

Corporate governance statement



Terry Roydon
Chairman

The Board, under my Chairmanship, is committed to sound corporate governance and to the fundamentals of corporate governance put forward by the QCA. Good corporate governance is about (i) having the right people in the right roles, working together and doing the right things to deliver shareholder value over the long term; (ii) being mindful of the Group's responsibilities to all its stakeholders including the workforce, local communities and business counter-parties; and (iii) seeking to mitigate the environmental impact of the Group's activities. The Board recognises that good communication is essential to good corporate governance and to gaining and maintaining the trust of our shareholders.

As Chairman, I lead discussions on the corporate governance responsibilities of the Board and am the ultimate reporting point for all corporate governance-related issues.

High-level information as to how the QCA Code is applied by the Group and how its application supports the Company's long-term success as well as explanations for any areas in which the Group's governance

structures and practices differ from the expectations set by the QCA Code are set out later in this report.

In furtherance of the Group's commitment to corporate governance, the Board was strengthened during the year by the appointment of two additional independent non-executive directors, Laure Duhot and Brian Johnson, both of whom bring relevant and valuable experience to the Board as well as balancing out the executive and non-executive contingent. Biographical details for Laure and Brian summarising the skills that they bring to the Board, are set out on [here](#).

Following the appointments of Laure and Brian, the departure of Paul Brett in April of this year and the appointment to the Board of Gary Skinner, the Board comprises three executive directors and four non-executive directors, including the Chairman.

As part of the Board's review of its corporate governance arrangements it has considered the ten principles of the QCA Code and has considered how and to what extent it is appropriate for the Company to adopt practices for the purposes of complying with those principles having regard to the nature and scale of the Group's operation and the resources available to the Group. The following summary makes appropriate compliance disclosures against each principle.

The ten principles of the QCA Code are as follows:

Establish a strategy and business model which promote long-term value for shareholders

The Group's strategy is set out and discussed [here](#) and its business model is summarised [here](#). The business model is focussed on maintaining a strong portfolio of properties delivering both short and medium to long-term value to shareholders. As in past years, the Board's four strategic goals are (i) to acquire land

and add value through planning; (ii) to continue the core activity of plot sales to generate cash to fund our operations; (iii) to maximise value from the land-bank by expanding the house-building and partnership housing programmes; and (iv) to maintain borrowings at a manageable level through a strong focus on cash management and vendor financing.

Seek to understand and meet shareholder needs and expectations

Primary responsibility for investor relations rests with the Company's Chief Executive, Stephen Wicks supported by the Finance Director, Nish Malde and the Managing Director, Gary Skinner. In addition to investor presentations and meetings the Board uses the Company's Annual General Meeting to make a presentation to shareholders on the Group's performance. The Annual General Meeting also provides an opportunity for the shareholders, particularly private shareholders, to question the Board and to share their thoughts on the Group's strategy and business model. Further information is set out under the heading "[Engaging with our Shareholders](#)".

Take into account wider stakeholder and social responsibilities and their implications for long-term success

The Board is responsible for directing the Group's wider stakeholder and social responsibilities and sustainability strategy. Further information is set out under the heading "[Corporate and Social Responsibility](#)".

Embed effective risk management, considering both opportunities and threats, throughout the organisation

The principal risks which the Group faces and the processes which it has put in place to mitigate those risks are listed in the Group's annual report. These risks are discussed between the Board and senior management as a matter of course and information relating to them is

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communicated to all relevant executives. An assessment of relevant risks is an integral part of the decision making process at all levels of the Group.

Maintain the board as a well-functioning, balanced team led by the chairman

The QCA Code requires that the boards of AIM companies have an appropriate balance between executive and non-executive directors and that each board should have at least two independent Directors. As mentioned above, during the year the Board has been strengthened with the appointment of Laure Duhot and Brian Johnson as independent non-executive Directors. The Board considers that the Company's chairman, Terry Roydon, and Simon Bennett, are also independent. A summary of the key responsibilities of the Board is set out under the heading "Effective Leadership" and details of the governance framework established by the Board to support its operation in line with the principles of the QCA Code, including as to provision of information to members of the Board, is set out under the heading "[Governance Framework](#)".

Ensure that between them the directors have the necessary up-to-date experience, skills and capabilities

All seven members of the Board have significant relevant sector experience and the majority of the Board also have considerable prior experience of listed companies. Biographical information on each member of the Board is provided [here](#). The Board believes that its blend of relevant experience, skills and personal qualities and capabilities positions it well to successfully execute its strategy. The training and development activities undertaken by members of the Board are summarised [here](#).

Evaluate board performance based on clear and relevant objectives, seeking continuous improvement

The effectiveness of the Board is key to the effective implementation and operation of the Group's strategy and business model and the Board seeks to foster a culture of continuous improvement to maximise the effectiveness of board practices. Details of the Board's approach to evaluation are set out under the heading "Evaluation". As further described in that section the Board is in the process of formulating an evaluation framework for directors, including the Chairman and committees of the Board.

Promote a corporate culture that is based on ethical values and behaviours

The Group places great value on its culture and promotes ethical values and behaviours internally and amongst its stakeholders. The culture and ethical values of the Group are best demonstrated through its commitment to corporate responsibility and sustainability initiatives as described under the heading "[Corporate and Social Responsibility](#)".

Maintain governance structures and processes that are fit for purpose and support good decision-making by the board

Our corporate governance structures and processes are summarised and discussed under the heading "[Governance Framework](#)".

Communicate how the company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders

In addition to the activities summarised under QCA Code principle 2, "*Seek to understand and meet shareholder needs and expectations*" the Company undertakes the investor relations activities described under the heading "Engaging with our Shareholders". The Company's Audit Committee report and Remuneration Committee Report are contained in its [annual report](#).

The Company's historical annual reports and other governance-related materials, including notices of all general meetings over the last five years, are set out here. Details of shareholders votes (including abstentions) on matters put to general meetings will be disclosed on the Company's website and, where a significant proportion of votes (for example, 20 per cent. or more of independent votes) have been cast against a resolution at any general meeting, the Company will promptly provide an explanation of the action it intends to take to understand the reasons behind that result and, where appropriate, any different action it has taken or proposes to take in response to that result.

Effective leadership

Our Board

Led by our Chairman, Terry Roydon, the Board is committed to promoting the long-term success of the Group for the benefit of our shareholders and other stakeholders. Our Directors bring a range of skills, perspectives and corporate experience to our Boardroom. The Board is responsible for decisions relating to the Group's strategy, capital structure and financing, any major property acquisition, the risk appetite of the Group and the authorisation of expenditure above the delegated authority limits.

The Board considers the following to be its key responsibilities:

- to set the vision and strategy for the Group;
- to determine and secure the execution of that strategy by putting in place its business model so as to deliver value to shareholders;
- to monitor management activity and performance against targets;
- to provide constructive challenge to ensure management remains focused on strategic objectives;
- to define the Group's corporate governance arrangements; and
- to promote the long-term success of the Group for the benefit of all stakeholders.

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When making decisions, the Board has regard to the following fundamental considerations:

- the need to act with integrity and to conduct itself and the business in an open and honest manner;
- the interests and well-being of our employees;
- the impact of the decision on local communities, business counter-parties and the environment;
- the wants and needs of current and future customers; and
- the need to develop strong and sustainable relationships with our key contractors and suppliers.

Our Board has established a [governance framework](#) to support its effective operation in line with the principles of the QCA Code and generally to maintain good governance practices throughout the Group.

The Operating Board, which consists of the three Executive Directors and the five senior managers, is responsible for ensuring that policies and behaviours set at Board level are effectively communicated and implemented across the Group's business. Our intranet is also used as a platform for employees to access our policies and be kept fully informed

of the latest developments within the Group.

Attendance

The Board meets regularly throughout the year and full attendance is encouraged where possible. The table below sets out the number of meetings held during the year to 30 June 2018 and the attendance at those meetings.

Culture

From early 2017 the Group has seen a significant growth in its workforce. Throughout this period of rapid growth, the Board has sought to maintain a 'family feel' within the business. We pride ourselves on our open, supportive and caring culture which encourages everyone to work together as one team regardless of where they work in the business. We believe that our culture is a key strength of our business and we see the benefits of our strong culture in the level of employee engagement, retention and productivity across the Group. Our managers take responsibility for monitoring the culture within their own areas and for feeding back any issues, comments or concerns raised by our employees to the Board.

The Group places considerable value on the involvement of its employees and keeps them informed of all relevant matters on a regular basis. In July 2017, to explore the impact of the increasing numbers of staff resulting

from the growth of the business, the Board commissioned an external consultant to lead a piece of work with a small group of staff. The external consultant facilitated a one-day workshop for 19 multi-disciplinary staff to explore the past, present and future cultures of the Group with a view to identifying actions to build on the existing culture and for staff to work more closely together as one business. The staff who attended were fully engaged in the workshop and as a result, were able to identify the preferred culture for the Group to work towards and the actions to help it achieve that. Many of those actions have been completed. These include the development of an intranet to improve communication, informal social events to engender a sense of 'one company' and to celebrate success, regular site visits for senior staff and back office staff to understand the business better, standard policies and procedures across all disciplines, the development of a supply chain forum and the establishment of central training provision/administration so that staff have the knowledge and skills needed to do their job.

Within the [Corporate and Social Responsibility](#) section there are further details on our employees.

Name of Director	Independent	No. of meetings attended	Attendance
Terry Roydon	Yes	7	100%
Simon Bennett	Yes	7	100%
Laure Duhot	Yes	n/a	n/a
Brian Johnson	Yes	n/a	n/a
Stephen Wicks	No	7	100%
Nish Malde	No	7	100%
Paul Brett	No	5	100%
Gary Skinner	No	1	100%

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Governance framework

We pride ourselves on conducting our business in an open and transparent manner. Our governance framework remains flexible due to our culture and allows for fast decision making and effective oversight.

The Board

The Board is primarily responsible for setting the Group's strategy for delivering long-term value to our shareholders and other stakeholders, providing effective challenge to management concerning the execution of the strategy and ensuring the Group maintains an effective risk management and internal control system.



The Board delegates certain matters to its two principal committees:

Audit Committee

Responsible for reviewing, and reporting to the Board on the Group's financial reporting, maintaining an appropriate relationship with the Group's Auditor and monitoring the internal control systems.

Remuneration Committee

Responsible for establishing the Group's Remuneration Policy for Executive Directors and ensuring there is a clear link between our performance and the remuneration we pay.



Operating Board

The Board delegates the execution of the Group's strategy and the day-to-day management of the business to the Operating Board.

Independence

The Board considers that our non-executive Directors remain independent. All Directors have confirmed (as they are required to do annually) that they have been able to allocate sufficient time to discharge their responsibilities effectively.

The independence of our non-executive Directors is considered on a regular basis to confirm that they remain independent from executive management and free from any business or other relationship which could materially interfere with the exercise of their judgement.

As stated above, the Board was strengthened during the year by the appointment of two additional independent non-executive directors, Laure Duhot and Brian Johnson.

Terry Roydon and Simon Bennett have served the Company as non-executive Directors since its admission to AIM in 2007. The QCA Code acknowledges that the fact that a director has served for more than

nine years does not automatically affect independence provided that the Board is satisfied that the director continues to exhibit independence of character and judgment. In the Board's opinion, both Terry and Simon have continued to demonstrate robust commitment to their roles and to exercise their judgement in an effective and independent manner, nor do they have any association with management that might compromise their independence. Accordingly, the Board considers them to be independent non-executive Directors of the Company. They will also stand for re-election at all Annual General Meetings of the Company.

Our Directors are required to notify the Board of any changes to their external commitments with an indication of the time commitment involved. During the year, Terry Roydon became Chairman of Sigma Homes Limited. Terry notified the Board in advance of his appointment and the Board has confirmed that it does not believe that this change in directorship will affect

Terry's ability to fulfil his duties as the Chairman of the Company nor will it give rise to a potential conflict of interest.

Any Director who has concerns about the running of the Group or a proposed course of action is encouraged to express those concerns which are then recorded. No such concerns were raised during the year ended 30 June 2018 (2017: None). During the year, the Chairman held a number of meetings with the non-executive Directors without executive management being present. These meetings are useful to safeguard the independence of our non-executive Directors by providing them with time to discuss their views in a more private environment.

We have established an agreed procedure by which Directors can, for the purposes of discharging their duties, obtain independent professional advice at the Company's expense. No Director had reason to use this facility during the year ended 30 June 2018 (2017: None).

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The Board has considered whether the Company is of a size where it is appropriate to designate one of the non-executive directors as the "Senior Independent Director" to act as a sounding board and intermediary for the Chairman or other members of the Board and to provide an alternative route of access to the Board for shareholders and other directors where appropriate. The Board has nominated Simon Bennett as the Senior Independent Director.

Conflict of interests

As a non-executive Director's independence could be impaired where a Director has a conflict of interest, the Board operates a policy that restricts a Director from voting on any matter in which he or she might have a personal interest unless the Board unanimously decides otherwise. Prior to all major Board decisions, the Chairman requires the Directors to confirm that they do not have a potential personal conflict with the matter being discussed. If a conflict does arise, the Director is excluded from discussions and from voting.

Information sharing

The Board and its Committees are provided with comprehensive papers in a timely manner to ensure that the members are fully briefed on the matters to be discussed at their meetings. The Chairman of the Board and the chairmen of the Committees, being Terry Roydon in the case of the Audit Committee and Simon Bennett in the case of the Remuneration Committee, set the agendas for upcoming meetings in discussion with members of the Board and Committees (as the case may be).

Papers to the Board are required to be clear and concise with any background material included as an appendix to the papers.

Share dealing

The Directors comply with Rule 21 of the AIM Rules relating to Directors' dealings and take all reasonable steps to ensure compliance by the Company's applicable employees. The Company has adopted and operates a share dealing code for Directors and employees in accordance with the AIM Rules and the Market Abuse Directive (MAR).

Roles and responsibilities

Our Board is composed of the Chairman, three executive Directors and three independent non-executive Directors.

The key responsibilities of each category of directors are set out below:

Key responsibilities of the Chairman

- To lead the Board effectively and to oversee the adoption, delivery and communication of the Company's corporate governance model;
- To ensure that the Board has the right balance of skills, experience and independence
- To promote teamwork across the Board
- To engender a Boardroom culture that is rooted in the principles of good governance and enables challenge, debate and transparency
- To ensure that the Board as a whole plays a full and constructive part in the development of strategy and that there is sufficient time for Boardroom discussion
- To ensure effective engagement between the Board and its shareholders and other stakeholders.

Key responsibilities of the Chief Executive (CEO)

- To execute the Group's strategy and commercial objectives and to implement the decisions of the Board and its Committees
- To keep the Chairman and Board apprised of important and strategic issues facing the Group

- To ensure that the Group's business is conducted with the highest standards of integrity, in keeping with our culture
- To manage the Group's risk profile, including the maintenance of appropriate health, safety and environmental policies.

Key responsibilities of the Non-executive Directors (NEDs)

- To provide constructive challenge to our executives, to help to develop proposals on strategy and to monitor performance against our KPIs
- To ensure that no individual or group dominates the Board's decision making
- To promote the highest standards of integrity and corporate governance throughout the Company including at Board level
- To determine appropriate levels of remuneration for the Executive Directors with the benefit of recommendations made by the Remuneration Committee
- To review the integrity of the Group's financial reporting processes including ensuring that financial controls and systems of risk management are robust

The roles of Chairman and Chief Executive are separately held and the respective duties and responsibilities attached to those positions are clearly established.

Engaging with our shareholders

We recognise the importance of clear communication and proactive engagement with our shareholders.

The following is a summary of the different actions taken by the Company to maximise shareholder engagement.

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Investor meetings

Following the full year and half year announcements, as well as at various times during the year as requested, the Executive Directors present to a number of institutional and significant private investors to update them on the Group's results and strategy and answer any questions they may have.

Institutional shareholders and fund managers

Our Executive Directors also maintain contact with institutional shareholders and fund managers, through phone calls, presentations and visits to our Group's property assets.

Annual General Meeting (AGM)

Our 2017 AGM was held on 28 November 2017 and we were delighted to receive in excess of 91% votes in favour for all of our resolutions. The 2018 AGM is to be held on 27 November 2018 at Decimal Place, Chiltern Avenue, Amersham, Buckinghamshire, HP6 5FG and we encourage our shareholders to attend. The AGM provides an opportunity for private shareholders in particular to raise any queries with the Board.

Annual and half year reports

We communicate with shareholders through our annual report and accounts and interim report, full year and half year announcements and trading updates. Through our electronic communication initiatives, we aim to make our annual report as accessible as possible for our shareholders, who can opt to receive a hard copy in the post or PDF copies via email or from our website.

Corporate website

The Group's corporate website, www.inlandhomesplc.com, has a dedicated investor section which includes our annual reports, results presentations (which are made to analysts and investors after the publication of the interim and

full year results) and our financial and dividend calendar for the upcoming year. Additionally, we have a commercial website (www.inlandhomes.co.uk) which contains details of all our current developments.

Debtholder engagement

Our CEO, Stephen Wicks and Group Finance Director, Nish Malde, have meetings and calls with the ZDP shareholders as and when requested.

Key contacts for our shareholders

We have included contact details for our Financial PR Consultants, Company Secretary and our Registrars [here](#).

Evaluation

In view of the size of the Group and the relatively small Board of the Company, the Company has not historically adopted a formal evaluation process for individual members of the Board and the Committees. Instead, the Chairman has invited feedback on the performance of members of the Board on an informal but confidential basis from time to time and, if and when necessary, has addressed any points arising directly with the director concerned.

Following its adoption of the QCA Code, the Board intends to adopt a formal evaluation process in the current financial year which will include the completion and return to the Chairman of questionnaires relating to the effectiveness of the Board and a self-assessment by each director of his or her contribution to the Board. The responses to those questionnaires will then form the basis for discussions between each director and the Chairman and, in the case of the Chairman, a nominated independent non-executive director.

In view of the size of the Group, the Directors do not consider that an external review process with the associated costs is an appropriate or proportionate use of resources at this point in the Group's development.

In evaluating the effectiveness of the Board the Directors have due regard to the need for succession planning. As and when changes are anticipated, the Board intends to take appropriate and timely steps to prepare candidates for leadership and senior management positions, including making introductions to key stakeholders in the Company, providing training and generally taking reasonable steps to minimise any impact of the personnel change on the Company and its business relationships.

Training and development

With the dynamic environment in which the Group operates, it is important for our executive and non-executive Directors to keep abreast of recent, and upcoming, developments both in the industry and in the regulation of companies whose shares are traded on public markets.

Professional advisers to the Group deliver industry and professional updates to members of the Board; the Finance Director provides regular updates to the Board and its Committees on regulatory and corporate governance matters and the Managing Director provides updates on any significant changes affecting the industry.

During the year the Board also received an AIM rules refresher presentation from the Company's nominated adviser and all directors have access to the resources provided by the Quoted Companies' Alliance by virtue of the Company's membership of that organisation.

Terry Roydon
Chairman