



MILLER HOMES GROUP HOLDINGS PLC

Quarterly Financial Report for the
3 and 12 months ended 31 December 2019

5.5% Senior Secured Notes due 2024
Senior Secured Floating Rate Notes due 2023

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Introduction

- In accordance with the reporting requirements of its offering of £425m Senior Secured Notes (of which £405m are currently outstanding), Miller Homes Group Holdings plc (“the Group”) is pleased to present its Quarterly Financial Report for the 3 and 12 months ended 31 December 2019.
- The figures for the 3 month period to 31 December 2018 and 2019 are unaudited.
- This report reflects, for the first time, the impact of IFRS 16 Leases. From a profit perspective, the new standard has a minimal impact of a £0.3m charge on profit before taxation. In relation to the balance sheet, an £8.2m right of use asset has been recognised offset by £8.5m of lease liabilities.

Financial and operational highlights for the 12 months to December 2019

Trading

- Continued growth in completions with modest increase in private ASP.
- Outlet numbers at 31 December 2019 have increased by 8% to 83 (Dec 2018: 77), with average outlets for 2019 and 2018 being 83 and 71 respectively.
- EBITDA for 12 months ended 31 December 2019 is £170.9m, a 13% increase on 2018.
- Gross margin reduction reflects several items, the main one being cost inflation outstripping house price inflation.
- 4% decrease in our private sales rate to 0.64 net reservations per site per week (2018: 0.67).

Land investment and leverage

- 9% increase in the consented landbank to 13,633 plots (Dec 2018: 12,524 plots), representing 4.1 years' supply, based on last 12 months' completions. This reflects an increase in the owned landbank to 10,718 plots (Dec 2018: 9,174 plots) offset by a decrease in the controlled landbank to 2,915 plots (Dec 2018: 3,350 plots). The decrease in the controlled landbank follows the acquisition and transfer of plots to the owned landbank.
- 16% increase in the strategic landbank to 20,035 plots (Dec 2018: 17,331 plots).
- Net LTV¹ of 38.9% (Dec 18: 52.6%), based on net inventory of £682.3m and net debt of £265.2m². Net LTV has decreased from 47.3% in the previous quarter.
- Net leverage of 1.6x, based on LTM EBITDA of £170.9m and net debt of £265.2m. This compares to net leverage of 2.1x in the previous quarterly report.

Outlook

- At 31 December 2019, forward sales for the following 12 months are £327.8m, 12% ahead of the prior year.

¹ LTV: Loan to value is net debt divided by net inventory (inventory less land payables).

² Excludes the capitalisation of bond financing costs (£13.7m).

The key financial highlights for the 3 and 12 month periods ended 31 December 2019, together with prior period comparatives, are set out below:

| <i>Table 1</i> | 3 months ended 31 Dec 2019 £m | 3 months ended 31 Dec 2018 £m | % change | 12 months ended 31 Dec 2019 £m | 12 months ended 31 Dec 2018 £m | % change |
|-----------------------------------|--|--|---------------------|---|---|---------------------|
| Revenue | 259.7 | 229.6 | 13.1 | 841.4 | 747.0 | 12.6 |
| Cost of sales | (194.6) | (168.9) | (15.2) | (630.7) | (555.0) | (13.6) |
| Gross profit | 65.1 | 60.7 | 7.2 | 210.7 | 192.0 | 9.7 |
| Other operating income | 0.2 | 0.4 | (50.0) | 1.4 | 1.9 | (26.3) |
| Administrative expenses | (13.2) | (13.8) | 4.3 | (47.9) | (47.9) | - |
| Group operating profit | 52.1 | 47.3 | 10.1 | 164.2 | 146.0 | 12.5 |
| Share of result in joint ventures | 1.2 | 1.8 | (33.3) | 3.7 | 5.1 | (27.5) |
| Operating profit | 53.3 | 49.1 | 8.6 | 167.9 | 151.1 | 11.1 |
| Net finance costs | (11.8) | (12.0) | 1.7 | (45.8) | (49.0) | 6.5 |
| Profit before taxation | 41.5 | 37.1 | 11.9 | 122.1 | 102.1 | 19.6 |
| Taxation | (7.7) | (6.6) | (16.7) | (23.1) | (19.2) | (20.3) |
| Profit for the period | 33.8 | 30.5 | 10.8 | 99.0 | 82.9 | 19.4 |
| <i>Gross margin %</i> | <i>25.1%</i> | <i>26.4%</i> | <i>-130bps</i> | <i>25.0%</i> | <i>25.7%</i> | <i>-70bps</i> |
| <i>Operating margin %</i> | <i>20.5%</i> | <i>21.4%</i> | <i>-90bps</i> | <i>20.0%</i> | <i>20.2%</i> | <i>-20bps</i> |

Reconciliation of EBITDA

| <i>Table 2</i> | 3 months ended 31 Dec 2019 £m | 3 months ended 31 Dec 2018 £m | 12 months ended 31 Dec 2019 £m | 12 months ended 31 Dec 2018 £m |
|-----------------------|--|--|---|---|
| Profit for the period | 33.8 | 30.5 | 99.0 | 82.9 |
| Taxation | 7.7 | 6.6 | 23.1 | 19.2 |
| Net finance costs | 11.8 | 12.0 | 45.8 | 49.0 |
| Depreciation | 2.8 | 0.3 | 3.0 | 0.4 |
| EBITDA | 56.1 | 49.4 | 170.9 | 151.5 |

Analysis of revenues

| <i>Table 3</i> | 3 months ended 31 Dec 2019 £m | 3 months ended 31 Dec 2018 £m | 12 months ended 31 Dec 2019 £m | 12 months ended 31 Dec 2018 £m |
|----------------------|--|--|---|---|
| Private revenue | 231.0 | 210.7 | 752.7 | 678.4 |
| Affordable revenue | 19.0 | 18.6 | 77.3 | 58.4 |
| Land sales | 9.5 | - | 11.0 | 8.5 |
| Other | 0.2 | 0.3 | 0.4 | 1.7 |
| Total revenue | 259.7 | 229.6 | 841.4 | 747.0 |

Analysis of completions and ASP

| <i>Table 4</i> | 3 months ended 31 Dec 2019 No. | 3 months ended 31 Dec 2018 No. | 12 months ended 31 Dec 2019 No. | 12 months ended 31 Dec 2018 No. |
|-------------------------|---|---|--|--|
| Private completions | 809 | 727 | 2,652 | 2,411 |
| Affordable completions | 150 | 171 | 676 | 543 |
| Core completions | 959 | 898 | 3,328 | 2,954 |
| | £000 | £000 | £000 | £000 |
| Private ASP | 286 | 290 | 284 | 281 |
| Affordable ASP | 127 | 108 | 114 | 108 |
| Total ASP | 261 | 255 | 249 | 249 |

Financial summary

Results of operations for the 3 months ended 31 December 2019

Revenue

- Revenue for the 3 months to 31 December 2019 increased by 13.1% to £259.7m (Q4 2018: £229.6m), representing an 6.8% increase in core completions, a 2.4% increase in ASP and a £9.4m increase in land sales and other revenue.
- Core completions in the 3 months to 31 December 2019 increased by 6.8% to 959 units (Q4 2018: 898 units). Private completions increased by 11.3% to 809 units (Q4 2018: 727 units) largely driven by an increase in the number of active sites in the current quarter.
- ASP for the 3 months to 31 December 2019 increased by 2.4% to £261,000 (Q4 2018: £255,000). This reflects a 1.4% decrease in the private ASP to £286,000 (Q4 2018: £290,000) due to a 3% decrease in the average size of our private completions offsite by a lower proportion of completions coming from the North of England where ASPs are lower, and a 17.6% increase in the affordable ASP to £127,000 (Q4 2018: £108,000) as a result of the location and mix of units sold.

Gross profit

- Gross profit for the 3 months to 31 December 2019 increased by 7.2% to £65.1m (Q4 2018: £60.7m). Gross margin in the 3 month period was 25.1% (Q4 2018: 26.4%), reflecting slightly lower margins as a result of cost inflation, as well as a lower margin achieved on the land sale in the period.

Administrative expenses

- Administrative expenses for the 3 months to 31 December 2019 totalled £13.2m (Q4 2018: £13.8m). The decrease of £0.6m has primarily been driven by a lower bonus charge in the period.

EBITDA

- EBITDA for the 3 months to 31 December 2019 increased by 13.6% to £56.1m (Q4 2018: £49.4m) reflecting the increase in gross profit and lower administrative expenses, offset by a slight reduction in other operating income and a reduction in the share of result in joint ventures. Joint venture profit reflects lower completions from a reduced number of active joint ventures.

Finance costs and income

- Net finance costs in the 3 month period ended 31 December 2019 were £11.8m (Q4 2018: £12.0m). The decrease of £0.2m primarily reflects a lower charge in relation external and intercompany debt, partly offset by imputed interest on lease liabilities following the introduction of IFRS 16 in 2019. The interest charge includes £3.2m relating to the shareholder loan notes.

Taxation

- The tax charge of £7.7m (Q4 2018: £6.6m) excludes a further charge of £0.3m for joint ventures which is reflected within the share of result in joint ventures and represents an effective tax rate of 19.1%. The deferred tax asset has fallen to £4.8m (Dec 2018: £15.9m) due to the utilisation of historic tax losses.

Net debt, liquidity and cashflow

| <i>Table 5</i> | As at 31 Dec 2019 £m | As at 31 Dec 2018 £m |
|--------------------------------|-------------------------------------|-------------------------------------|
| Senior secured notes | (405.0) | (405.0) |
| Deferred financing costs | 13.7 | 16.8 |
| Other loans | - | (10.3) |
| Cash and cash equivalents | 139.8 | 98.6 |
| Total external net debt | (251.5) | (299.9) |

| <i>Table 6</i> | 3 months ended 31 Dec 2019 £m | 3 months ended 31 Dec 2018 £m | 12 months ended 31 Dec 2019 £m | 12 months ended 31 Dec 2018 £m |
|---|--|--|---|---|
| Net cash flow from operating activities | 68.8 | 41.6 | 42.5 | 48.2 |
| Net cash flow from investing activities | 3.9 | 3.8 | 9.0 | 1.9 |
| Net cash flow from financing activities | - | (43.9) | (10.3) | (63.9) |
| Movements in cash and cash equivalents | 72.7 | 1.5 | 41.2 | (13.8) |
| Cash and cash equivalents at beginning of period | 67.1 | 97.1 | 98.6 | 112.4 |
| Cash and cash equivalents at end of period | 139.8 | 98.6 | 139.8 | 98.6 |

- Net cash inflow from operating activities for the 3 months ended 31 December 2019 was £68.8m compared to £41.6m for the 3 months ended 31 December 2018. This principally reflects both increased revenues and favourable working capital movements.
- Net cash flow from investing activities for the 3 months ended 31 December 2019 was an inflow of £3.9m compared to £3.8m for the 3 months ended 31 December 2018. This inflow predominantly relates to the repayment of loans made to joint ventures.
- Net cash flow from financing activities for the 3 months ended 31 December 2019 was £nil, which compared to an outflow of £43.9m for the 3 months ended 31 December 2018. The outflow of £43.9m reflects the repayment of shareholder loans in November 2018.

| <i>Table 7</i> | 3 months ended 31 Dec 2019 £m | 3 months ended 31 Dec 2018 £m | 12 months ended 31 Dec 2019 £m | 12 months ended 31 Dec 2018 £m |
|--|--|--|---|---|
| EBITDA | 56.1 | 49.4 | 170.9 | 151.5 |
| Net land investment less than / (in excess of) cost of sales | 8.1 | 14.8 | (70.0) | (25.6) |
| Development spend less than / (in excess of) cost of sales | 15.0 | (1.6) | (22.9) | (42.6) |
| Change in working capital | 3.5 | (6.5) | (2.6) | (6.5) |
| Cash flows from JVs (not included in EBITDA) | 3.2 | 2.3 | 6.0 | (2.2) |
| Shared equity loan receivables | (0.8) | 3.2 | 4.8 | 7.6 |
| Other | (0.2) | (4.5) | (2.2) | (0.5) |
| Free cash flow¹ | 84.9 | 57.1 | 84.0 | 81.7 |
| Net land spend (included in cost of sales) | 50.2 | 38.2 | 150.4 | 121.4 |
| Net land investment (less than) / in excess of cost of sales | (8.1) | (14.8) | 70.0 | 25.6 |
| Total net land spend | 42.1 | 23.4 | 220.4 | 147.0 |
| Free cash flow pre net land spend | 127.0 | 80.5 | 304.4 | 228.7 |

Free cash flow in the 3 months ended 31 December 2019 was £84.9m compared to £57.1m for the 3 months ended 31 December 2018. The increase of £27.8m primarily reflects an inflow from development spend being less than cost of sales of £15.0m compared to an outflow of £1.6m for the 3 months ended 31 December 2018, as well as an inflow from changes in working capital of £3.5m compared to an outflow of £6.5m for the 3 months ended 31 December 2018. The year on year reduction in the development spend variance from £42.6m to £22.9m reflects several new site starts in 2018 with significant infrastructure spend, with housing completions only occurring in a meaningful way in 2019 on these sites.

As the Group has continued to generate significant levels of cash, there are a number of available options. These include additional land purchases, bond redemptions or shareholder distributions.

¹ Free cashflow represents the cash movement per the consolidated cashflow statement but excluding cashflows from financing activities, investing activities (other than movement in loans to joint ventures), corporation tax paid, interest paid and transaction costs.

Capital employed, inventory and landbank
Return on underlying capital employed

| <i>Table 8</i> | As at and for the 12 months ended 31 Dec 2019 £m | As at and for the 12 months ended 31 Dec 2018 £m |
|--|---|---|
| Net assets | 332.1 | 239.6 |
| Net external debt | 251.5 | 299.9 |
| Intercompany loan | 131.4 | 119.4 |
| Capital employed | 715.0 | 658.9 |
| <i>Less</i> | | |
| Intangible assets | (146.2) | (146.2) |
| Shared equity loan receivables | (8.9) | (13.7) |
| Deferred tax | (4.8) | (15.9) |
| Underlying capital employed | 555.1 | 483.1 |
| | | |
| Operating profit | 167.9 | 151.1 |
| <i>Less</i> | | |
| Credit to operating profit in respect of shared equity loan receivables | (4.6) | (0.8) |
| Underlying operating profit | 163.3 | 150.3 |
| Underlying ROCE (%) | 31.5 | 33.4 |

- Capital employed increased to £715.0m as of 31 December 2019 (Dec 2018: £658.9m), of which £146.2m relates to intangible assets established following the acquisition. The increase in underlying capital employed to £555.1m (Dec 2018: £483.1m) reflects an increase in net inventory which has risen by £80.3m to £682.3m (Dec 2018: £602.0m). An analysis of net inventory and the landbank is set out below:

| <i>Table 9</i> | As at 31 Dec 2019 £m | As at 31 Dec 2018 £m |
|--------------------------|-------------------------------------|-------------------------------------|
| Land | 517.3 | 448.3 |
| Work in progress | 296.4 | 281.2 |
| Part exchange properties | 20.6 | 16.0 |
| Inventory | 834.3 | 745.5 |
| Land payables | (152.0) | (143.5) |
| Net inventory | 682.3 | 602.0 |
| Landbank | Plots | Plots |
| Owned / unconditional | 10,718 | 9,174 |
| Controlled | 2,915 | 3,350 |
| Consented | 13,633 | 12,524 |
| Strategic | 20,035 | 17,331 |
| Total | 33,668 | 29,855 |

- The Group acquired or unconditionally contracted on 12 sites during the 3 months ended 31 December 2019 adding 2,335 plots to the owned landbank. In the 3 months ended 31 December 2018, 8 sites and 803 plots were added to the landbank. In the 12 months ended 31 December 2019, the Group has added 30 sites and 4,933 plots which compares to 28 sites and 3,886 plots in 2018.
- The owned landbank at 31 December 2019 has increased to 10,718 plots (Gross development value: £2.9bn). All owned land which has a detailed planning permission is being developed.
- The consented landbank has increased by 9% to 13,633 plots (Dec 2018: 12,524 plots). Based on the last 12 months' completions of 3,328 units, this represents 4.1 years' supply (Dec 2018: 4.2 years).
- The strategic landbank has increased by 16% to 20,035 plots (Dec 2018: 17,331 plots).
- The increase in land payables reflects the timing of contracted payments and several larger site purchases in the current year period.

MILLER HOMES GROUP HOLDINGS PLC

Group condensed consolidated financial
statements

3 and 12 month period ended 31 December 2019

CONSOLIDATED INCOME STATEMENT
for the 3 and 12 month periods ended 31 December 2019

| | Note | 3 months ended 31 Dec 2019 £m | 3 months ended 31 Dec 2018 £m | 12 months ended 31 Dec 2019 £m | 12 months ended 31 Dec 2018 £m |
|-----------------------------------|------|--|--|---|---|
| Revenue | | 259.7 | 229.6 | 841.4 | 747.0 |
| Cost of sales | | (194.6) | (168.9) | (630.7) | (555.0) |
| Gross profit | | 65.1 | 60.7 | 210.7 | 192.0 |
| Other operating income | | 0.2 | 0.4 | 1.4 | 1.9 |
| Administrative expenses | | (13.2) | (13.8) | (47.9) | (47.9) |
| Group operating profit | | 52.1 | 47.3 | 164.2 | 146.0 |
| Share of result in joint ventures | | 1.2 | 1.8 | 3.7 | 5.1 |
| Operating profit | | 53.3 | 49.1 | 167.9 | 151.1 |
| Finance costs | 4 | (12.1) | (12.5) | (46.9) | (51.1) |
| Finance income | 5 | 0.3 | 0.5 | 1.1 | 2.1 |
| Net finance costs | | (11.8) | (12.0) | (45.8) | (49.0) |
| Profit before taxation | | 41.5 | 37.1 | 122.1 | 102.1 |
| Income taxes | | (7.7) | (6.6) | (23.1) | (19.2) |
| Profit for the period | | 33.8 | 30.5 | 99.0 | 82.9 |

The results for the 3 month periods ended 31 December 2019 and 31 December 2018 are unaudited.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| | Note | As at 31 Dec 2019 £m | As at 31 Dec 2018 £m |
|--|------|----------------------------|----------------------------|
| Assets | | | |
| Non-current assets | | | |
| Intangible assets (incl goodwill) | 6 | 146.2 | 146.2 |
| Property, plant and equipment | | 1.4 | 1.3 |
| Right of use asset | | 8.2 | - |
| Investments | | 15.6 | 21.6 |
| Shared equity loan receivables | | 8.9 | 13.7 |
| Deferred tax | | 4.8 | 15.9 |
| | | 185.1 | 198.7 |
| Current assets | | | |
| Inventories | 7 | 834.3 | 745.5 |
| Trade and other receivables | | 20.6 | 20.0 |
| Cash and cash equivalents | | 139.8 | 98.6 |
| | | 994.7 | 864.1 |
| Total assets | | 1,179.8 | 1,062.8 |
| Liabilities | | | |
| Non-current liabilities | | | |
| Loans and borrowings | 8 | (522.7) | (507.6) |
| Trade and other payables | | (44.6) | (45.2) |
| Lease liabilities | | (6.4) | - |
| Retirement benefit obligations | | (16.5) | (13.0) |
| Provisions and deferred income | | (2.6) | (3.0) |
| | | (592.8) | (568.8) |
| Current liabilities | | | |
| Loans and borrowings | 9 | - | (10.3) |
| Trade and other payables | | (252.8) | (244.1) |
| Lease liabilities | | (2.1) | - |
| | | (254.9) | (254.4) |
| Total liabilities | | (844.7) | (823.2) |
| Net assets | | 332.1 | 239.6 |
| Equity | | | |
| Share capital | | 151.0 | 151.0 |
| Retained earnings | | 181.1 | 88.6 |
| Total equity attributable to owners of the parent | | 332.1 | 239.6 |

CONSOLIDATED CASHFLOW STATEMENT
for the 3 and 12 month periods ended 31 December 2019

| | 3 months ended 31 Dec 2019 £m | 3 months ended 31 Dec 2018 £m | 12 months ended 31 Dec 2019 £m | 12 months ended 31 Dec 2018 £m |
|--|--|--|---|---|
| Cash flows from operating activities | | | | |
| Profit for the period | 33.8 | 30.5 | 99.0 | 82.9 |
| Depreciation | 2.8 | 0.3 | 3.0 | 0.4 |
| Finance income | (0.3) | (0.5) | (1.1) | (2.1) |
| Finance cost | 12.1 | 12.5 | 46.9 | 51.1 |
| Share of post tax result from joint ventures | (1.2) | (1.8) | (3.7) | (5.1) |
| Taxation | 7.7 | 6.6 | 23.1 | 19.2 |
| Operating profit before changes in working capital | 54.9 | 47.6 | 167.2 | 146.4 |
| Working capital movements: | | | | |
| Movement in trade and other receivables | 3.6 | 16.0 | 4.2 | 16.9 |
| Movement in inventories | (31.0) | 5.1 | (97.8) | (132.6) |
| Movement in trade and other payables | 53.0 | (15.7) | 0.7 | 48.1 |
| Cash generated from operations | 80.5 | 53.0 | 74.3 | 78.8 |
| Interest paid | (9.3) | (9.1) | (23.4) | (24.4) |
| Corporation tax paid | (2.4) | (2.3) | (8.4) | (6.2) |
| Net cash inflow from operating activities | 68.8 | 41.6 | 42.5 | 48.2 |
| Cash flows from investing activities | | | | |
| Acquisition of property, plant and equipment | (0.5) | (0.3) | (0.7) | (1.0) |
| Movement in loans with joint ventures | 4.4 | 4.1 | 9.7 | 2.9 |
| Net cash inflow from investing activities | 3.9 | 3.8 | 9.0 | 1.9 |
| Cash flows from financing activities | | | | |
| Repayment of senior secured notes | - | (0.4) | - | (20.4) |
| Movement in other long term borrowings | - | (43.5) | (10.3) | (43.5) |
| Net cash outflow from financing activities | - | (43.9) | (10.3) | (63.9) |
| Movements in cash and cash equivalents | 72.7 | 1.5 | 41.2 | (13.8) |
| Cash and cash equivalents at beginning of period | 67.1 | 97.1 | 98.6 | 112.4 |
| Cash and cash equivalents at end of period | 139.8 | 98.6 | 139.8 | 98.6 |

Notes to the condensed consolidated financial statements

1. Reconciliation of net cash flow to net debt

| | 3 months ended 31 Dec 2019 £m | 3 months ended 31 Dec 2018 £m | 12 months ended 31 Dec 2019 £m | 12 months ended 31 Dec 2018 £m |
|--|--|--|---|---|
| Movement in cash and cash equivalents | 72.7 | 1.5 | 41.2 | (13.8) |
| Decrease in senior secured notes | - | 0.4 | - | 20.4 |
| Decrease in other long term borrowings | - | 43.5 | 10.3 | 43.5 |
| Non cash movement ¹ | (3.9) | (4.4) | (15.1) | (17.5) |
| Movement in net debt in period | 68.8 | 41.0 | 36.4 | 32.6 |
| Net debt at beginning of period | (451.7) | (460.3) | (419.3) | (451.9) |
| Net debt at end of period | (382.9) | (419.3) | (382.9) | (419.3) |

Net debt comprises:

| | As at 31 Dec 2019 £m | As at 31 Dec 2018 £m |
|----------------------------------|----------------------------|----------------------------|
| External net debt | (251.5) | (299.9) |
| Intercompany loans | (131.4) | (119.4) |
| Net debt at end of period | (382.9) | (419.3) |

2. Reporting entity

Miller Homes Group Holdings plc is a Company domiciled in England and Wales. The condensed consolidated financial statements for the 3 and 12 month periods ended 31 December 2019 comprise the Company and its subsidiaries (together referred to as the "Group") and reflect the underlying trading results of Miller Homes Holdings Limited.

The financial statements did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying their report and did not contain a statement under section 498 (2) or (3) of the Companies Act 2006 and were given an unqualified audit opinion.

¹ The non-cash movement for the 3 months ended 31 December 2019 represents £0.7m of arrangement fee amortisation and £3.2m of rolled up interest on the unsecured shareholder loan notes.

The non-cash movement for the 12 months ended 31 December 2019 represents £3.1m of arrangement fee amortisation and £12.0m of rolled up interest on the unsecured shareholder loan notes.

3. Accounting policies

The preparation of these condensed consolidated financial statements is based on the accounting policies set out in the audited financial statements of both Miller Homes Group Holdings plc and Miller Homes Holdings Limited.

| 4. Finance costs | 3 months ended 31 Dec 2019 £m | 3 months ended 31 Dec 2018 £m | 12 months ended 31 Dec 2019 £m | 12 months ended 31 Dec 2018 £m |
|---|--|--|---|---|
| Interest payable on senior secured notes, bank loans and overdrafts | 6.8 | 7.0 | 27.4 | 28.2 |
| Interest payable on amounts owed to immediate parent company | 3.2 | 3.6 | 12.0 | 14.4 |
| Imputed interest on land payables on deferred terms | 1.6 | 2.4 | 6.8 | 8.0 |
| Finance costs related to employee benefit obligations | 0.1 | (0.5) | 0.3 | 0.5 |
| Imputed interest on lease liabilities | 0.4 | - | 0.4 | - |
| | 12.1 | 12.5 | 46.9 | 51.1 |
| 5. Finance income | 3 months ended 31 Dec 2019 £m | 3 months ended 31 Dec 2018 £m | 12 months ended 31 Dec 2019 £m | 12 months ended 31 Dec 2018 £m |
| Imputed interest on land receivables on deferred terms | - | - | - | 0.6 |
| Interest on loans to joint ventures | 0.1 | 0.2 | 0.5 | 0.8 |
| Other | 0.2 | 0.3 | 0.6 | 0.7 |
| | 0.3 | 0.5 | 1.1 | 2.1 |
| 6. Intangible assets | | | As at 31 Dec 2019 £m | As at 31 Dec 2018 £m |
| Goodwill | | | 92.2 | 92.2 |
| Brand value | | | 54.0 | 54.0 |
| | | | 146.2 | 146.2 |
| 7. Inventories | | | As at 31 Dec 2019 £m | As at 31 Dec 2018 £m |
| Land | | | 517.3 | 448.3 |
| Work in progress | | | 296.4 | 281.2 |
| Part exchange properties | | | 20.6 | 16.0 |
| | | | 834.3 | 745.5 |

| 8. Loans and borrowings – non-current | As at 31 Dec 2019 £m | As at 31 Dec 2018 £m |
|--|-------------------------------------|-------------------------------------|
| Senior secured notes | (405.0) | (405.0) |
| Deferred financing costs | 13.7 | 16.8 |
| Intercompany loan (unsecured) | (131.4) | (119.4) |
| | (522.7) | (507.6) |

| 9. Loans and borrowings – current | As at 31 Dec 2019 £m | As at 31 Dec 2018 £m |
|--|-------------------------------------|-------------------------------------|
| Long term borrowings | - | (10.3) |
| | - | (10.3) |

Senior secured notes: Following the Group's acquisition of Miller Homes Holdings Limited on 5 October 2017 the Group issued £425m of senior secured notes, and repaid existing bank loans. The Group bought back and cancelled £20m of its senior secured notes in June 2018 (£14m FRN, £6m fixed).

Long term borrowings: Long term borrowings relate to the Group's interest in Telford NHT (2011) LLP, an entity established to provide residential property for rental purposes which was divested in January 2019.

Intercompany loan: The intercompany loan is payable to Miller Midco 2 Limited, a company ultimately controlled by Bridgepoint funds. The loan is unsecured and repayable in October 2027. On 27 November 2018 £43.5m of this loan was repaid.