group sold the final phase, comprising 161 new homes and commercial space, for £43.5m, of which an advance payment of £8.25m has been received. The construction contract to build these further new homes will be completed over the next three years.

The other key disposal during the period was a sale of a further phase at the Group's development at Gardiners Park Village in Basildon, for a consideration of £9.5m. The scheme is being delivered in conjunction with Homes England, with Inland Homes acting as the masterplan developer.

The Group achieved a resolution to grant planning permission on this site in April 2021 for a residentially led, mixed use scheme for up to 700 new homes and 25,000sqm of commercial space.

In March 2022, our joint venture at Cheshunt Lakeside, Cheshunt secured the sale of 205 plots within Phase 1B to the leading BtR operator, London BTR Investments (London BTR). Planning consent for a new urban village at Cheshunt Lakeside was achieved in 2019, with approval granted for 1,725 new homes, as well as significant commercial space and associated infrastructure. The sale of Phase 1B includes a build contract for the delivery of the 205 private homes and the combined land and build value is £56.4m. This is the Group's second contract with London BTR, following commencement of construction of 355 private homes at the former Homebase store in Walthamstow.

The Group now has 1,031 new homes under construction on behalf of its partners.

The estimated gross development value (GDV) of the Group's land portfolio is approximately £2.8bn (30 September 2021: £3.0bn; 31 March 2021: £3.2bn).

This portfolio comprises 9,161 plots (30 September 2021: 10,055 plots; 31 March 2021: 10,573 plots), with sites located across the South and South East of England where demand for new homes continues to be strong. Of these plots, 3,336 have planning permission (30 September 2021: 3,689 plots; 31 March 2021: 2,886 plots).

### Major planning permissions

The Group has a proud record of securing planning permission on its portfolio of sites. Inland Homes' land and planning teams are highly skilled and have the experience, expertise and tenacity needed to progress these sites through the planning system.

In October 2021, having worked closely with the local authority in developing its plans for the site, we were delighted to announce the receipt of planning permission, subject to the signing of a Section 106 agreement, for a residentially led, mixed-use scheme of 380 homes plus 930sqm of flexible commercial space at Dagenham Dock, Dagenham. This development will provide a new gateway to the area and will act as a catalyst for the regeneration of South Dagenham.

Major planning permissions have also been secured at the Group's developments at the old Telephone Exchange at Staines and Thames Road, Barking. We were also delighted to receive confirmation in January 2022 that the High Court had quashed the appeal made by the local council to seek a judicial review of the Mayor of London's decision to approve plans for the Group's Master Brewer site in Hillingdon. Further details on these sites are set out below.

## The strategic land portfolio

In recent years the Group has been focused on growing its strategic land portfolio and nearly one third of its land bank is now strategic. Land within the strategic portfolio is usually held by way of an option, usually at a discount to open market value, which therefore requires a lower capital investment.

During the period under review, within the strategic land portfolio, a resolution to grant planning permission was achieved for 50 residential plots at the Group's site in Glynswood, High Wycombe. Additionally, a site controlled by the Group in Datchet has received an allocation for 80 residential plots, following promotion through the local plan process.

Inland Homes also expects to submit planning applications for approximately 375 residential plots across four strategic sites in West Sussex, Buckinghamshire and Hertfordshire by the end of this financial year.

## Asset management

The asset management activities of the Group benefits Inland Homes in a number of different ways: it optimises the planning expertise within the Group, it significantly reduces the capital investment required and it enables the Group to earn management fees as the various defined performance obligations are met. The capital required for these projects is sourced from external investors, who earn a priority return on the capital they have invested, typically at a fixed coupon rate. The principal risk to the Group on these projects is delays to the anticipated timetable to achieve all the performance obligations. Typically with these transactions, any debt incurred is generally non-recourse to the Group.

The Group currently has five projects within this area of the business which, when combined, have the potential to deliver approximately 2,600 new homes. This division performed well during the period under review, with revenues of £7.8m (30 September 2021: £27.8m; 31 March 2021: £8.9m) and a pre-tax profit of £1.8m (30 September 2021: £21.6m; 31 March 2021: £1.8m).

The largest of these projects is the Group's development at its 36-acre site at Cavalry Barracks in Hounslow. The site is one of the largest brownfield sites in London with an estimated gross development value of £600m. We anticipate decisions on our planning applications for 1,525 homes at Cavalry Barracks in Hounslow and a second scheme in Barking for 233 new homes before the end of the calendar year.

In January 2022, the High Court quashed the appeal made by the local council to seek a judicial review of the Mayor of London's decision to approve plans for 514 much needed new homes on the Group's Master Brewer site in Hillingdon. The Group's plans for the site will transform a derelict former commercial site creating a residentially led, mixed-use neighbourhood, with a network of pedestrianised areas, landscaped public squares and extensive green spaces. The Group continues to evaluate the options for this site.

Also included within fees generated are those earned from the sale of the former Telephone Exchange in Staines to a private housebuilder, following the granting of planning consent for 206 new homes on this site in January 2022. The Group has also secured planning permission for a residentially led, mixed-use scheme of 131 new homes and 2,000sqm of commercial space at its site in Thames Road, Barking.

## Partnership housing contract income

The Group continues to see increasing demand from affordable housing providers and BtR operators for partnership housing projects. Our partners recognise Inland Homes' ability to add value across all stages of these projects. One of the advantages of Inland Homes' flexible business model is that it allows the Group to book a profit on the land it sells and to make returns and generate cashflow from the resulting build contract over the medium term.

As at 31 March 2022, revenue from partnership housing contract income amounted to £33.5m (30 September 2021: £60.3m; 31 March 2021: £28.5m). The number of partnership new homes under construction now amounts to 1,031 (30 September 2021: 1,257 new homes; 31 March 2021: 946 new homes), with a forward order book of £201.1m (30 September 2021: £164.7m; 31 March 2021: £139.9m).

Contracts won include the final phase of the Carters Quay development in Poole from the local council and Phase 1B Cheshunt Lakeside, Cheshunt from a leading BtR operator, as referred to above.

The margins in the partnership housing contract income and the housebuilding division have not been satisfactory for some time. As a result, the Board commissioned an independent review of all projects under construction to identify areas for improvement. A number of recommendations were made and the Group has commenced changes in processes and controls to drive greater cost control.

Regrettably, results during the period have been adversely impacted and an additional £4.0m of expected costs to complete has been provided for on one of the Group's partnership housing contracts. Notwithstanding the loss incurred for the first six months of the financial year, based on management's current expectations regarding the timing of planning applications and the completion of planned land sales, the financial outlook for the Group for the financial year remains unchanged.

On 6 May 2022, the Group was informed by DCB (Kent) Limited (DCB), the main subcontractor for our development in Alperton known as Afrex House, that they were being placed into administration. The Group has a full parent company guarantee from Kinovo PLC (Kinovo), who is currently establishing the impact of the administration of DCB. Kinovo has reported that it remains in discussions with the joint administrators of DCB in relation to the construction projects of DCB that are subject to parent company guarantees from Kinovo. The Group currently expects that the performance of DCB's obligations will be met in full by Kinovo and accordingly, no additional financial provision has been made in these accounts to cover DCB's lack of performance.

It is also recognised, and in common with the wider industry, that there are increased build costs due to cost inflation pressures and supply chain challenges in the broader marketplace. These will continue to put pressure on partnership contract margins in the second half of the financial year and the following year. The Group updated its Principal Risks in 2021 to include supply chain and labour market pressures and the work to establish effective mitigation strategies to prevent this risk impacting on our delivery programme is ongoing and is being closely monitored by the Governance and Risk Committee on behalf of the Board.

### Private housebuilding

In the light of hybrid working practices and preference for this choice of accommodation, together with rising interest rates, the stricter lending criteria for mortgage lenders and its likely impact on the Group's target market, the Group took the strategic decision to focus its operations on building new houses rather than apartments for open market sales. As a result of these factors and as a natural consequence of where the Group's projects are in their life cycle, revenue from housebuilding sales was lower at £21.9m than for the comparative period (30 September 2021: £69.9m; 31 March 2021: £39.0m).

During the period, excluding joint ventures, sales of new homes were recorded at Meridian Waterside in Southampton, Exclusive House in Maidenhead and The Wessex in Bournemouth, with homes at our latest development, Templar Green in Cressing released to market in early 2022. The Group sold, excluding joint ventures, 81 new homes during the first six months of the financial year (30 September 2021: 216; 31 March 2021: 101) and currently has 267 new homes under construction for private sale (30 September 2021: 290; 31 March 2021: 305).

The average selling price of the homes sold was £263,000 (30 September 2021: £262,000; 31 March 2020: £254,000), with 44.8% of buyers making use of the Help to Buy scheme (31 March 2021: 51.5%). The Group's net reservation rate per active sales outlet was 0.81 unit (31 March 2021: 0.68 unit). The Group has applied to join the Deposit Unlock Scheme, which will effectively replace the government's Help to Buy initiative, to assist with future sales programmes.

## Group results

### Income statement

Revenue for the six months increased marginally compared to the comparative period last year at £80.5m (30 September 2021: £181.7m; 31 March 2021: £78.0m). Of this revenue, £16.4m was generated from land sales, £7.8m from asset management fees, £33.5m from partnership housing contract income and £21.9m from private housebuilding.

The change in the revenue generated from each of the income streams reflects the strength of Inland's flexible business model, highlighting how activity can be refocused in response to changes in market opportunities and business need. As noted above, in the current market, Inland's high quality land assets are in strong demand and we plan to take advantage of this in the second half of the Group's financial year through targeted land sales.

With the Group's commitment to reducing overall net debt, prioritising the capital-light asset management activity – where fees are recognised once the Group achieves the milestones set out in each individual contract - also makes commercial sense.

The Group's gross profit margins on its contract income and housebuilding continue to be unsatisfactory. Whilst tightened commercial review procedures are being embedded within the business, an isolated subcontractor issue at one contract income site has resulted in a gross loss of £6.3m in this division.

As a result, the Group reports an overall loss before tax of £8.2m (31 March 2021: £5.8m loss before tax). The basic loss per share for the six months ended 31 March 2022 increased to 3.68p (31 March 2021: 2.50p).

### Cash and net debt

It is extremely pleasing to be able to report that the Group delivered on its year-end target of reducing net debt to below £100m within the first six months of the reporting period. As at 31 March 2022, net debt was £96.2m, a 19% reduction since 30 September 2021. Cash balances have been maintained at £27.5m (30 September 2021: £12.1m; 31 March 2021: £28.0m).

In parallel with lowering overall net debt, the Group has been focused on reprofiling its existing debt on more favourable terms. This includes the refinancing in December 2021, through our joint venture Cheshunt Lakeside Developments Ltd (CLDL), of facilities at Cheshunt Lakeside, Cheshunt. CLDL has procured a mezzanine loan facility of £14.25m with Homes England on considerably more favourable terms than the previous facility, together with a £7.4m infrastructure facility and an additional interest and fees roll-up facility of £2.85m. The facility is available to 21 March 2024, with repayment due by 31 December 2026.

CLDL has also increased the existing facility with Paragon Development Finance (Paragon) by £1.75m, with repayment due by 30 June 2023.

The refinancing with Homes England will reduce CLDL's funding costs significantly. Further savings will be achieved on repayment in full of the Paragon facility, when the margin charged by Homes England will reduce significantly.

### Net assets and EPRA NTA

Net assets at 31 March 2022 have increased to £174.6m (31 March 2021: £168.0m) when compared with last year, but decreased against the prior year end (30 September 2021: £183.0m) principally due to the trading loss recorded in the period under review. The undiluted EPRA NTA per share at 31 March 2022 was 103.60p (30 September 2021: 107.84p per share; 31 March 2021: 97.29p per share). The principal reason for the reduction was as a result of the losses recorded in the first half of this financial year.

### Non-current assets

The Group's investment properties principally comprise the existing residential properties at Wilton Park, the portfolio of affordable housing operated under our Rosewood brand name and apartments in our development at Meridian, Southampton. At 31 March 2022, these showed an increase to £36.6m (30 September 2021: £36.0m).

Other receivables of £36.7m (30 September 2021: £36.3m) include £22.6m of deferred consideration due on the sale of our 50% interest in the company that owns the site at Cheshunt, which will be repaid as the development progresses out of dividends distributed by the joint venture.

Inventories reduced significantly over the period and as at 31 March 2022 were £135.9m (30 September 2021: £163.9m), reflecting the slight reduction in the land bank, the sale of residential homes and the planned reduction of apartments for private sale. Trade and other receivables decreased to £81.9m (30 September 2021: £116.9m), principally as a result of the timing of receipts from contract income and asset management contracts.

### Assets held for sale

The assets held for sale at 31 March 2022 amounted to £1.5m (30 September 2021: £1.4m) and principally represent some of the existing residential properties at Wilton Park, which are being refurbished for sale.

### Other financial liabilities

Other financial liabilities at 31 March 2022 of £5.9m (30 September 2021: £16.0m) reflects purchase consideration on inventories.

### Dividends

One of the key strategic aims of the Group is the reduction of net gearing and the Board will look to resume the payment of dividends as soon as possible.

### Board change

There were no changes to the Board during the reporting period. On 5 April 2022, Group Managing Director Gary Skinner's employment with the Group was terminated with immediate effect and he has accordingly stepped down from the Board.

The Board remains committed to upholding the good governance principles as set out in the Quoted Companies Alliance (QCA) Corporate Governance Code.

### Environmental, Social and Governance (ESG)

The Group's ESG framework continues to evolve. Inland Homes is committed to embed sustainability within all areas of the Group's operations. The Board provides oversight through the Risk and Governance Committee and at an operational level, a number of working groups have been established to ensure that the ESG strategy is delivered across the Group.

The views of our stakeholders are of utmost importance in defining our key priorities and targets. With this in mind, the Group is carrying out a materiality assessment, the results from which will be used to develop the full ESG strategy.

### Cladding and fire safety

Inland Homes is a signatory to the Department for Levelling Up, Housing and Communities Developer Pledge which sets out the industry's commitments to removing cladding and remediating fire safety issues in buildings over 11 metres. We are assessing what, if any, works are required in line with the commitments made within the Pledge and a further update will be provided.

## Engaging with our stakeholders

Engagement with our stakeholders is a critical part of the Board's agenda and the Board takes into account the views of its stakeholders when setting the agenda for Inland Homes. In March 2022, Inland Homes held its Annual General Meeting and I particularly enjoyed the opportunity to meet with shareholders on a face-to-face basis.

## Going concern

During what is a period of geopolitical and economic uncertainty principally due to the ongoing conflict in Ukraine, the Board is also mindful that no one can forecast exactly how changing macroeconomic circumstances post the COVID-19 pandemic will play out and how this may affect the Group, industry and the wider economy for the foreseeable future. In particular, future changes to government policy relating to the housing market could have implications for the Group as it would for many other businesses. Such a situation would require the Board to re-examine the Group's financial position at the time and if necessary, report any significant adverse changes.

At the time of approving the Interim Report and after making appropriate enquiries, the Directors consider that the Group has adequate resources to continue in operational existence for the foreseeable future. The Directors have performed a detailed sensitivity analysis to test the Group's liquidity and forecast banking covenants based on several scenarios. The Directors have also considered a severe, but plausible downside scenario. Under this scenario, the Group may have to consider using capital markets to raise additional debt or equity to generate additional liquidity for the Group to meet its obligations as they contractually fall due. The Directors therefore consider it appropriate to prepare the financial statements on the going concern basis.

## Outlook

Much has changed with regard to the economic outlook in the UK. With rising inflation and interest rates and the likelihood of a recession strengthening, predicting the future has become challenging. There is little doubt that the UK housebuilding industry in general will face some headwinds in the short term. That said, the demand for prime land in the South and South East, where the Group operates, remains strong. The Group's high-quality land portfolio means that Inland Homes is well positioned to optimise returns through targeted land sales.

Building on what has been delivered in the first half of the Group's financial year, the focus for the second half continues to be the reduction in the Group's net debt. The progress being made on this front is pleasing to see and I would like to take this opportunity to thank all staff within the Group for their continued support and commitment to the business over the period.

Notwithstanding the loss incurred for the first six months of the financial year, based on management's current expectations regarding the timing of planning applications and the completion of planned land sales, the financial outlook for the Group for the financial year remains unchanged.

# Our principal risks

### Principal risks and uncertainties

The Group's going concern assessment considers its principal risks which were previously set out in the 'Our Principal Risks' section within its Annual Report for the year ended 30 September 2021. The Group updated its Principal Risks in 2021 to include supply chain and labour market pressures. The work to establish effective mitigation strategies to prevent this risk impacting on our delivery programme is ongoing and is being closely monitored by the Governance and Risk Committee on behalf of the Board.

Below are the principal risks as at 31 March 2022.

| Risk | Description | Consequences of risk | Existing mitigations and internal controls | Rating | Change since last year |
|---|---|---|---|---|---|
| A<br>**A major incident impacts the UK** | A major incident or event, such as the COVID-19 pandemic, could lead to national restrictions which have a material impact on the Group | • Significantly reduced revenue or no revenue for a period of time<br>• Severe impact on cash flow<br>• Difficulties in meeting the Group's liabilities<br>• Danger of breaching banking covenants<br>• Significant impact on staff welfare, health and well-being | • Balanced business model with private housebuilding and contracting activities complementing each other and its land trading business<br>• The Group's response to the unforeseen pandemic has resulted in many operational changes to help mitigate the impacts of potential future outbreaks, such as ensuring IT capabilities to accommodate efficient home working<br>• Maintaining sufficient headroom within existing borrowing facilities | High | → |
| B<br>**Adverse economic conditions** | A decline in macro-economic 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 | • 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:<br>  • higher unemployment or fear of unemployment<br>  • ongoing economic uncertainty<br>  • weak real wage growth and reduced disposable income<br>  • rising interest rates<br>  • growing inflation<br>  • restriction in the availability of mortgages<br>  • business uncertainty due to policy changes<br>  • downward land and investment property portfolio valuation | • Economic environment considered before committing to significant transactions or events, such as land purchases and sales launches<br>• Control over land acquisitions<br>• Refined strategic priorities to maximise market opportunities<br>• Sound financial forecasting and scenario planning | High | → |

↑ Increased → No change N New risk

# Our principal risks CONTINUED

| Risk | Description | Consequences of risk | Existing mitigations and internal controls | Rating | Change since last year |
|---|---|---|---|---|---|
| C<br>**Adverse Government policy and planning regulations** | Potential changes in Government policy and its local implementation, such as changes to the planning system, the tax regime, housing, environmental or building regulations, or amendment of the Help to Buy scheme | • Risk of delay or refused planning decisions<br>• Uncertainty around design solutions<br>• Programmes and commencements on site disrupted<br>• Increased costs due to excessive planning conditions (CIL and Section 106), increasing environmental and other taxes<br>• Increased costs due to more challenging sustainability targets and fire and safety regulations<br>• Adverse effect on revenues, margins and asset values<br>• Failure to comply with the requisite laws or regulations may lead the Group to be fined and suffer reputational damage<br>• Reduction in sales resulting from changes to the Help to Buy scheme | • Considerable in-house technical and planning expertise available to address the prevailing regulations<br>• Relationships maintained with local authorities, planning officers and local communities to better understand underlying policy and planning prospects<br>• Regularly review prospects of the strategic land portfolio, with processes and appraisals in place to minimise disruption<br>• Focus on acquiring development sites already allocated for development<br>• Potential impact of changes in regulations are communicated throughout the relevant departments<br>• Ensuring a greater proportion of future product is within the price range of the revised Help to Buy scheme, extended until spring 2023 | High | Increased |
| D<br>**Climate-related risk** | Climate-related risks are continually evolving. In the short term, the risks are focused on meeting regulation reporting requirements and customer and shareholder expectations in our approach to sustainability. In the medium to long term, the Group must adapt to the new ways of working and changes to the climate in which we operate. | • Reputational damage as a result of failure to meet Environmental, Social and Governance targets leading to inability to secure finance or increased finance costs<br>• Increased costs resulting from implementation of new technologies and methods of construction<br>• Reduced supply availability as a result of changes in climate patterns<br>• Disruption to build as a result of extreme weather events | • Established a number of cross-departmental working parties to oversee the business response to climate risk which feed into the newly formed Governance and Risk Committee<br>• Additional resource allocated within the business to develop our approach to meeting carbon net zero targets<br>• Review of Future Homes Standard to adapt and plan for compliance<br>• Engaged external consultant to assist the Group in understanding the regulatory and legislative requirements, and help us develop our approach to meeting these | Medium/ High | No change |

Increased No change N New risk

| Risk | Description | Consequences of risk | Existing mitigations and internal controls | Rating | Change since last year |
|---|---|---|---|---|---|
| E **Inability to source and develop suitable land at the appropriate cost and quality** | An inadequate supply of suitable land in the right location, or the inability to convert the unconsented land portfolio into viable consented sites, may frustrate the Group's growth | • Portfolio depletion – fewer longer-term sites to replenish the portfolio at good margins<br>• Impact to in-house construction arm/self-build function | • All potential land acquisitions are subject to a robust appraisal process to ensure viability<br>• Highly experienced Land and Planning teams employed with strong track record of securing sites and planning consents<br>• Targeted approach to land acquisitions through dedicated Land team<br>• Local insight and established relationships with agents and vendors give us a competitive edge<br>• Focus on optimising our existing land bank | Low | → |
| F **Access to site labour and materials** | Shortage of materials and skilled labour leads to increased costs and delays in construction | • Costs may increase beyond budget impacting on profitability<br>• Failure of a key supplier as a result of increased costs and ongoing economic uncertainty<br>• Reduction in build quality as a result of lack of skilled labour and certain build materials | • Identification and rationalisation of key supply chain partners<br>• Strong relationships developed with key partners which has improved service delivery and cost management<br>• Fixed price agreements in place with suppliers and subcontractors<br>• Key supplier audit programme to assess risks to the reliability of supply continuity<br>• Ongoing communication with suppliers to ring-fence stock and mitigate against lengthy material delays | High | → |

# Our principal risks CONTINUED

| Risk | Description | Consequences of risk | Existing mitigations and internal controls | Rating | Change since last year |
|---|---|---|---|---|---|
| G<br>**Failure to effectively manage major projects to industry standard margins** | Unforeseen operational delays caused by disputes with third parties, underestimating project costs, adverse weather conditions or lack of project oversight could lead to delay, increased costs or termination of a project | • Increased costs and reduced margins<br>• Reduced quality of product<br>• Health and safety issues<br>• Reputational damage | • Sites are monitored as a portfolio by the Board before any major acquisitions are made or major construction contracts are entered into<br>• 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<br>• Checks in place to ensure personnel adhere to internal controls<br>• Regular management and project team monitoring<br>• Ensuring appropriate insurance is in place<br>• Dedicated COVID-19 resource to monitor on site compliance | Medium/ High | → |
| H<br>**Health and safety** | A deterioration in the Group's health and safety measures, including future COVID-19 spikes of variants, put people at risk | • Immediate personal injury or damage to property<br>• Reputational damage<br>• Prosecution/ imprisonment/ significant fines<br>• Remediation or legal costs<br>• Programme delays and inability to reach forecast figures/market expectation | • Strong safety culture driven by Directors and senior staff<br>• Experienced health and safety professionals provide advice and support, monitor culture and undertake regular reviews<br>• Health and safety workshops for all staff<br>• Monitoring of COVID-19 situation nationally | Medium/ High | → |

↑ Increased → No change N New risk

| Risk | Description | Consequences of risk | Existing mitigations and internal controls | Rating | Change since last year |
|---|---|---|---|---|---|
| I **People** | Inability to attract and retain high-calibre employees at all levels | • Inability to meet strategic objectives<br>• Pressured workloads where teams are under-resourced<br>• Over reliance on consultants and agency staff<br>• Inefficiencies and delays to operations resulting in increased costs could adversely affect the Group's financial results and prospects | • Remuneration packages are regularly benchmarked against industry standards to ensure competitiveness<br>• Dedicated HR team which monitors pay structures and market trends<br>• Providing quality training and professional development opportunities, including through our graduate and apprenticeship programmes<br>• Development of preferred supplier list of specialist recruitment firms<br>• Implementation of People Plan and associated measurement of KPIs to ensure we have the support systems, policies and practices in place to attract and retain the right people | Medium | |
| J **Solvency and liquidity** | Difficulty in procuring borrowing facilities at competitive rates and insufficient cash headroom | • Liquidity crisis and inability to meet ongoing operational costs and other commitments<br>• Danger of breaching banking covenants<br>• Lack of development funding limits our ability to be agile in response to changes in the economic environment and to future development opportunities | • Regular review at Board level of detailed cash flow forecasts which are subject to sensitivity analysis<br>• Strong relationships with financial institutions through regular engagement<br>• Monitoring our current facilities to ensure sufficient headroom to allow us to take advantage of land opportunities<br>• Realising sales where capital can be better deployed elsewhere | High | |
| K **Cyber and business continuity** | Cyber security risks such as data breaches, hacking and failure of the Group's IT security systems | • Financial penalties and sanctions<br>• Reputational damage<br>• Loss of personal and/or business information<br>• Outage of IT systems leading to operational disruption<br>• Phishing attacks and ransom demands<br>• Fraud leading to financial loss | • Group has a fully tested disaster recovery system that is tested regularly by a third-party supplier<br>• Deep-dive review by a third-party security specialist<br>• Boundary firewall at each location<br>• Email encryption and two-factor authentication in place<br>• Anti-virus software on all devices | Medium | |

# Group statement of comprehensive income

for the six-month period ended 31 March 2022

| Continuing operations | Note | Six-month period ended 31 March 2022 £m | Six-month period ended 31 March 2021 £m | Year ended 30 September 2021 £m |
|---|---|---|---|---|
| Revenue | 6 | **80.5** | 78.0 | 181.7 |
| Cost of sales | 7 | **(75.9)** | (74.5) | (148.0) |
| Expected credit loss | 19 | **(0.5)** | – | (1.7) |
| **Gross profit** | | **4.1** | **3.5** | **32.0** |
| Administrative expenses | 7 | **(5.3)** | (4.1) | (7.5) |
| Share of loss of joint ventures | 16 | **(3.3)** | (0.6) | (1.9) |
| Share of profit/(loss) of associate | 17 | **0.3** | (0.1) | (0.1) |
| Revaluation of assets held for sale | 20 | **–** | (1.0) | (1.2) |
| Loss on sale of assets held for sale | 20 | **–** | – | (0.8) |
| Loss on sale of property, plant and equipment | 12 | **(0.1)** | – | (0.1) |
| Revaluation of investment property | 11 | **–** | – | 0.6 |
| **Operating (loss)/profit** | | **(4.3)** | **(2.3)** | **21.0** |
| Finance cost – interest expense | 8 | **(4.5)** | (4.8) | (9.3) |
| Finance income – interest receivable and similar income | 9 | **0.6** | 1.3 | 1.5 |
| **(Loss)/profit before tax** | | **(8.2)** | **(5.8)** | **13.2** |
| Current tax credit/(charge) | | **–** | 0.2 | (4.3) |
| Deferred tax charge | | **–** | – | 0.7 |
| **Total (loss)/profit for the period/year** | | **(8.2)** | **(5.6)** | **9.6** |
| Revaluation of quoted investments | 15 | **(0.2)** | (0.1) | – |
| **Total (loss)/profit and comprehensive (loss)/income for the period/year** | | **(8.4)** | **(5.7)** | **9.6** |
| | | | | |
| **(Loss)/earnings per share for the (loss)/profit attributable to the equity holders of the Group during the period** | | | | |
| – basic | | **(3.68)p** | (2.50)p | 4.21p |
| – diluted | | **(3.61)p** | (2.46)p | 4.13p |

The accompanying notes form an integral part of this half-year report.

# Group statement of financial position

at 31 March 2022

| | Note | **Six-month period ended 31 March 2022 £m** | Year ended 30 September 2021 £m |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-current assets** | | | |
| Investment properties | 11 | **36.6** | 36.0 |
| Property, plant and equipment | 12 | **4.5** | 4.8 |
| Right-of-use assets | 13 | **0.8** | 0.9 |
| Intangible assets | 14 | **0.1** | 0.1 |
| Investments in quoted companies | 15 | **0.3** | 0.5 |
| Investment in joint ventures | 16 | **0.9** | 4.2 |
| Amounts due from joint ventures | 16 | **33.9** | 32.7 |
| Investment in associate | 17 | **1.3** | 1.0 |
| Other receivables | 19 | **36.7** | 36.3 |
| **Total non-current assets** | | **115.1** | 116.5 |
| **Current assets** | | | |
| Inventories | 18 | **135.9** | 163.9 |
| Trade and other receivables | 19 | **81.9** | 116.9 |
| Assets held for sale | 20 | **1.5** | 1.4 |
| Amounts due from associate | 17 | **3.2** | 3.1 |
| Amounts due from joint ventures | 16 | **4.2** | 3.9 |
| Cash and cash equivalents | 21 | **27.5** | 12.1 |
| **Total current assets** | | **254.2** | 301.3 |
| **Total assets** | | **369.3** | 417.8 |
| **LIABILITIES** | | | |
| **Current liabilities** | | | |
| Bank loans and overdrafts | 22 | **(32.9)** | (30.7) |
| Other loans | 22 | **(15.4)** | (22.3) |
| Trade and other payables | 23 | **(42.0)** | (84.5) |
| Deferred income | 26 | **(16.9)** | (5.5) |
| Lease liabilities | 24 | **(0.3)** | (0.3) |
| Corporation tax | | **(4.3)** | (4.3) |
| Other financial liabilities | 25 | **(4.1)** | (12.4) |
| **Total current liabilities** | | **(115.9)** | (160.0) |
| **Non-current liabilities** | | | |
| Bank loans | 22 | **(37.6)** | (37.6) |
| Other loans | 22 | **(4.9)** | – |
| Lease liabilities | 24 | **(0.5)** | (0.6) |
| Other financial liabilities | 25 | **(1.8)** | (3.6) |
| Zero Dividend Preference shares | 22 | **(32.9)** | (32.0) |
| Deferred tax | | **(1.1)** | (1.0) |
| **Total non-current liabilities** | | **(78.8)** | (74.8) |
| **Total liabilities** | | **(194.7)** | (234.8) |
| **Net current assets** | | **138.3** | 141.3 |
| **Net assets** | | **174.6** | 183.0 |
| | | | |
| **EQUITY** | | | |
| Share capital | 27 | **23.0** | 23.0 |
| Share premium account | 27 | **43.9** | 43.9 |
| Employee benefit trust | 27 | **(1.1)** | (1.1) |
| Special reserve | 27 | **1.1** | 1.1 |
| Retained earnings | 27 | **107.7** | 116.1 |
| **Total equity** | | **174.6** | 183.0 |

The accompanying notes form an integral part of this half-year report.

# Group statement of changes in equity

for the six-month period ended 31 March 2022

| | Share capital £m | Share premium £m | Employee Benefit Trust £m | Special reserve £m | Retained earnings £m | Total £m |
|---|---|---|---|---|---|---|
| **As at 30 September 2020 (audited)** | **22.8** | **43.7** | **(1.1)** | **1.1** | **106.5** | **173.0** |
| Total loss for the period | – | – | – | – | (5.6) | (5.6) |
| Other comprehensive loss | – | – | – | – | (0.1) | (0.1) |
| *Transactions with owners:* | | | | | | |
| Exercise of share options | 0.2 | 0.2 | – | – | – | 0.4 |
| **As at 31 March 2021 (unaudited)** | **23.0** | **43.9** | **(1.1)** | **1.1** | **100.8** | **167.7** |
| Total profit for the period | – | – | – | – | 15.2 | 15.2 |
| Other comprehensive loss | – | – | – | – | 0.1 | 0.1 |
| **As at 30 September 2021 (audited)** | **23.0** | **43.9** | **(1.1)** | **1.1** | **116.1** | **183.0** |
| Total loss for the period | – | – | – | – | (8.2) | (8.2) |
| Other comprehensive loss | – | – | – | – | (0.2) | (0.2) |
| **As at 31 March 2022 (unaudited)** | **23.0** | **43.9** | **(1.1)** | **1.1** | **107.7** | **174.6** |

The accompanying notes form an integral part of this half-year report.

# Group statement of cash flows

for the six-month period ended 31 March 2022

| Continuing operations | Note | **Six-month period ended 31 March 2022 £m** | Six-month period ended 31 March 2021 £m | Year ended 30 September 2021 £m |
|---|---|---|---|---|
| **Cash flow from operating activities** | | | | |
| (Loss)/profit for the period/year before tax | | **(8.2)** | (5.8) | 13.2 |
| Adjustments for: | | | | |
| – depreciation – property, plant and equipment | 12 | **0.2** | 0.4 | 0.8 |
| – depreciation – right-of-use assets | 13 | **0.1** | 0.2 | 0.3 |
| – amortisation | 14 | **–** | 0.1 | 0.1 |
| – revaluation of investment property | 11 | **–** | – | (0.6) |
| – revaluation of assets held for sale | 20 | **–** | 1.0 | 1.2 |
| – interest expense | 8 | **4.5** | 4.8 | 9.3 |
| – interest receivable and similar income | 9 | **(0.6)** | (1.3) | (1.5) |
| – loss on sale of property, plant and equipment | 12 | **0.1** | – | 0.1 |
| – loss on sale of assets held for sale | 20 | **–** | – | 0.8 |
| – share of loss of joint ventures | 16 | **3.3** | 0.6 | 1.9 |
| – share of (profit)/loss of associate | 17 | **(0.3)** | 0.1 | 0.1 |
| Corporation tax payments | | **–** | (1.8) | (3.1) |
| Changes in working capital: | | | | |
| – decrease in inventories | | **27.3** | 10.6 | 30.8 |
| – decrease/(increase) in trade and other receivables | | **25.8** | (12.6) | (50.8) |
| – (decrease)/increase in trade and other payables | | **(42.6)** | 3.8 | 50.6 |
| – increase/(decrease) in deferred income | | **11.4** | 4.1 | (6.6) |
| – (decrease)/increase in other financial liabilities | | **(10.1)** | 7.9 | 0.7 |
| – decrease in trading balance due to/from joint ventures | | **(1.5)** | – | – |
| **Net cash inflow from operating activities** | | **9.4** | **12.1** | **47.3** |
| **Cash flow from investing activities** | | | | |
| Purchase of property, plant and equipment | | **–** | (0.1) | (0.1) |
| Additions to assets held for sale | | **–** | (0.5) | (0.8) |
| Purchase of investment property | | **(0.3)** | (2.0) | (5.3) |
| Proceeds from sale of subsidiary | | **–** | – | 1.0 |
| Proceeds from sale of assets held for sale | | **–** | – | 6.4 |
| Proceeds from sale of investment property | | **0.3** | – | – |
| Purchase of controlling interest in joint venture | | **–** | – | (0.4) |
| Loans provided under management fee contracts | | **(0.8)** | – | (17.7) |
| Repayment of loans provided under management fee contracts | | **10.1** | – | – |
| Loans provided to joint ventures | | **–** | – | (4.1) |
| Loans provided to associate | | **–** | (0.1) | – |
| Amounts repaid by joint ventures | | **–** | 9.6 | 9.7 |
| Distribution of profit from joint venture | | **–** | – | 0.4 |
| **Net cash inflow from investing activities** | | **9.3** | **6.9** | **(10.9)** |
| **Cash flow from financing activities** | | | | |
| Interest paid | | **(3.4)** | (2.8) | (5.7) |
| Proceeds from borrowings and leasing liabilities | | **11.3** | 9.9 | – |
| Repayment of borrowings | | **(18.2)** | (21.0) | (53.5) |
| Repayment of lease liabilities | | **(0.1)** | (0.2) | (0.3) |
| New loans | | **7.1** | 7.0 | 20.4 |
| Repayment of loan from joint ventures | | **–** | 0.4 | (1.3) |
| Exercise of share options | | **–** | – | 0.4 |
| **Net cash outflow from financing activities** | | **(3.3)** | **(6.7)** | **(40.0)** |
| **Net increase/(decrease) in cash and cash equivalents** | | **15.4** | 12.3 | (3.6) |
| **Net cash and cash equivalents at beginning of period/year** | | **12.1** | 15.7 | 15.7 |
| **Net cash and cash equivalents at end of period/year** | | **27.5** | **28.0** | **12.1** |

The accompanying notes form an integral part of this half-year report.

# Notes to the half-year financial report

for the six-month period ended 31 March 2022

### 1. Nature of operations and general information

Inland Homes plc ("Inland Homes", "the Group" or "Company") registered number 05482990, the ultimate parent company, is a public limited company incorporated and domiciled in England and Wales. The Company's shares are quoted on AIM, a market operated by the London Stock Exchange. The Group's registered office is located at Burnham Yard, London End, Beaconsfield HP9 2JH.

The principal activities of Inland Homes are to acquire brownfield, mixed-use or residential land and to then seek achievement of planning consent for development. The Group also develops a number of plots for private sale and constructs partnership housing for registered providers. These activities are grouped into the following business segments:

- **Land sales**: The Group sells its own land assets, which have the benefit of planning permission, to third parties.
- **Asset management fees**: The Group engages as an asset manager to third-party landowners to provide land management and planning services.
- **Contract income**: The Group constructs private or affordable housing projects for a third-party landowner.
- **House building**: The Group constructs private or affordable housing units for sale to individuals or private investors.
- **Rental income**: The Group holds property assets for rental income purposes as cost mitigation in the short and medium term of site development.
- **Investment properties**: The Group holds property assets for rental income purposes for the long term.
- **Central support**: The Group's central support functions supporting all other segments.

At 31 March 2022, the Group, directly or indirectly, held interests in equity via holdings of ordinary shares of the following:

| Company name | Principal activity | Holding and voting rights |
|---|---|---|
| **Subsidiary undertakings** | | |
| Appletree Farm Cressing Limited | Real estate development | 100% |
| Aston Clinton Developments Limited | Real estate development | 100% |
| Basildon Developments Limited | Real estate development | 100% |
| Basildon United Football, Sports & Leisure Limited | Real estate development | 100% |
| Bucknalls Developments Limited | Real estate development | 100% |
| Bucks Developments Limited | Real estate development | 100% |
| Bulwark Properties Limited | Real estate development | 100% |
| Chapel Riverside Developments Limited | Real estate development | 100% |
| Dormant Company 04528421 Limited | Dormant company | 100% |
| Dormant Company 06758784 Limited | Dormant company | 100% |
| Dormant Company 06764423 Limited | Dormant company | 100% |
| Dormant Company 08631901 Limited | Dormant company | 100% |
| Dormant Company 08813334 Limited | Dormant company | 100% |
| Dormant Company 08944533 Limited | Dormant company | 100% |
| Dormant Company 09437864 Limited | Dormant company | 100% |
| Dormant Company 09685532 Limited | Dormant company | 100% |
| Dormant Company 09775087 Limited | Dormant company | 100% |
| Dormant Company 10651624 Limited | Dormant company | 100% |
| Dormant Company 11694060 Limited | Dormant company | 100% |
| Dormant Company 12369803 Limited | Dormant company | 100% |
| Dormant Company 12727169 Limited | Dormant company | 100% |
| Dormant Company 12812913 Limited | Dormant company | 100% |
| High Wycombe Developments No.2 Limited | Real estate development | 100% |
| Hitchin Properties Limited | Real estate development | 100% |
| Hugg Homes Limited | Letting or operating of real estate | 100% |
| Inland (STB) Limited | Provision of finance | 100% |
| Inland Commercial Limited | Real estate development | 100% |
| Inland Corporate Limited | Holding company | 100% |
| Inland Developments Limited | Real estate development | 100% |
| Inland Finance Limited | Real estate development | 100% |
| Inland Homes (Essex) Limited | Real estate development | 100% |
| Inland Homes 2013 Limited | Holding company | 100% |
| Inland Homes Developments Limited | Real estate development | 100% |
| Inland Lifestyle Limited | Real estate development | 100% |
| Inland Limited | Real estate development | 100% |

## 1. Nature of operations and general information continued

| Company name | Principal activity | Holding and voting rights |
|---|---|---|
| Inland Partnerships Limited | Real estate development | 100% |
| Inland Property Finance Limited | Provision of finance | 100% |
| Inland Property Limited | Real estate development | 100% |
| Inland Strategic Land Limited | Real estate development | 100% |
| Inland ZDP PLC | Provision of finance | 100% |
| Nevendon Sports Centre Limited | Real estate development | 100% |
| Poole Investments Limited | Real estate development | 100% |
| Rosewood Housing Limited | Real estate development | 100% |
| Wilton Park Developments Limited | Real estate development | 100% |
| **Interests in joint ventures** | | |
| Centre Square Commercial Limited | Letting or operating of real estate | 50% |
| Centre Square Lifestyle Limited | Letting or operating of real estate | 50% |
| Cheshunt Lakeside Developments Limited | Real estate development | 50% |
| Delamare Estate (Cheshunt) Limited | Real estate development | 50% |
| Emira Developments Limited | Real estate development | 50% |
| Europa Park LLP | Real estate development | 50% |
| Gardiners Park LLP | Real estate development | 50% |
| High Wycombe Developments Limited | Real estate development | 50% |
| **Interests in associate** | | |
| Troy Homes Limited | Real estate development | 25% |

Inland Homes 2013 Limited is the only direct subsidiary of the Company and all other are indirect holdings.

All of the above entities are incorporated and domiciled in England and Wales, and registered office of the Company, with the exception:

- Europa Park LLP and Gardiners Park LLP which are registered at Springfield Lodge, Colchester Road, Chelmsford, Essex CM2 5PW
- Troy Homes Limited which is registered at 5 Technology Park, Colindeep Lane, Colindale, London NW9 6BX
- Nevendon Sports Centre Limited which is registered at PO Box 10680, 18 Deeley Close, Watnall, Nottingham NG16 1FY

The joint ventures and associate listed above are accounted for using the equity method.

There are no restrictions on the ability of the Company or its subsidiaries to transfer cash or other assets to or from other entities in the Group.

### Additions of subsidiaries

During the six-month period ended 31 March 2022, the Group acquired Nevendon Sports Centre Limited and its joint venture, Cheshunt Lakeside Developments Limited, incorporated Emira Developments Limited.

## 1. Nature of operations and general information continued

### Investments in joint ventures

The Group holds the following interests in joint ventures:

- **Centre Square Commercial Limited:** In August 2020, High Wycombe Developments Limited incorporated this subsidiary to hold commercial property at a site in High Wycombe, Buckinghamshire for net rental income purposes and long-term capital gain. The results are consolidated by High Wycombe Developments Limited and are, therefore, included in these disclosures in Note 16.
- **Centre Square Lifestyle Limited:** In November 2019, High Wycombe Developments Limited incorporated this subsidiary to hold residential investment property at a site in High Wycombe, Buckinghamshire for net rental income purposes and long-term capital gain. The results are consolidated by High Wycombe Developments Limited and are, therefore, included in these disclosures in Note 16.
- **Cheshunt Lakeside Developments Limited, Delamare Estate (Cheshunt) Limited and Emira Developments Limited:** In April 2018, the Group entered into a joint venture whose purpose was to obtain planning permission and develop land at Cheshunt, Hertfordshire. Under the terms of the joint venture agreement, the Group has an obligation to fund 50% of the costs of the site and is entitled to receive 50% of the net returns and promote return by way of a performance payment.
- **Europa Park LLP:** In November 2016, the Group entered into a joint venture which acquired a site in Ipswich, Suffolk. The development completed in the six-month period ended 31 March 2021 and the entity exists to support the defects period of the completed development.
- **Gardiners Park LLP:** In November 2016, the Group entered a joint venture with Constable Homes Limited to develop a site in Basildon, Essex. The development completed in the six-month period ended 31 March 2021 and the entity exists to support the defects period of the completed development.
- **High Wycombe Developments Limited:** In December 2019, the Group entered into a joint venture to develop a site of private units in High Wycombe, Buckinghamshire. The development was completed in the year.

### Investments in associate

The Group holds an interest in Troy Homes Limited. In October 2015, the Group acquired 25% of Troy Homes Limited, a premium housebuilder, and is entitled to 25% of the net returns.

## 2. Basis of preparation

Neither the financial information for the six-month period to 31 March 2022 nor the six-month period to 31 March 2021 was subject to an audit.

The financial information set out in this half-yearly financial report does not constitute statutory accounts as defined in Sections 434(3) and 435(3) of the Companies Act 2006. The Group's statutory financial statements for the year ended 30 September 2021 have been filed with the Registrar of Companies and are available at www.inlandhomesplc.com. The Auditor's report on those financial statements was unqualified, did not draw attention to any matters by way of an emphasis of matter and did not contain any statement under Section 498 of the Companies Act 2006.

The financial information in these condensed consolidated financial statements is that of the holding company and all of its subsidiaries together with the Group's share of its joint ventures and associate. It has been prepared in accordance with International Accounting Standard (IAS) 34 Interim Financial Reporting and should be read in conjunction with the report and accounts for the year ended 30 September 2021, which have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and as issued by the International Accounting Standards Board.

The accounting policies adopted in this financial report are consistent with those adopted by the Group in the year ended 30 September 2021 and have been consistently applied in the six-month period to 31 March 2022. Full details of the Group's accounting policies can be found on pages 104 to 109 of the Group's statutory financial statements for the year ended 30 September 2021.

### Going concern

The Directors are required to assess the Group's ability to continue as a going concern for a period of at least the next 12 months.

The Group's going concern assessment considers its principal risks which are set out in the 'Principal risks and uncertainties' section on pages 7 to 11 of the half-year report for the six months ended 31 March 2022.

The Board has reviewed the performance of the Group for the current reporting period and prepared forecasts for a period covering 15 months from the date of approval of the half-year report.

In preparing forecasts the Directors have considered the prevailing market conditions and current and known future disruptions brought about by COVID-19, alongside the other risks and uncertainties, including credit risk and liquidity risk, the present inflationary economic climate, the current and future forecast demand for land with planning consent and the current and expected future housing market conditions in the South and South East of England where the Group operates.

The Base Case forecast includes all known and anticipated cash inflows and confirms that the Group has sufficient working capital for the foreseeable future. The Group currently has forward residential home sales of £27.7m, which includes a large block sale to a third party scheduled to complete during the fourth quarter of the financial year ending 30 September 2022. Additionally, the Group has a forward partnership housing contract income order book of £201.1m. The Group, excluding joint ventures, currently has annualised residential and commercial rental income of c£1.5m.

## 2. Basis of preparation continued

The Directors have also assumed the continuation of stringent cash management procedures and debt reprofiling strategy, which have been in place since March 2020 and which saw reduction in net debt in the half-year ended 31 March 2022. The Directors have also assumed a continuation of this strategy in the period under review and expect net debt to reduce in the current year ending 30 September 2022.

These procedures have seen net debt decreased from £118.1m at 30 September 2021 to £96.2m at 31 March 2022.

At the date of this report, the Group has borrowing facilities totalling £48.6m falling due for repayment within twelve months.

The Group has done a considerable amount of work in successfully extending the time profile of its debt facilities. The undrawn debt facilities at 31 March 2022 were £33.3m. The main strategic objective of the Group in the current financial year remains the reduction of both net debt and net gearing.

Included in facilities expiring in the going concern period is a loan facility with a lender amounting to £3.9m, which is due to be repaid in September 2022 upon receipt of a contractually due sum from a third party.

A revolving credit facility of £65.0m expires in March 2023 of which £30.7m is drawn down at the date of this report. The Directors are already in dialogue with the lender to further extend the existing facility. This existing lender has supported the Group since March 2019 and has supported numerous successful house building developments since that date.

A second revolving credit facility of £12.8m has been extended to September 2022 with an agreement in principle from the lender to extend this further to September 2027, with an option for the Group to break at the end of three years. As demonstrated by the positive reprofiling changes made to the Group's borrowing facilities, explained above, the Directors hold positive relationships with funders and have held constructive discussions with all existing and several other potential lenders.

At the date of this report there is no binding commitment to extend or refinance these RCF facilities beyond the dates referred to above but in view of the recent track record, the strength of the relationships, the availability of security for lenders and the number of options available, the Directors expect to be able to do so.

The Directors have performed detailed sensitivity analysis to test the Group's future liquidity and forecast banking covenant compliance based on several scenarios.

The Group has forecast planned land sales in the next twelve months as part of its normal course of business and as part of the Group's 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 delay of three months of all residential unit sales that are not in the hands of solicitors. Neither of these individual scenarios leads to an issue with the Group's liquidity but the delay of all land sales by six months leads to a breach of the interest cover ratio in the September 2022 and December 2022 quarters in the Group's main RCF facility. The breach of the interest cover ratio would be remedied by applying for a waiver from the lender. A waiver has been issued in the past and the Directors are confident that it would be issued again based on the relationship with the lender.

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

- Only residential unit sales that have exchanged or are currently with solicitors to exchange will complete as forecast and all residential units that are available for sale are delayed by three months; and
- All planned land sales and, where applicable, management fees, where contracts have not been exchanged at the date of this report are delayed by six months.

Under this severe, but plausible, scenario the Group may have to consider using capital markets to raise additional debt or equity to generate additional liquidity for the Group to meet its obligations as they contractually fall due. The Group has in place an approved mandate to use capital markets without pre-emption to issue up to approximately 46 million shares and successfully raised £9.9m, before expenses, in May 2020. Additionally, under this severe, but plausible scenario, the postponement or deferral of completions would delay revenue and profit recognition under IFRS 15 'Revenue from Contracts with Customers' and this means that the Group would be in breach of the interest cover ratio in the September 2022 and December 2022 quarters in respect of the Group's main RCF facility for which a waiver would be applied for from the lender. Based on those assumptions, the Group would remain able to meet its debts as they fell due.

The Strategy outlined above details our approach but, the Board is mindful that no one can forecast exactly how the current changing macroeconomic circumstances post pandemic will play out and how this may affect the Group, industry and the wider economy for the foreseeable future. In particular, future changes to government policy relating to the housing market could have implications for the Group as it would for many other businesses. Such a situation would require the Board to re-examine the Group's financial position at the time and if necessary, report any significant adverse changes.

At the time of approving the half-year and after making appropriate enquiries, the Directors consider that the Group has 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.

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# Notes to the half-year financial report

for the six-month period ended 31 March 2022 continued

### 3. Changes in accounting policies

The accounting policies adopted in this financial report are consistent with those adopted by the Group in the year ended 30 September 2021 and have been consistently applied in the six-month period to 31 March 2022. Full details of the Group's accounting policies can be found on pages 104 to 109 of the Group's statutory financial statements for the year ended 30 September 2021.

#### Standards in issue but not yet effective

The following new standards, amendments and interpretations to existing standards were in issue at the date of approval of these financial statements but are not yet effective for the current accounting year and have not been adopted early. Based on the Group's current circumstances the Directors do not anticipate that their adoption in future periods will have a material impact on the financial statements of the Group, however, the impact of standards in issue but not yet effective is currently being assessed by the Group.

- 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); and
- IAS 1 Classification of Liabilities as Current or Non-current (Amendments to IAS 1);
- Amendments to IFRS 3 Business Combinations;
- Amendments to IAS 16 Property, Plant and Equipment;
- Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets;
- Annual Improvements (2018-2020 Cycle) IFRS 1, IFRS 9, IAS 41 and Illustrative Examples accompanying IFRS 16; and
- Amendments to IFRS 1 and IAS 12 Deferred Tax related to Assets Liabilities arising from a Single Transaction (Amendments to IFRS 1 and IAS 12).

### 4. Adoption of new accounting standards

In the six-month period ended 31 March 2022, the Group has adopted amendments and interpretations that were effective for the first time. These had no material impact on the Financial Statements.

Details of the Group's accounting policies are found in note 2 in its Annual Report for the year ended 30 September 2021.

## 5. Capital management policies and procedures

The Group's objectives when managing capital are:

- to safeguard its ability to continue as a going concern;
- to ensure sufficient liquid resources are available to meet the funding requirement of its projects and to fund new projects where identified; and
- to provide returns for shareholders and benefits for other stakeholders.

This is achieved through ensuring sufficient bank and other facilities are in place; further details are given in notes 21 and 22 to the half-year report. The Group monitors capital on the basis of the carrying amount of the equity less cash and cash equivalents as presented on the face of the Group Statement of Financial Position.

The movement in the capital to overall financing ratio is shown below. The target capital to overall financing ratio has been set by the Board at 40% and an outturn metric scoring higher than this amount is considered to be a good performance against the target.

| | **Six-month period ended 31 March 2022 £m** | Year ended 30 September 2021 £m |
|---|---|---|
| Equity | **174.6** | 183.0 |
| Less: cash and cash equivalents | **(27.5)** | (12.1) |
| **Capital** | **147.1** | 170.9 |
| | | |
| Equity | **174.6** | 183.0 |
| Bank loans | **70.5** | 68.3 |
| Other loans | **20.3** | 22.3 |
| Zero Dividend Preference shares | **32.9** | 32.0 |
| Other financial liabilities | **5.9** | 7.6 |
| **Borrowings** | **129.6** | 130.2 |
| Overall financing (Equity plus Borrowings) | **304.2** | 313.2 |
| **Capital to overall financing** | **48.4%** | 54.6% |

The Group manages the capital structure and makes adjustments in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the level of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Every quarter the Group must report to the ZDP shareholders that the covenants attached to the ZDP shares have not been breached. The most significant covenant is the asset cover which is calculated as adjusted gross assets: financial indebtedness. This covenant is monitored on a bi-monthly basis by the Board and has not been breached at any time. Further details can be found in the Inland ZDP Prospectus on the Group's website at www.inlandhomesplc.com.

# Notes to the half-year financial report

for the six-month period ended 31 March 2022 continued

### 6. Revenue from contracts with customers

The Group has disaggregated revenue into various categories in the following tables which is intended to:

- Depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic date; and
- Enable users to understand the relationship with revenue segment information provided in note 7.

| Six-month period ended 31 March 2022 | Land sales £m | Asset Management fees £m | Contract income £m | House building £m | Total £m |
|---|---|---|---|---|---|
| Point in time | **16.4** | **7.8** | **–** | **21.9** | **46.1** |
| Over time | **–** | **–** | **33.5** | **–** | **33.5** |
| **Total** | **16.4** | **7.8** | **33.5** | **21.9** | **79.6** |

| Six-month period ended 31 March 2021 | Land sales £m | Asset Management fees £m | Contract income £m | House building £m | Total £m |
|---|---|---|---|---|---|
| Point in time | 0.6 | 8.3 | – | 39.0 | 47.9 |
| Over time | – | 0.6 | 28.5 | – | 29.1 |
| **Total** | **0.6** | **8.9** | **28.5** | **39.0** | **77.0** |

| Year ended 30 September 2021 | Land sales £m | Asset Management fees £m | Contract income £m | House building £m | Total £m |
|---|---|---|---|---|---|
| Point in time | 21.9 | 27.8 | – | 69.9 | 119.6 |
| Over time | – | – | 60.3 | – | 60.3 |
| **Total** | **21.9** | **27.8** | **60.3** | **69.9** | **179.9** |

All revenue is earned in the United Kingdom.

Included within 'Land sales' are land sales to housing associations which include construction works to 'Golden Brick'. Subsequent construction works to completion are included within 'Contract income'.

Included within 'House building' are the sales of reversionary freehold reversions and customers' extras that arise as a by-product of house building activity.

Rental income and investment properties income is not disclosed in the table above as these revenue sources do not fall under the IFRS 15 accounting standard.

## 7. Segmental information

In accordance with IFRS 8 'Operating Segments', information is disclosed to enable users of financial statements to evaluate the nature and financial effects of the business activities in which the Group engages and provide the appropriate analysis of the disaggregation of revenues by IFRS 15 'Revenue from Contracts with Customers'.

In identifying its operating segments, management differentiates between land sales, asset management fees, contract income, house building, rental income, investment properties and central support. These segments are based on the information reported to the Chief Executive Officer and represent the activities which generate significant revenues, profits and use of resources within the Group. These operating segments are monitored and strategic decisions are made on the basis of segment operating results.

### Segmental analysis by activity

| Six-month period ended 31 March 2022 | Land sales £m | Asset management fees £m | Contract income £m | House building £m | Rental income £m | Investment properties £m | Central support £m | Total £m |
|---|---|---|---|---|---|---|---|---|
| Revenue from contracts with customers | 16.4 | 7.8 | 33.5 | 21.9 | – | – | – | 79.6 |
| Other revenue | – | – | – | – | 0.6 | 0.3 | – | 0.9 |
| Cost of sales | (11.1) | (5.6) | (38.3) | (20.5) | (0.2) | (0.2) | – | (75.9) |
| Expected credit loss | 1.0 | – | (1.5) | – | – | – | – | (0.5) |
| **Gross profit/(loss)** | 6.3 | 2.2 | (6.3) | 1.4 | 0.4 | 0.1 | – | 4.1 |
| Administrative expenses | (0.7) | (0.4) | (1.1) | (1.2) | (0.1) | – | (1.8) | (5.3) |
| Share of loss of joint venture | – | – | – | (3.3) | – | – | – | (3.3) |
| Share of profit of associate | – | – | – | 0.3 | – | – | – | 0.3 |
| Loss on sale of property, plant and equipment | – | – | – | – | – | – | (0.1) | (0.1) |
| **Operating (loss)/profit** | 5.6 | 1.8 | (7.4) | (2.8) | 0.3 | 0.1 | (1.9) | (4.3) |
| Finance cost | (2.4) | (0.1) | – | (0.8) | – | (0.3) | (0.9) | (4.5) |
| Finance income | 0.4 | 0.1 | – | 0.1 | – | – | – | 0.6 |
| **(Loss)/profit before tax** | 3.6 | 1.8 | (7.4) | (3.5) | 0.3 | (0.2) | (2.8) | (8.2) |
| Net tax charge | – | – | – | – | – | – | – | – |
| **Total (loss)/profit** | 3.6 | 1.8 | (7.4) | (3.5) | 0.3 | (0.2) | (2.8) | (8.2) |
| Other comprehensive income | – | – | – | – | – | – | (0.2) | (0.2) |
| **Total (loss)/profit and comprehensive (loss)/income** | 3.6 | 1.8 | (7.4) | (3.5) | 0.3 | (0.2) | (3.0) | (8.4) |

# Notes to the half-year financial report

for the six-month period ended 31 March 2022 continued

## 7. Segmental information continued

| Six-month period ended 31 March 2021 | Land sales £m | Asset management fees £m | Contract income £m | House building £m | Rental income £m | Investment properties £m | Central support £m | Total £m |
|---|---|---|---|---|---|---|---|---|
| Revenue from contracts with customers | 0.6 | 8.9 | 28.5 | 39.0 | – | – | – | 77.0 |
| Other revenue | – | – | – | – | 0.4 | 0.6 | – | 1.0 |
| Cost of sales | (1.1) | (7.0) | (28.5) | (37.5) | (0.3) | (0.1) | – | (74.5) |
| **Gross profit/(loss)** | **(0.5)** | **1.9** | **–** | **1.5** | **0.1** | **0.5** | **–** | **3.5** |
| Administrative expenses | (0.5) | (0.1) | (0.3) | (0.8) | (0.1) | – | (2.3) | (4.1) |
| Share of loss of joint ventures | – | – | – | (0.6) | – | – | – | (0.6) |
| Share of loss of associate | – | – | – | (0.1) | – | – | – | (0.1) |
| Revaluation of assets held for sale | – | – | – | (1.0) | – | – | – | (1.0) |
| **Operating (loss)/profit** | **(1.0)** | **1.8** | **(0.3)** | **(1.0)** | **–** | **0.5** | **(2.3)** | **(2.3)** |
| Finance cost – interest expense | (2.1) | – | – | (1.1) | – | (0.3) | (1.3) | (4.8) |
| Finance income – interest receivable and similar income | 1.0 | – | – | 0.1 | – | – | 0.2 | 1.3 |
| **(Loss)/profit before tax** | **(2.1)** | **1.8** | **(0.3)** | **(2.0)** | **–** | **0.2** | **(3.4)** | **(5.8)** |
| Net tax charge | – | 0.2 | – | – | – | – | – | 0.2 |
| **Total (loss)/profit for the period** | **(2.1)** | **2.0** | **(0.3)** | **(2.0)** | **–** | **0.2** | **(3.4)** | **(5.6)** |
| Revaluation of quoted investments | – | – | – | – | – | – | (0.1) | (0.1) |
| **Total (loss)/profit and comprehensive (loss)/income for the period** | **(2.1)** | **2.0** | **(0.3)** | **(2.0)** | **–** | **0.2** | **(3.5)** | **(5.7)** |

| Year ended 30 September 2021 | Land sales £m | Asset management fees £m | Contract income £m | House building £m | Rental income £m | Investment properties £m | Central support £m | Total £m |
|---|---|---|---|---|---|---|---|---|
| Revenue from contracts with customers | 21.9 | 27.8 | 60.3 | 69.9 | – | – | – | 179.9 |
| Other revenue | | | | | 1.3 | 0.5 | – | 1.8 |
| Cost of sales | (14.5) | (5.8) | (60.8) | (66.0) | (0.8) | (0.1) | – | (148.0) |
| Expected credit loss | (1.7) | – | – | – | – | – | – | (1.7) |
| **Gross profit/(loss)** | **5.7** | **22.0** | **(0.5)** | **3.9** | **0.5** | **0.4** | **–** | **32.0** |
| Administrative expenses | (1.0) | (0.6) | (1.4) | (1.8) | (0.1) | (0.1) | (2.5) | (7.5) |
| Share of loss of joint venture | – | – | – | (1.9) | – | – | – | (1.9) |
| Share of loss of associate | – | – | – | (0.1) | – | – | – | (0.1) |
| Revaluation of assets held for sale | – | – | – | – | – | (1.2) | – | (1.2) |
| Loss on sale of property, plant and equipment | – | – | – | – | – | (0.1) | – | (0.1) |
| Loss on sale of assets held for sale | – | – | – | – | – | (0.8) | – | (0.8) |
| Revaluation of investments properties | – | – | – | – | – | 0.6 | – | 0.6 |
| **Operating profit/(loss)** | **4.7** | **21.4** | **(1.9)** | **0.1** | **0.4** | **(1.2)** | **(2.5)** | **21.0** |
| Finance cost – interest expense | (4.7) | – | – | (2.2) | – | (0.7) | (1.7) | (9.3) |
| Finance income – interest receivable and similar income | 1.1 | 0.2 | – | – | – | – | 0.2 | 1.5 |
| **Profit/(loss) before tax** | **1.1** | **21.6** | **(1.9)** | **(2.1)** | **0.4** | **(1.9)** | **(4.0)** | **13.2** |
| Net tax charge | – | – | – | – | – | – | (3.6) | (3.6) |
| **Total profit/(loss) and comprehensive income/(loss) for the period** | **1.1** | **21.6** | **(1.9)** | **(2.1)** | **0.4** | **(1.9)** | **(7.6)** | **9.6** |

## 7. Segmental information continued

| As at 31 March 2022 | Land sales £m | Asset management fees £m | Contract income £m | House building £m | Rental income £m | Investment properties £m | Central support £m | Total £m |
|---|---|---|---|---|---|---|---|---|
| **ASSETS** | | | | | | | | |
| **Non-current assets** | | | | | | | | |
| Investment properties | – | – | – | – | – | 36.6 | – | 36.6 |
| Property, plant and equipment | – | – | – | – | 4.1 | – | 0.4 | 4.5 |
| Right-of-use assets | – | – | – | – | – | – | 0.8 | 0.8 |
| Intangible assets | – | – | – | – | 0.1 | – | – | 0.1 |
| Investments in quoted companies | – | – | – | – | – | – | 0.3 | 0.3 |
| Investment in joint ventures | – | – | – | 0.9 | – | – | – | 0.9 |
| Amounts due from joint ventures | – | – | – | 33.9 | – | – | – | 33.9 |
| Investment in associate | – | – | – | 1.3 | – | – | – | 1.3 |
| Other receivables | – | – | 14.1 | 22.6 | – | – | – | 36.7 |
| **Total non-current assets** | – | – | 14.1 | 58.7 | 4.2 | 36.6 | 1.5 | 115.1 |
| **Current assets** | | | | | | | | |
| Inventories | 56.0 | 14.1 | 0.4 | 63.9 | 1.5 | – | – | 135.9 |
| Trade and other receivables | 11.9 | 45.5 | 23.3 | 0.6 | – | – | 0.6 | 81.9 |
| Assets held for sale | – | – | – | – | – | 1.5 | – | 1.5 |
| Amounts due from associate | – | – | – | 3.2 | – | – | – | 3.2 |
| Amounts due from joint ventures | – | – | – | 4.2 | – | – | – | 4.2 |
| Cash and cash equivalents | – | – | – | – | – | – | 27.5 | 27.5 |
| **Total current assets** | 67.9 | 59.6 | 23.7 | 71.9 | 1.5 | 1.5 | 28.1 | 254.2 |
| **Total assets** | 67.9 | 59.6 | 37.8 | 130.6 | 5.7 | 38.1 | 29.6 | 369.3 |
| **LIABILITIES** | | | | | | | | |
| **Current liabilities** | | | | | | | | |
| Bank loans and overdrafts | – | – | – | (32.9) | – | – | – | (32.9) |
| Other loans | (15.4) | – | – | – | – | – | – | (15.4) |
| Trade and other payables | (6.6) | (0.5) | (18.6) | (12.6) | (0.2) | – | (3.5) | (42.0) |
| Deferred income | (3.4) | – | (11.4) | (2.1) | – | – | – | (16.9) |
| Lease liabilities | – | – | – | – | – | – | (0.3) | (0.3) |
| Corporation tax | – | – | – | – | – | – | (4.3) | (4.3) |
| Other financial liabilities | (4.1) | – | – | – | – | – | – | (4.1) |
| **Total current liabilities** | (29.5) | (0.5) | (30.0) | (47.6) | (0.2) | – | (8.1) | (115.9) |
| **Non-current liabilities** | | | | | | | | |
| Bank loans | (34.2) | – | – | – | (0.7) | (2.7) | – | (37.6) |
| Other loans | (1.8) | – | – | (3.0) | (0.1) | – | – | (4.9) |
| Lease liabilities | – | – | – | – | – | – | (0.5) | (0.5) |
| Other financial liabilities | (1.8) | – | – | – | – | – | – | (1.8) |
| Zero Dividend Preference shares | – | – | – | (32.9) | – | – | – | (32.9) |
| Deferred tax | – | – | – | – | – | – | (1.1) | (1.1) |
| **Total non-current liabilities** | (37.8) | – | – | (35.9) | (0.8) | (2.7) | (1.6) | (78.8) |
| **Total liabilities** | (67.3) | (0.5) | (30.0) | (83.5) | (1.0) | (2.7) | (9.7) | (194.7) |
| **Net assets** | 0.6 | 59.1 | 7.8 | 47.1 | 4.7 | 35.4 | 19.9 | 174.6 |

**7. Segmental information** continued

| As at 30 September 2021 | Land sales £m | Asset management fees £m | Contract income £m | House building £m | Rental income £m | Investment properties £m | Central support £m | Total £m |
|---|---|---|---|---|---|---|---|---|
| **ASSETS** | | | | | | | | |
| **Non-current assets** | | | | | | | | |
| Investment properties | – | – | – | – | – | 36.0 | – | 36.0 |
| Property, plant and equipment | – | – | – | – | 4.3 | – | 0.5 | 4.8 |
| Right-of-use asset | – | – | – | – | – | – | 0.9 | 0.9 |
| Intangible assets | – | – | – | – | 0.1 | – | – | 0.1 |
| Investments in quoted companies | – | – | – | – | – | – | 0.5 | 0.5 |
| Investment in joint ventures | – | – | – | 4.2 | – | – | – | 4.2 |
| Amounts due from joint ventures | – | – | – | 32.7 | – | – | – | 32.7 |
| Investment in associate | – | – | – | 1.0 | – | – | – | 1.0 |
| Other receivables | – | – | 14.3 | 22.0 | – | – | – | 36.3 |
| **Total non-current assets** | **–** | **–** | **14.3** | **59.9** | **4.4** | **36.0** | **1.9** | **116.5** |
| **Current assets** | | | | | | | | |
| Inventories | 88.6 | 3.9 | 0.7 | 70.6 | 0.1 | – | – | 163.9 |
| Trade and other receivables | 15.6 | 73.2 | 26.7 | – | – | – | 1.4 | 116.9 |
| Assets held for sale | – | – | – | – | – | 1.4 | – | 1.4 |
| Amounts due from associate | – | – | – | 3.1 | – | – | – | 3.1 |
| Amounts due from joint ventures | – | – | – | 3.9 | – | – | – | 3.9 |
| Cash and cash equivalents | – | – | – | – | – | – | 12.1 | 12.1 |
| **Total current assets** | **104.2** | **77.1** | **27.4** | **77.6** | **0.1** | **1.4** | **13.5** | **301.3** |
| **Total assets** | **104.2** | **77.1** | **41.7** | **137.5** | **4.5** | **37.4** | **15.4** | **417.8** |
| **LIABILITIES** | | | | | | | | |
| **Current liabilities** | | | | | | | | |
| Bank loans | (30.4) | – | – | – | (0.3) | – | – | (30.7) |
| Other loans | (21.9) | – | – | (0.4) | – | – | – | (22.3) |
| Trade and other payables | (10.4) | (1.8) | (55.9) | (15.1) | (0.1) | – | (1.2) | (84.5) |
| Deferred income | (3.4) | – | – | (2.1) | – | – | – | (5.5) |
| Lease liabilities | – | – | – | – | – | – | (0.3) | (0.3) |
| Corporation tax | – | – | – | – | – | – | (4.3) | (4.3) |
| Other financial liabilities | (12.4) | – | – | – | – | – | – | (12.4) |
| **Total current liabilities** | **(78.5)** | **(1.8)** | **(55.9)** | **(17.6)** | **(0.4)** | **–** | **(5.8)** | **(160.0)** |
| **Non-current liabilities** | | | | | | | | |
| Bank loans | – | – | – | (34.1) | (0.1) | (3.4) | – | (37.6) |
| Lease liabilities | – | – | – | – | – | – | (0.6) | (0.6) |
| Other financial liabilities | (3.6) | – | – | – | – | – | – | (3.6) |
| Zero Dividend Preference shares | – | – | – | (32.0) | – | – | – | (32.0) |
| Deferred tax | – | – | – | – | – | – | (1.0) | (1.0) |
| **Total non-current liabilities** | **(3.6)** | **–** | **–** | **(66.1)** | **(0.1)** | **(3.4)** | **(1.6)** | **(74.8)** |
| **Total liabilities** | **(82.1)** | **(1.8)** | **(55.9)** | **(83.7)** | **(0.5)** | **(3.4)** | **(7.4)** | **(234.8)** |
| **Net assets** | **22.1** | **75.3** | **(14.2)** | **53.8** | **4.0** | **34.0** | **8.0** | **183.0** |

## 8. Finance costs

| | **Six-month period ended 31 March 2022 £m** | Six-month period ended 31 March 2021 £m | Year ended 30 September 2021 £m |
|---|---|---|---|
| Interest expense: | | | |
| – bank loan borrowings | **2.3** | 2.0 | 3.8 |
| – other loan borrowings | **0.9** | 1.2 | 2.8 |
| – amortisation of loan arrangement and other fees | **0.4** | 0.7 | 1.2 |
| – Zero Dividend Preference shares | **0.9** | 0.9 | 1.5 |
| **Finance costs** | **4.5** | 4.8 | 9.3 |

No finance costs (six-month period ended 31 March 2021: £nil; year ended 30 September 2021: £nil) have been capitalised on inventories in the six-month period in accordance with IAS 23 Borrowing Costs (see note 18).

## 9. Finance income

| | **Six-month period ended 31 March 2022 £m** | Six-month period ended 31 March 2021 £m | Year ended 30 September 2021 £m |
|---|---|---|---|
| Interest from loans to joint ventures and associate | **0.1** | 0.1 | 0.2 |
| Other interest receivable | **0.1** | 0.2 | 0.3 |
| Notional interest income | **0.4** | 1.0 | 1.0 |
| **Finance income** | **0.6** | 1.3 | 1.5 |

## 10. Earnings per share

### Number of shares

Both the basic and diluted earnings per share have been calculated using the profit attributable to shareholders of the parent company, i.e. no adjustments to profit were necessary in 2021 nor 2020.

The reconciliation of the weighted average number of shares for the purposes of diluted earnings per share to the weighted average number of ordinary shares used in the calculation of basic earnings per share is as follows:

| | | **Earnings per share Weighted average** | |
|---|---|---|---|
| | **Six-month period ended 31 March 2022 ´000** | Six-month period ended 31 March 2021 ´000 | Year ended 30 September 2021 ´000 |
| For use in basic measures | **228,464** | 227,925 | 228,130 |
| Dilutive effect of: | | | |
| – share options | **106** | 274 | 115 |
| – deferred bonus shares | **1,694** | 1,694 | 1,694 |
| – growth shares | **2,285** | 2,285 | 2,285 |
| For use in diluted measures | **232,549** | 232,178 | 232,224 |

### Basic and diluted EPS

| | **Six-month period ended 31 March 2022** | Six-month period ended 31 March 2021 | Year ended 30 September 2021 |
|---|---|---|---|
| **(Loss)/profit attributable to equity shareholders (£m)** | **(8.4)** | (5.7) | 9.6 |
| **(Loss)/earnings per share** | **(3.68p)** | (2.50p) | 4.21p |
| Diluted (loss)/earnings per share | **(3.61p)** | (2.46p) | 4.13p |

# Notes to the half-year financial report

for the six-month period ended 31 March 2022 continued

## 11. Investment properties

| | Residential properties £m |
|---|---|
| **Fair value** | |
| At 1 October 2021 | 36.0 |
| Additions | 0.3 |
| Transfer from inventories | 0.6 |
| Disposals | (0.3) |
| **At 31 March 2022** | **36.6** |

The investment properties were valued by the Directors using the following valuation techniques:

### Residential properties

The Group's residential investment properties were valued by the Directors on the basis of 'open market value'. In arriving at their view of open market value the Directors had regard to the following; the accommodation offered, the square footage and the condition of each property. They then considered the above in light of the local market and prices achieved in recent transactions in consultation with a local property agent.

## 12. Property, plant and equipment

| | Modular housing £m | Office equipment £m | Fixtures and fittings £m | Motor vehicles £m | Total £m |
|---|---|---|---|---|---|
| **Cost** | | | | | |
| At 1 October 2021 | 5.5 | 0.9 | 0.5 | 0.1 | 7.0 |
| Disposals | – | – | (0.2) | – | (0.2) |
| **At 31 March 2022** | **5.5** | **0.9** | **0.3** | **0.1** | **6.8** |
| **Depreciation** | | | | | |
| At 1 October 2021 | 1.3 | 0.5 | 0.3 | 0.1 | 2.2 |
| Depreciation charge | 0.1 | 0.1 | 0.1 | – | 0.3 |
| Disposals | – | – | (0.2) | – | (0.2) |
| **At 31 March 2022** | **1.4** | **0.6** | **0.2** | **0.1** | **2.3** |
| **Net book value** | | | | | |
| **At 31 March 2022** | **4.1** | **0.3** | **0.1** | **–** | **4.5** |
| At 30 September 2021 | 4.2 | 0.4 | 0.2 | – | 4.8 |

### 13. Right-of-use assets

On adoption of IFRS 16 on 1 October 2019, the Group recognised a right-of use asset. This has been presented in the Group Statement of Financial Position as follows:

| | Leasehold property £m |
|---|---|
| **Cost** | |
| **At 1 October 2021 and 31 March 2022** | **1.6** |
| **Depreciation** | |
| At 1 October 2021 | 0.7 |
| Depreciation charge | 0.1 |
| **At 31 March 2022** | **0.8** |
| **Net book value** | |
| **At 31 March 2022** | **0.8** |
| At 30 September 2021 | 0.9 |

The right-of-use assets relate to the Group's occupation of Burnham Yard, Beaconsfield as a Head Office facility, and a car.

### 14. Intangible assets

| | Development costs £m |
|---|---|
| **Cost** | |
| **At 1 October 2021 and 31 March 2022** | **0.3** |
| **Amortisation** | |
| **At 1 October 2021 and 31 March 2022** | **0.2** |
| **Net book value** | |
| **At 31 March 2022** | **0.1** |
| At 30 September 2021 | 0.1 |

### 15. Investments in quoted companies

| | Quoted investments £m |
|---|---|
| **Cost and carrying value** | |
| At 1 October 2021 | 0.5 |
| Revaluation | (0.2) |
| **At 31 March 2022** | **0.3** |

Investments of quoted securities is measured at fair value through other comprehensive income. The fair value is based on published market prices.

# Notes to the half-year financial report
for the six-month period ended 31 March 2022 continued

## 16. Investment in joint ventures

| | Cheshunt Lakeside Developments £m |
|---|---|
| **Cost** | |
| At October 2021 | 4.2 |
| Share of loss after tax | (3.3) |
| Movement during the period | (3.3) |
| **At 31 March 2022** | **0.9** |

### Amounts due from joint ventures

| | | As at 31 March 2022 £m | As at 30 September 2021 £m |
|---|---|---|---|
| Cheshunt Lakeside Developments Limited | *held at carrying value* | **33.9** | 32.7 |
| High Wycombe Developments Limited | *held at carrying value* | **4.2** | 3.9 |
| **Amounts owed by joint ventures** | | **38.1** | **36.6** |

## 17. Investment in associate

In October 2015, the Group acquired 25% of Troy Homes Limited (Troy Homes), a premium housebuilder, and is entitled to 25% of the net returns.

At 31 March 2022, the Company continued to hold equity in its associate. A summary of the investment in the associate is as follows:

| | **Total £m** |
|---|---|
| **Cost** | |
| At 1 October 2021 | 1.0 |
| Share of profit after tax | 0.3 |
| **At 31 March 2022** | **1.3** |

### Amounts due from associate

| | **As at 31 March 2022 £m** | As at 30 September 2021 £m |
|---|---|---|
| **Current** | | |
| Loans | **3.2** | 3.1 |
| **Total amounts due from associate** | **3.2** | **3.1** |

The above loans are repayable on demand. Interest is charged on the loan amounts.

## 18. Inventories

| | **Six-month period ended 31 March 2022 £m** | Year ended 30 September 2021 £m |
|---|---|---|
| At 1 October 2021/1 October 2020 | **163.9** | 178.8 |
| Additions | **31.8** | 66.0 |
| Capitalisation of employee costs | **3.3** | 6.3 |
| Charged to income statement | **(62.4)** | (100.5) |
| Transferred (to)/from investment property | **(0.6)** | 15.9 |
| Transferred to/(from) assets held for sale | **(0.1)** | – |
| Impairment | **–** | (2.6) |
| **At 31 March 2022/30 September 2021** | **135.9** | 163.9 |

# Notes to the half-year financial report

for the six-month period ended 31 March 2022 continued

### 19. Trade and other receivables

| | **As at 31 March 2022 £m** | As at 30 September 2021 £m |
|---|---|---|
| Trade receivables from contract revenue with customers | **34.0** | 62.1 |
| Contract assets (costs to obtain contracts) due in less than one year | **5.4** | 5.0 |
| Prepayments and accrued income | **23.8** | 22.0 |
| Other receivables | **18.7** | 27.8 |
| Trade and other receivables due in less than one year | **81.9** | 116.9 |
| Contract assets (costs to obtain contracts) due in more than one year | **12.0** | 12.0 |
| Other receivables due in more than one year | **24.7** | 24.3 |
| **Total trade and other receivables** | **118.6** | 153.2 |

Materially, all of the trade receivables are receivables from contract revenue with customers.

The carrying value of trade and other receivables classified at amortised cost is considered a reasonable approximation of fair value.

Within prepayments and accrued income is £1.9m (30 September 2021: £11.3m) relating to income accrued on a construction contract.

Included within other receivables due in greater than one year is £22.6m (30 September 2021: £22.0m) in relation to the sale of the Group's beneficial interest of 50% in Cheshunt Lakeside Developments Limited.

The Group does not hold any collateral as security.

The Group applies the simplified approach to providing for expected credit losses prescribed by IFRS 9 for trade receivables. The Group applies the general approach to providing for expected credit losses prescribed by IFRS 9 for other receivables. The expected credit loss provision in the current year and prior period are immaterial. The incurred loss provision in the current period was £0.5m (30 September 2021: £1.7m).

#### Other receivables

| | **As at 31 March 2022 £m** | As at 30 September 2021 £m |
|---|---|---|
| Due in less than one year | | |
| Loan facilities | **16.0** | 25.3 |
| Other | **2.7** | 2.5 |
| **Total other receivables, due in less than one year** | **18.7** | 27.8 |
| Due in more than one year | | |
| Sale of interest in joint venture | **22.6** | 22.0 |
| Other | **2.1** | 2.3 |
| **Total other receivables, due in more than one year** | **24.7** | 24.3 |

Within other receivables due in more than one year is £2.3m (30 September 2021: £2.3m) relating to retentions receivable from construction contracting clients.

Loan facilities include amounts as follows.

| | **As at 31 March 2022 £m** | As at 30 September 2021 £m | **Repayment status** | **Interest status** |
|---|---|---|---|---|
| Hillingdon Properties Limited | **7.4** | 7.3 | Repayable on demand | Non–interest bearing |
| Inland (Southern) Limited | **0.4** | 10.5 | Repayable on demand | Interest rate of 4% |
| Gallions Developments Limited | **1.2** | 0.5 | Repayable on demand | Non–interest bearing |
| Hounslow Property Developments Limited | **7.0** | 7.0 | Repayable on demand | Interest rate of 4% |
| **Total loan facilities** | **16.0** | 25.3 | | |

## 20. Assets held for sale

The assets held for sale relate to surplus existing investment properties at Wilton Park which will not be developed and one commercial property. The assets were transferred based on a Directors' valuation as shown in the table below. Management expect disposal of these assets to occur within 12 months of the balance sheet date.

| | **Six-month period ended 31 March 2022 £m** | Year ended 30 September 2021 £m |
|---|---|---|
| At 1 October 2021/1 October 2020 | **1.4** | 12.5 |
| Transfer from investment properties | **–** | (2.5) |
| Transfer from inventories | **0.1** | – |
| Additions | **–** | 0.8 |
| Assets sold | **–** | (8.2) |
| Fair value adjustment | **–** | (1.2) |
| **At 31 March 2022/30 September 2021** | **1.5** | 1.4 |

## 21. Cash and cash equivalents

| | **As at 31 March 2022 £m** | As at 30 September 2021 £m |
|---|---|---|
| **Cash at bank** | **27.5** | 12.1 |

# Notes to the half-year financial report

for the six-month period ended 31 March 2022 continued

## 22. Borrowings

| | < 1 year £m | 1 to 2 years £m | 2 to 3 years £m | 3 to 4 years £m | 4 to 5 years £m | > 5 years £m | Total £m |
|---|---|---|---|---|---|---|---|
| **At 31 March 2022** | | | | | | | |
| Secured bank loans | 32.9 | 34.3 | – | – | 2.7 | 0.6 | 70.5 |
| Secured other loans | 15.4 | 4.9 | – | – | – | – | 20.3 |
| **Borrowings** | 48.3 | 39.2 | – | – | 2.7 | 0.6 | 90.8 |
| Zero Dividend Preference shares | – | – | 32.9 | – | – | – | 32.9 |
| **Gross debt** | **48.3** | **39.2** | **32.9** | **–** | **2.7** | **0.6** | **123.7** |
| | | | | | | | |
| Cash and cash equivalents | (27.5) | – | – | – | – | – | (27.5) |
| **Net debt** | **20.8** | **39.2** | **32.9** | **–** | **2.7** | **0.6** | **96.2** |
| | | | | | | | |
| At 30 September 2021 | | | | | | | |
| Secured bank loans | 30.7 | 34.2 | – | – | – | 3.4 | 68.3 |
| Secured other loans | 22.3 | – | – | – | – | – | 22.3 |
| Borrowings | 53.0 | 34.2 | – | – | – | 3.4 | 90.6 |
| Zero Dividend Preference shares | | – | 32.0 | – | – | – | 32.0 |
| Loans from joint ventures | – | – | – | – | – | – | – |
| Other financing arrangements | 7.6 | – | – | – | – | – | 7.6 |
| Gross debt | 60.6 | 34.2 | 32.0 | – | – | 3.4 | 130.2 |
| Cash and cash equivalents | (12.1) | – | – | – | – | – | (12.1) |
| Net debt | 48.5 | 34.2 | 32.0 | – | – | 3.4 | 118.1 |
| | | | | | | | |
| **At 31 March 2022** | | | | | | | |
| Bank loans | 32.0 | – | – | – | – | – | 32.0 |
| Other loans | 1.3 | – | – | – | – | – | 1.3 |
| **Undrawn facilities** | **33.3** | **–** | **–** | **–** | **–** | **–** | **33.3** |
| Zero Dividend Preference shares | – | – | – | – | – | – | – |
| **Undrawn debt** | **–** | **–** | **–** | **–** | **–** | **–** | **33.3** |
| | | | | | | | |
| At 30 September 2021 | | | | | | | |
| Bank loans | – | 30.6 | – | – | – | – | 30.6 |
| Other loans | 3.3 | – | – | – | – | – | 3.3 |
| Undrawn facilities | 3.3 | 30.6 | – | – | – | – | 33.9 |
| Zero Dividend Preference shares | – | – | – | – | – | – | – |
| Undrawn debt | 3.3 | 30.6 | – | – | – | – | 33.9 |

At 31 March 2022, the bank loans were secured over £36.5m (30 September 2021: £29.2m) of investment property and assets held for sale, £3.5m (30 September 2021: £3.6m) of property, plant and equipment and £71.7m (30 September 2021: £81.3m) of inventories. The other loans were secured over £6.6m (30 September 2021: £nil) of loan notes and £19.2m (30 September 2021: £28.8m) of inventories. The Zero Dividend Preference shares were secured against loans to joint ventures and associate of £26.8m (30 September 2021: £35.8m) and £23.7m (30 September 2021: £7.3m) of unrestricted cash.

## 22. Borrowings continued

### Zero Dividend Preference shares

The Zero Dividend Preference shares carry no entitlement to any dividends or other distributions or to participate in the revenue or any other profits of the Company. The Zero Dividend Preference 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 Inland Zero Dividend Preference plc's Articles of Association, which would be likely to affect their rights or general interests. At 31 March 2022, there were 18,101,857 Zero Dividend Preference shares in issue (30 September 2021: 18,101,857). In August 2018, the Zero Dividend Preference 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 to 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 Income Statement.

IFRS 7 'Financial liabilities: Disclosure', requires disclosure of the maturity of the Group's remaining contractual financial liabilities. The table below shows the contractual undiscounted cash outflows arising from the Group's gross debt which is split between fixed rate and variable rate borrowings.

| | **< 1 year £m** | **1 to 2 years £m** | **2 to 3 years £m** | **3 to 4 years £m** | **4 to 5 years £m** | **> 5 years £m** | **Total £m** |
|---|---|---|---|---|---|---|---|
| **At 31 March 2022** | | | | | | | |
| Variable rate borrowings | 32.7 | 34.3 | 32.9 | – | – | 0.6 | 100.5 |
| Fixed rate borrowings | 15.6 | 4.9 | – | – | 2.7 | – | 23.2 |
| **Gross debt** | 48.3 | 39.2 | 32.9 | – | 2.7 | 0.6 | 123.7 |
| Interest on gross debt | 5.4 | 2.6 | 0.1 | 0.1 | 0.1 | 0.1 | 8.4 |
| **Gross loan commitments** | **53.7** | **41.8** | **33.0** | **0.1** | **2.8** | **0.7** | **132.1** |
| At 30 September 2021 | | | | | | | |
| Variable rate borrowings | 38.0 | – | 32.0 | – | – | – | 70.0 |
| Fixed rate borrowings | 22.6 | 34.2 | – | – | – | 3.4 | 60.2 |
| Gross debt | 60.6 | 34.2 | 32.0 | – | – | 3.4 | 130.2 |
| Interest on gross debt | 4.6 | 2.3 | 1.0 | 0.1 | 0.1 | 0.2 | 8.3 |
| Gross loan commitments | 65.2 | 36.5 | 33.0 | 0.1 | 0.1 | 3.6 | 138.5 |

## 23. Trade and other payables

| | **As at 31 March 2022 £m** | As at 30 September 2021 £m |
|---|---|---|
| Trade payables | **20.3** | 46.3 |
| Other payables | **0.7** | 4.3 |
| Sales and social security taxes | **3.0** | 0.5 |
| Provisions | **0.3** | 0.2 |
| Accruals | **17.7** | 33.2 |
| **Total trade and other payables** | **42.0** | 84.5 |

Included within trade payables is £13.1m (30 September 2021: £37.0m) relating to amounts payable in relation to construction contracts in the contract income segment and £5.4m (30 September 2021: £5.2m) in relation to construction contracts in the housebuilding segment.

## 24. Lease liabilities
IFRS 16 'Leases' was adopted on 1 October 2019 without restatement of comparative figures. On adoption, lease liabilities were measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease which in the Group's case was the Group's incremental borrowing rate on commencement of the lease.

The Group has a lease for the Head Office facility at Burnham Yard, Beaconsfield, and for a car. These have been presented on the Group Statement of Financial Position as right-of-use assets and lease liabilities. Short-term leases and leases of low-value underlying assets have been excluded, as is permitted by IFRS 16.

The lease imposes a restriction that the right-of-use asset can only be used by the Group and is non-cancellable for six years from the commencement of the lease. Further, the Group is prohibited from selling or pledging the underlying leased asset as security and the Group must keep the property in a good state of repair and return the property in its original condition at the end of the lease. The lease is secured by the related underlying asset.

The Group has elected not to recognise a lease liability for short term leases (leases with an expected term of 12 months or less) or for leases of low value assets. Payments made under such leases are expensed on a straight-line basis.

| | **Six-month period ended 31 March 2022 £m** | Year ended 30 September 2021 £m |
|---|---|---|
| At 1 October | 0.9 | 1.2 |
| Lease payments | (0.1) | (0.3) |
| **At 31 March 2022/30 September 2021** | **0.8** | **0.9** |

| | **As at 31 March 2022 £m** | As at 30 September 2021 £m |
|---|---|---|
| Current | **0.3** | 0.3 |
| Non-current | **0.5** | 0.6 |
| **Total** | **0.8** | 0.9 |

Future minimum lease payments at 31 March 2022 were as follows:

| | **<1 year £m** | **1-2 years £m** | **2-3 years £m** | **Total £m** |
|---|---|---|---|---|
| Lease liabilities secured against right-of-use assets | 0.3 | 0.3 | 0.2 | 0.8 |
| **Total** | **0.3** | **0.3** | **0.2** | **0.8** |

The expense relating to payments not included in the measurement of the lease liability is immaterial.

## 25. Other financial liabilities
Other financial liabilities falling due within one year of £4.1m (30 September 2021: £4.8m) and falling greater than one year of £1.8m (30 September 2021: £3.6m) relate to purchase consideration on inventories. Other financial liabilities falling due within one year of £nil (30 September 2021: £7.6m) and falling greater than one year of £nil (30 September 2021: £nil) relate to the recognition of an other financial liability.

## 26. Deferred income

| | As at 31 March 2022 £m | As at 30 September 2021 £m |
|---|---|---|
| **Deferred income, due in less than one year** | **16.9** | 5.5 |

The deferred income due within one year arises due to the differences between customer certification of contract income recognised under the input method of IFRS 15 and amounts billed to customers.

## 27. Share capital and reserves

### Group and Company

The Group and Company have two classes of share capital and five types of reserves organised as follows:

### Ordinary shares

Except for the shares held in the Employee Benefit Trust and the Treasury reserve, each share has the right to one vote and is entitled to participate in any distribution made by the Company, including the right to receive a dividend. Ordinary shares issued after the balance sheet date but prior to the date of this report are disclosed in note 29.

The movement in the number of shares in issue is shown in the table below.

| **Deferred shares** | **Authorised, issued and fully paid** | | | |
|---|---|---|---|---|
| | **10p ordinary shares** | | **10p deferred shares** | |
| | **Number** | **£m** | **Number** | **£m** |
| At 30 September 2021 | 230,091,045 | 23.0 | 9,980 | – |
| **As at 31 March 2022** | **230,091,045** | **23.0** | **9,980** | **–** |

| | 10p ordinary shares Number |
|---|---|
| **Total voting shares**[1] | |
| At 30 September 2021 | 228,463,545 |
| **At 31 March 2022** | **228,463,545** |

1 Ordinary shares in issue less shares held in the Employee Benefit Trust and the Treasury reserve.

On 19 April 2022, the Group announced that it will undertake a share buyback programme of up to £1m. Refer to note 29 for further details.

### Deferred shares

Deferred shares shall not confer the right to be paid a dividend or to receive notice of or attend or vote at a general meeting. On a winding-up, after the distribution of the first £10,000,000 of the assets of the Company, the holders of the deferred shares (if any) shall be entitled to receive an amount equal to the nominal value of such deferred shares pro rata to their respective holdings.

## 27. Share capital and reserves continued

### Reserves

The following describes the nature and purpose of each reserve within shareholders' equity:

| Reserve | Description and purpose |
|---|---|
| Share premium | Amount subscribed for share capital in excess of nominal value less directly attributable issue costs. |
| Employee benefit trust | This represents the purchase of the Company's own shares and are deducted from total equity until they are issued to employees under the Deferred Bonus Plan. At 31 March 2022 this reserve holds 1,627,500 shares (30 September 2021: 1,627,500 shares). |
| Special reserve | A resolution was passed at the AGM in November 2011 for the capitalisation of the Parent Company's reserves to allow for the possibility of distributions in the future and this was put in the Special Reserve, which is a distributable reserve. A copy of this resolution is available from Companies House. |
| Retained earnings | Cumulative net gains and losses recognised in the Group income statement together with other items such as dividends and share–based payments. |

| | **10p ordinary shares** | |
|---|---|---|
| **Employee Benefit Trust** | **Number** | **£m** |
| At 30 September 2021 | 1,627,500 | (1.1) |
| **At 31 March 2022** | **1,627,500** | **(1.1)** |

## 28. Net debt reconciliation

| | At 1 October 2021 £m | Cash flows £m | Proceeds £m | Repayments £m | Movement in accrued liability £m | **At 31 March 2022 £m** |
|---|---|---|---|---|---|---|
| Secured bank loans | 68.3 | | 8.3 | (6.2) | | 70.4 |
| Other secured loans | 22.3 | – | 10.1 | (12.0) | – | 20.4 |
| Borrowings | 90.6 | – | 18.4 | (18.2) | – | 90.8 |
| Zero Preference Dividend shares | 32.0 | – | – | – | 0.9 | 32.9 |
| Other financing arrangements | 7.6 | – | – | (7.6) | | – |
| **Gross debt** | **130.2** | **–** | **18.4** | **(25.8)** | **0.9** | **123.7** |
| Cash and cash equivalents | (12.1) | (15.4) | – | – | – | (27.5) |
| **Net debt** | **118.1** | **(15.4)** | **18.4** | **(25.8)** | **0.9** | **96.2** |
| Net assets IFRS | 183.0 | | | | | **174.6** |
| Net gearing IFRS | 64.5% | | | | | **55.1%** |

## 29. Post balance sheet events

On 5 April 2022, Gary Skinner's employment with the Group terminated with immediate effect. Accordingly, he has stepped down from the Board.

On 19 April 2022, the Company announced that it will undertake a share buyback programme of up to £1m. As at 29 June 2022, the Company has purchased 1,857,178 shares in aggregate. These are held in treasury and do not carry voting rights. As at 29 June 2022, the Company's Employee Benefit Trust holds 1,627,500 ordinary shares and shall abstain from exercising its voting rights at any general meeting of the Company. Consequently, shareholders should use 226,641,367 ordinary shares as the denominator for the calculations by which they will determine if they are required to notify their interest in, or a change to their interest in the Company, under the Disclosure Guidance and Transparency Rules of the Financial Conduct Authority.

On 3 May 2022, the Group conditionally sold part of Wilton Park, Beaconsfield to a major care home and retirement living operator for a total consideration of £19.1m. The sale is conditional on planning permission being achieved.

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House sales website:
**www.inlandhomes.co.uk**

Investor website:
**www.inlandhomesplc.com**