MILLER HOMES GROUP HOLDINGS PLC

Quarterly Financial Report for the

3 and 9 months ended 30 September 2018

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, Miller Homes Group Holdings plc ("the Group") is pleased to present its Quarterly Financial Report for the 3 and 9 months ended 30 September 2018.
- All figures presented in this report relate to the group of companies headed by the Group. The Group acquired Miller Homes Holdings Limited ('MHHL') and its subsidiaries on 5 October 2017. The 12 month underlying operating profit figures in this report reflect the results for the Group for the post acquisition period excluding one-off transaction fees and fair value adjustments reflected in the 2017 Group financial statements.
- The December 2017 figures presented in this report are extracted from the audited 2017 financial statements of the Group. The figures for the 3 and 9 month periods to 30 September 2017 and 2018 are unaudited.

Financial and operational highlights for the 9 months to September 2018

Trading

- EBITDA for 9 months ended 30 September 2018 is £101.3m, a 12.6% increase on 2017.
- Continued improvement in average selling price (ASP), completions, gross margin and operating margin.
- 4% decrease in our private sales rate to 0.73 net reservations per site per week (Sep 2017: 0.76).
- Outlet numbers have increased to 71 at 30 September 2018 (Sep 2017: 66). This is lower than anticipated due to delayed site starts.

Land investment and leverage

- 5% decrease in the consented landbank to 12,993 plots (Dec 2017: 13,738 plots), representing 4.5 years' supply, based on last 12 months' completions. This reflects an increase in the owned landbank to 9,235 plots (Dec 2017: 8,364 plots) offset by a decrease in the controlled landbank to 3,758 plots (Dec 2017: 5,374 plots).
- 5% increase in the strategic landbank to 17,467 plots (Dec 2017: 16,561 plots).
- Net LTV[1] of 51.8%, based on net inventory of £613.7m and net debt of £318.2m[2]. Net LTV has fallen from 55.1% in the previous quarter.
- Net leverage of 2.2x, based on LTM EBITDA of £142.3m and net debt of £318.2m. This compares to net leverage of 2.2x in the previous quarterly report.
- Subsequent to the quarter end, it has been resolved to repay £43.5m of shareholder loans in November 2018. Had this occurred at 30 September 2018, proforma[3] net LTV and net leverage would have been 60.0% and 2.6x respectively.

Outlook

- At 30 September 2018, forward sales for the following 12 months are £353m, 9% ahead of the prior year.
- Fully sold for 2018 with strong visibility on full year earnings.

[1] LTV: Loan to value is net debt divided by net inventory (inventory less land creditors).
[2] Excludes the capitalisation of bond financing costs (£17.2m).
[3] Proforma figures also give effect to a cash contribution of £6.5m to the defined benefit pension scheme.

The key financial highlights for the 3 and 9 month periods ended 30 September 2018, together with prior period comparatives, are set out below:

Table 1	**3 months ended 30 Sep 2018 £m**	**3 months ended 30 Sep 2017 £m**	**% change**	**9 months ended 30 Sep 2018 £m**	**9 months ended 30 Sep 2017 £m**	**% change**
Revenue	162.6	144.0	12.9	518.7	478.1	8.5
Cost of sales	(120.7)	(107.2)	12.6	(386.7)	(358.3)	7.9
Gross profit	41.9	36.8	13.9	132.0	119.8	10.2
Administrative expenses	(12.2)	(10.6)	15.1	(34.1)	(30.5)	11.8
Group operating profit	29.7	26.2	13.4	97.9	89.3	9.6
Share of result in joint ventures	1.0	(0.1)	-	3.3	0.3	-
Operating profit	30.7	26.1	17.6	101.2	89.6	12.9
Net finance costs	(12.0)	(2.5)	380.0	(36.2)	(7.4)	389.2
Profit before taxation	18.7	23.6	(20.8)	65.0	82.2	(20.9)
Taxation	(3.9)	(4.8)	(18.8)	(12.6)	(16.4)	(23.2)
Profit for the period	**14.8**	**18.8**	**(21.3)**	**52.4**	**65.8**	**(20.4)**
Gross margin %	*25.8%*	*25.6%*	*20bps*	*25.4%*	*25.1%*	*30bps*
Operating margin %	*18.9%*	*18.1%*	*80bps*	*19.5%*	*18.7%*	*80bps*

Reconciliation of EBITDA

Table 2	**3 months ended 30 Sep 2018 £m**	**3 months ended 30 Sep 2017 £m**	**9 months ended 30 Sep 2018 £m**	**9 months ended 30 Sep 2017 £m**
Profit for the period	14.8	18.8	52.4	65.8
Taxation	3.9	4.8	12.6	16.4
Net finance costs	12.0	2.5	36.2	7.4
Depreciation	-	-	0.1	-
Amortisation of land option costs	-	0.1	-	0.4
EBITDA	**30.7**	**26.2**	**101.3**	**90.0**

Analysis of revenues

Table 3	**3 months ended 30 Sep 2018 £m**	**3 months ended 30 Sep 2017 £m**	**9 months ended 30 Sep 2018 £m**	**9 months ended 30 Sep 2017 £m**
Private revenue	147.0	130.4	467.8	409.9
Affordable revenue	14.9	12.8	39.8	39.1
Land sales	-	-	8.5	26.5
Other	0.7	0.8	2.6	2.6
Total revenue	**162.6**	**144.0**	**518.7**	**478.1**

Analysis of completions and ASP

Table 4	**3 months ended 30 Sep 2018 No.**	**3 months ended 30 Sep 2017 No.**	**9 months ended 30 Sep 2018 No.**	**9 months ended 30 Sep 2017 No.**
Private completions	529	470	1,684	1,529
Affordable completions	134	119	372	362
Core completions	**663**	**589**	**2,056**	**1,891**

	£000	**£000**	**£000**	**£000**
Private ASP	278	278	278	268
Affordable ASP	112	107	107	108
Total ASP	**244**	**243**	**247**	**237**

Financial summary

Results of operations for the 3 months ended 30 September 2018

Revenue

- Revenue for the 3 months to 30 September 2018 increased by 12.9% to £162.6m (Q3 2017: £144.0m), primarily representing a 12.6% increase in core completions.
- Core completions in the 3 months to 30 September 2018 increased by 12.6% to 663 units (Q3 2017: 589 units). Private completions increased by 12.6% to 529 units (Q3 2017: 470 units) largely driven by an increase in the number of active sites in the current year period.
- ASP for the 3 months to 30 September 2018 increased by 0.4% to £244,000 (Q3 2017: £243,000). This reflects a 4.7% increase in the affordable ASP to £112,000 (Q3 2017: £107,000). Private ASP for the 3 months to 30 September 2018 was £278,000 (Q3 2017: £278,000) notwithstanding a reduction of 4% in unit size when compared to last year.

Gross profit

- Gross profit for the 3 months to 30 September 2018 increased by 13.9% to £41.9m (Q3 2017: £36.8m). Gross margin in the 3 month period was 25.8% (Q3 2017: 25.6%) marginally ahead of the prior year period.

Administrative expenses

- Administrative expenses for the 3 months to 30 September 2018 totalled £12.2m (Q3 2017: £10.6m). This largely reflects a combination of an 8% increase in headcount, partly related to our new West Midlands region which was launched in H2 2017, and annual wage rises.

EBITDA

- EBITDA for the 3 months to 30 September 2018 increased by 17.2% to £30.7m (Q3 2017: £26.2m) reflecting the increase in gross profit and joint venture result being only partly offset by higher administrative expenses.

Finance costs and income

- Net finance costs in the 3 month period ended 30 September 2018 increased to £12.0m (Q3 2017: £2.5m). The year on year movement of £9.5m reflects the change in debt structure from the prior year period. The interest charge includes £3.7m relating to the shareholder loan notes which is a non-cash item in the period.

Taxation

- The tax charge of £3.9m (Q3 2017: £4.8m) excludes a further charge of £0.2m for joint ventures which is reflected within the share of result in joint ventures. This represents an effective tax rate of 21.7%. The deferred tax asset has fallen to £19.2m (Dec 2017: £25.8m).

Net debt, liquidity and cashflow

Table 5	As at 30 Sep 2018 £m	As at 31 Dec 2017 £m	As at 30 Sep 2017 £m
Senior secured notes	(405.0)	(425.0)	(425.0)
Deferred financing costs	17.2	19.5	20.2
Other loans	(10.3)	(10.3)	(10.3)
Cash and cash equivalents	97.1	112.4	55.7
Total external net debt	**(301.0)**	**(303.4)**	**(359.4)**

Table 6	3 months ended 30 Sep 2018 £m	3 months ended 30 Sep 2017 £m	9 months ended 30 Sep 2018 £m	9 months ended 30 Sep 2017 £m
Net cash flow from operating activities	(14.6)	(27.9)	6.6	7.7
Net cash flow from investing activities	1.8	(645.5)	(1.9)	(649.7)
Net cash flow from financing activities	-	701.0	(20.0)	656.6
Movements in cash and cash equivalents	(12.8)	27.6	(15.3)	14.6
Cash and cash equivalents at beginning of period	109.9	28.1	112.4	41.1
Cash and cash equivalents at end of period	**97.1**	**55.7**	**97.1**	**55.7**

- Net cash outflow from operating activities for the 3 months ended 30 September 2018 was £14.6m compared to an outflow of £27.9m for the 3 months ended 30 September 2017. This principally reflects transaction costs (£11.1m) relating to the acquisition of MHHL in the prior year period.
- Net cash inflow from investing activities for the 3 months ended 30 September 2018 was £1.8m compared to an outflow of £645.5m for the 3 months ended 30 September 2017, which reflects the acquisition of MHHL in the prior year period.
- Net cash flow from financing activities for the 3 months ended 30 September 2018 was nil, which compared to an inflow of £701.0m for the 3 months ended 30 September 2017. The inflow in the prior year period represents the proceeds from the issue of the secured notes (£404.8m), the issue of share capital (£151.0m) and other long term borrowings (£145.0m).

Table 7	3 months ended 30 Sep 2018 £m	3 months ended 30 Sep 2017 £m	9 months ended 30 Sep 2018 £m	9 months ended 30 Sep 2017 £m
EBITDA	**30.7**	**26.2**	**101.3**	**90.0**
Net land investment in excess of cost of sales	(12.4)	(6.8)	(38.5)	(19.3)
Development spend (in excess of) / less than cost of sales	(41.3)	(22.2)	(41.0)	(34.5)
Change in working capital	9.3	(14.9)	0.8	(12.0)
Cash flows from JVs (not included in EBITDA)	0.9	6.2	(4.5)	1.9
Available for sale financial assets	1.8	2.0	4.4	6.4
Other	3.0	1.9	2.1	(4.0)
Free cash flow[1]	**(8.0)**	**(7.6)**	**24.6**	**28.5**
Net land spend (included in cost of sales)	26.8	24.1	85.1	69.6
Net land investment in excess of cost of sales	12.4	6.8	38.5	19.3
Total net land spend	**39.2**	**30.9**	**123.6**	**88.9**
Free cash flow pre net land spend	**31.2**	**23.3**	**148.2**	**117.4**

Free cash flow in the 3 months ended 30 September 2018 reflects an outflow from investment in land in excess of cost of sales of £12.4m compared to £6.8m for the 3 months ended 30 September 2017. The prior year working capital outflow of £14.9m, principally reflected VAT on land purchases not yet recovered and an amount owed by the parent company.

In November 2018, the Group increased its Revolving Credit Facility to £130m, as permitted under the indenture.

[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

Table 8	**As at and for the 12 months ended 30 Sep 2018 £m**	**As at and for the 12 months ended 31 Dec 2017 £m**	**As at and for the 12 months ended 30 Sep 2017 £m**
Net assets	210.2	157.8	135.9
Net external debt	301.0	303.4	359.4
Intercompany debt	159.3	148.5	145.0
Capital employed	670.5	609.7	640.3
Less			
Intangible assets	(146.2)	(146.2)	(146.2)
Available for sale financial assets	(17.6)	(21.3)	(22.8)
Deferred tax	(19.2)	(25.8)	(25.9)
Underlying capital employed	**487.5**	**416.4**	**445.4**
Operating profit	141.8	130.1	124.9
Less			
Credit to operating profit in respect of available for sale financial assets	(2.1)	(1.6)	(1.2)
Underlying operating profit	**139.7**	**128.5**	**123.7**
Underlying ROCE (%)	**29.9**	**33.0**	**31.7**

- Capital employed increased to £670.5m as of 30 September 2018 (Dec 2017: £609.7m), of which £146.2m relates to intangible assets established following the acquisition. The increase in underlying capital employed to £487.5m (Dec 2017: £416.4m) reflects an increase in net inventory which has risen by £97.6m to £613.7m (Dec 2017: £516.1m). An analysis of net inventory and the landbank is set out below:

Table 9	**As at 30 Sep 2018 £m**	**As at 31 Dec 2017 £m**	**As at 30 Sep 2017 £m**
Land	450.0	382.5	391.0
Work in progress	291.3	227.9	233.7
Part exchange properties	9.9	13.0	7.2
Inventory	**751.2**	**623.4**	**631.9**
Land creditors	(137.5)	(107.3)	(100.0)
Net inventory	**613.7**	**516.1**	**531.9**
Landbank	**Plots**	**Plots**	**Plots**
Owned / unconditional	9,235	8,364	8,618
Controlled	3,758	5,374	5,385
Consented	12,993	13,738	14,003
Strategic	17,467	16,561	15,339
Total	**30,460**	**30,299**	**29,342**

- The Group acquired 6 sites during the 3 months ended 30 September 2018 adding 658 plots to the owned landbank. In the 3 months ended 30 September 2017 we acquired 10 sites and 1,062 plots. In the 9 months ended 30 September 2018, the Group has acquired 3,083 plots which compares to 2,828 plots in the prior year period.
- The owned landbank at 30 September 2018 has increased to 9,235 plots (Gross development value: £2.4bn). All owned land which has a detailed planning permission is being developed.
- The owned landbank has increased principally due to the pull through of land from the controlled landbank. This has in turn resulted in a reduction in the controlled landbank and the consented landbank which has decreased by 5% to 12,993 plots (Dec 2017: 13,738 plots). Based on the last 12 months' completions of 2,863 units, this represents 4.5 years' supply (Dec 2017: 5.1 years).
- The strategic landbank has increased by 5% to 17,467 plots (Dec 2017: 16,561 plots).
- The increase in land creditors reflects the timing of contracted payments and several larger site purchases in the current year period.

MILLER HOMES GROUP HOLDINGS PLC

Group proforma condensed consolidated financial statements

3 and 9 month periods ended 30 September 2018

CONSOLIDATED INCOME STATEMENT

for the 3 and 9 month periods ended 30 September 2018

	Note	3 months ended 30 Sep 2018 £m	3 months ended 30 Sep 2017 £m	9 months ended 30 Sep 2018 £m	9 months ended 30 Sep 2017 £m
Revenue		162.6	144.0	518.7	478.1
Cost of sales		(120.7)	(107.2)	(386.7)	(358.3)
Gross profit		41.9	36.8	132.0	119.8
Administrative expenses		(12.2)	(10.6)	(34.1)	(30.5)
Group operating profit		29.7	26.2	97.9	89.3
Share of result in joint ventures		1.0	(0.1)	3.3	0.3
Operating profit		30.7	26.1	101.2	89.6
Finance costs	*4*	(12.8)	(3.2)	(38.6)	(10.1)
Finance income	*5*	0.8	0.7	2.4	2.7
Net finance costs		(12.0)	(2.5)	(36.2)	(7.4)
Profit before taxation		18.7	23.6	65.0	82.2
Income taxes		(3.9)	(4.8)	(12.6)	(16.4)
Profit for the period		**14.8**	**18.8**	**52.4**	**65.8**

The results for the 3 and 9 month periods ended 30 September 2017 are for Miller Homes Holdings Limited. Both the current and prior period results are unaudited.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	As at 30 Sep 2018 £m	As at 31 Dec 2017 £m	As at 30 Sep 2017 £m
Assets				
Non-current assets				
Intangible assets (incl goodwill)	*6*	146.2	146.2	146.2
Property, plant and equipment		1.3	0.7	0.6
Investments		23.9	19.4	19.3
Available for sale financial assets		17.6	21.3	22.8
Deferred tax		19.2	25.8	25.9
		208.2	**213.4**	**214.8**
Current assets				
Inventories	*7*	751.2	623.4	631.9
Trade and other receivables		32.2	28.8	39.4
Cash and cash equivalents		97.1	112.4	55.7
		880.5	**764.6**	**727.0**
Total assets		**1,088.7**	**978.0**	**941.8**
Liabilities				
Non-current liabilities				
Interest bearing loans and borrowings	*8*	(557.4)	(564.3)	(560.1)
Trade and other payables		(49.7)	(42.2)	(39.7)
Retirement benefit obligations		(19.0)	(21.7)	(26.0)
Provisions and deferred income		(2.8)	(3.2)	(3.3)
		(628.9)	**(631.4)**	**(629.1)**
Current liabilities				
Trade and other payables		(249.6)	(188.8)	(176.8)
		(249.6)	**(188.8)**	**(176.8)**
Total liabilities		**(878.5)**	**(820.2)**	**(805.9)**
Net assets		**210.2**	**157.8**	**135.9**
Equity				
Share capital		151.0	151.0	151.0
Retained earnings		59.2	6.8	(15.1)
Total equity attributable to owners of the parent		**210.2**	**157.8**	**135.9**

The December 2017 figures represent the audited financial statements of Miller Homes Group Holdings plc. The September 2018 and September 2017 figures are unaudited, with the September 2017 figures presented on a proforma basis to reflect the acquisition of MHHL on 5 October 2017.

CONSOLIDATED CASHFLOW STATEMENT
for the 3 and 9 month periods ended 30 September 2018

	3 months ended 30 Sep 2018 £m	3 months ended 30 Sep 2017 £m	9 months ended 30 Sep 2018 £m	9 months ended 30 Sep 2017 £m
Cash flows from operating activities				
Profit for the period	14.8	18.8	52.4	65.8
Depreciation	-	-	0.1	-
Amortisation of land option costs	-	0.1	-	0.4
Finance income	(0.8)	(0.7)	(2.4)	(2.7)
Finance cost	12.8	3.2	38.6	10.1
Share of post-tax result from joint ventures	(1.0)	0.1	(3.3)	(0.3)
Taxation	3.9	4.8	12.6	16.4
Operating profit before changes in working capital	29.7	26.3	98.0	89.7
Working capital movements:				
Transaction costs	-	(11.1)	-	(11.1)
Movement in trade and other receivables	5.8	(17.1)	1.7	(11.5)
Movement in inventories	(60.5)	(56.0)	(137.7)	(84.8)
Movement in trade and other payables	15.1	33.1	63.8	32.9
Cash generated from operations	(9.9)	(24.8)	25.8	15.2
Interest paid	(2.4)	(1.1)	(15.3)	(3.7)
Corporation tax paid	(2.3)	(2.0)	(3.9)	(3.8)
Net cash (outflow) / inflow from operating activities	**(14.6)**	**(27.9)**	**6.6**	**7.7**
Cash flows from investing activities				
Acquisition of Miller Homes Holdings Limited	-	(651.6)	-	(651.6)
Acquisition of property, plant and equipment	(0.1)	-	(0.7)	(0.3)
Movement in loans with joint ventures	1.9	6.1	(1.2)	2.2
Net cash inflow / (outflow) from investing activities	**1.8**	**(645.5)**	**(1.9)**	**(649.7)**
Cash flows from financing activities				
Proceeds from issue of share capital	-	151.0	-	151.0
Increase / (decrease) in senior secured notes	-	404.8	(20.0)	404.8
Increase / (decrease) in bank borrowings	-	0.2	-	(19.5)
Increase in other long term borrowings	-	145.0	-	120.3
Net cash inflow / (outflow) from financing activities	**-**	**701.0**	**(20.0)**	**656.6**
Movements in cash and cash equivalents	(12.8)	27.6	(15.3)	14.6
Cash and cash equivalents at beginning of period	109.9	28.1	112.4	41.1
Cash and cash equivalents at end of period	**97.1**	**55.7**	**97.1**	**55.7**

Notes to the condensed consolidated financial statements

1. Reconciliation of net cash flow to net debt

	3 months ended 30 Sep 2018 £m	3 months ended 30 Sep 2017 £m	9 months ended 30 Sep 2018 £m	9 months ended 30 Sep 2017 £m
Movement in cash and cash equivalents	(12.8)	27.6	(15.3)	14.6
(Increase) / decrease in senior secured notes	-	(404.8)	20.0	(404.8)
(Increase) / decrease in bank loans	-	(0.2)	-	19.5
Increase in other long term borrowings	-	(145.0)	-	(120.3)
Bank loans repaid as part of transaction[1]	-	108.2	-	108.2
Non cash movement[2]	(4.5)	-	(13.1)	-
Movement in net debt in period	(17.3)	(414.2)	(8.4)	(382.8)
Net debt at beginning of period	(443.0)	(90.2)	(451.9)	(121.6)
Net debt at end of period	**(460.3)**	**(504.4)**	**(460.3)**	**(504.4)**

Net debt comprises:

	9 months ended 30 Sep 2018 £m	9 months ended 30 Sep 2017 £m
External net debt	(301.0)	(359.4)
Intercompany loans	(159.3)	(145.0)
Net debt at end of period	**(460.3)**	**(504.4)**

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 9 month periods ended 30 September 2018 comprise the Company and its subsidiaries (together referred to as the "Group") and reflect the underlying trading results of Miller Homes Holdings Limited.

Comparative annual figures as at 31 December 2017 set out within this report have been extracted from the 2017 financial statements of Miller Homes Group Holdings Plc. 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] This amount is included within the transaction consideration of £651.6m shown in the consolidated cash flow statement.

[2] The non-cash movement for the 3 months ended 30 September 2018 represents £0.8m of arrangement fee amortisation and £3.7m of rolled up interest on the unsecured shareholder loan notes.

The non-cash movement for the 9 months ended 30 September 2018 represents £2.3m of arrangement fee amortisation and £10.8m 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 30 Sep 2018 £m**	**3 months ended 30 Sep 2017 £m**	**9 months ended 30 Sep 2018 £m**	**9 months ended 30 Sep 2017 £m**
Interest payable on secured notes, bank loans and overdrafts	7.0	1.5	21.2	4.7
Interest payable on amounts owed to immediate parent undertaking	3.7	-	10.8	0.6
Imputed interest on land payable on deferred terms	1.7	1.3	5.6	3.8
Finance costs related to employee benefit obligations	0.4	0.4	1.0	1.0
	12.8	**3.2**	**38.6**	**10.1**

5. Finance income	**3 months ended 30 Sep 2018 £m**	**3 months ended 30 Sep 2017 £m**	**9 months ended 30 Sep 2018 £m**	**9 months ended 30 Sep 2017 £m**
Imputed interest on available for sale financial assets	0.2	0.4	0.8	1.2
Interest on loans to joint ventures	0.2	0.2	0.6	0.6
Imputed interest on land receivables on deferred terms	0.2	-	0.6	0.4
Other	0.2	0.1	0.4	0.5
	0.8	**0.7**	**2.4**	**2.7**

6. Intangible assets	**As at 30 Sep 2018 £m**	**As at 31 Dec 2017 £m**	**As at 30 Sep 2017 £m**
Goodwill	92.2	92.2	92.2
Brand value	54.0	54.0	54.0
	146.2	**146.2**	**146.2**

7.	Inventories	As at 30 Sep 2018 £m	As at 31 Dec 2017 £m	As at 30 Sep 2017 £m
	Land	450.0	382.5	391.0
	Work in progress	291.3	227.9	233.7
	Part exchange properties	9.9	13.0	7.2
		751.2	**623.4**	**631.9**

8.	Interest bearing loans and borrowings – non-current	As at 30 Sep 2018 £m	As at 31 Dec 2017 £m	As at 30 Sep 2017 £m
	Senior secured notes	(405.0)	(425.0)	(425.0)
	Deferred financing costs	17.2	19.5	20.2
	Long term borrowings	(10.3)	(10.3)	(10.3)
	Intercompany loan (unsecured)	(159.3)	(148.5)	(145.0)
		(557.4)	**(564.3)**	**(560.1)**

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.

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. It has been resolved to repay £43.5m of this loan on 27 November 2018.