MILLER HOMES GROUP HOLDINGS PLC

Quarterly Financial Report for the

3 and 12 months ended 31 December 2018

5.5% Senior Secured Notes due 2024

Senior Secured Floating Rate Notes due 2023

Contents

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 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. In respect of the 2017 result, these reflect the 9 month pre-acquisition period of MHHL and the 3 month post acquisition period excluding one-off transaction fees and fair value adjustments.
- The figures for the 3 month period to 31 December 2017 and 2018 are unaudited.

Financial and operational highlights for the 12 months to December 2018

Trading

- EBITDA for 12 months ended 31 December 2018 is £151.5m, a 14.9% increase on 2017.
- Continued improvement in average selling price (ASP), completions, gross margin and operating margin.
- 4% decrease in our private sales rate to 0.67 net reservations per site per week (2017: 0.70).
- Outlet numbers have increased to 77 at 31 December 2018 (Dec 2017: 71).

Land investment and leverage

- 9% decrease in the consented landbank to 12,524 plots (Dec 2017: 13,738 plots), representing 4.2 years' supply, based on last 12 months' completions. This reflects an increase in the owned landbank to 9,174 plots (Dec 2017: 8,364 plots) offset by a decrease in the controlled landbank to 3,350 plots (Dec 2017: 5,374 plots). The decrease in the controlled landbank follows the acquisition and transfer of plots to the owned landbank.
- 5% increase in the strategic landbank to 17,331 plots (Dec 2017: 16,561 plots).
- Net LTV[1] of 52.6%, based on net inventory of £602.0m and net debt of £316.7m[2]. Net LTV has increased from 51.8% in the previous quarter.
- Net leverage of 2.1x, based on LTM EBITDA of £151.5m and net debt of £316.7m. This compares to net leverage of 2.2x in the previous quarterly report.

Outlook

- At 31 December 2018, forward sales for the following 12 months are £292.4m, 6% 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 (£16.8m).

The key financial highlights for the 3 and 12 month period ended 31 December 2018, together with prior period comparatives, are set out below:

Table 1	**3 months ended 31 Dec 2018 £m**	**3 months ended 31 Dec 2017 £m**	**% change**	**12 months ended 31 Dec 2018 £m**	**12 months ended 31 Dec 2017 £m**	**% change**
Revenue	229.6	196.6	16.8	747.0	674.0	10.8
Cost of sales	(168.9)	(146.1)	15.6	(555.0)	(503.6)	10.2
Gross profit	60.7	50.5	20.2	192.0	170.4	12.7
Other operating income	0.4	0.5	(20.0)	1.9	1.4	35.7
Administrative expenses	(13.8)	(9.6)	43.8	(47.9)	(40.1)	19.5
Group operating profit	47.3	41.4	14.3	146.0	131.7	10.9
Share of result in joint ventures	1.8	(0.8)	-	5.1	(0.6)	-
Operating profit	49.1	40.6	20.9	151.1	131.1	15.3
Net finance costs	(12.0)	(13.4)	(10.4)	(49.0)	(21.8)	124.8
Profit before taxation	37.1	27.2	36.4	102.1	109.3	(6.6)
Taxation	(6.6)	(5.2)	26.9	(19.2)	(21.6)	(11.1)
Profit for the period	**30.5**	**22.0**	**38.6**	**82.9**	**87.7**	**(5.5)**
Gross margin %	*26.4%*	*25.7%*	*+70bps*	*25.7%*	*25.3%*	*+40bps*
Operating margin %	*21.4%*	*20.7%*	*+70bps*	*20.2%*	*19.5%*	*+70bps*

Reconciliation of EBITDA

Table 2	**3 months ended 31 Dec 2018 £m**	**3 months ended 31 Dec 2017 £m**	**12 months ended 31 Dec 2018 £m**	**12 months ended 31 Dec 2017 £m**
Profit for the period	30.5	22.0	82.9	87.7
Taxation	6.6	5.2	19.2	21.6
Net finance costs	12.0	13.4	49.0	21.8
Depreciation	0.3	0.2	0.4	0.2
Amortisation of land option costs	-	0.2	-	0.6
EBITDA	**49.4**	**41.0**	**151.5**	**131.9**

Analysis of revenues

Table 3	**3 months ended 31 Dec 2018 £m**	**3 months ended 31 Dec 2017 £m**	**12 months ended 31 Dec 2018 £m**	**12 months ended 31 Dec 2017 £m**
Private revenue	210.7	180.5	678.4	590.4
Affordable revenue	18.6	15.5	58.4	54.6
Land sales	-	0.1	8.5	26.6
Other	0.3	0.5	1.7	2.4
Total revenue	**229.6**	**196.6**	**747.0**	**674.0**

Analysis of completions and ASP

Table 4	**3 months ended 31 Dec 2018 No.**	**3 months ended 31 Dec 2017 No.**	**12 months ended 31 Dec 2018 No.**	**12 months ended 31 Dec 2017 No.**
Private completions	727	655	2,411	2,184
Affordable completions	171	152	543	514
Core completions	**898**	**807**	**2,954**	**2,698**
	£000	**£000**	**£000**	**£000**
Private ASP	290	276	281	270
Affordable ASP	108	101	108	106
Total ASP	**255**	**243**	**249**	**239**

Financial summary

Results of operations for the 3 months ended 31 December 2018

Revenue

- Revenue for the 3 months to 31 December 2018 increased by 16.8% to £229.6m (Q4 2017: £196.6m), representing an 11.3% increase in core completions and a 4.9% increase in ASP.
- Core completions in the 3 months to 31 December 2018 increased by 11.3% to 898 units (Q4 2017: 807 units). Private completions increased by 11.0% to 727 units (Q4 2017: 655 units) largely driven by an increase in the number of active sites in the current quarter.
- ASP for the 3 months to 31 December 2018 increased by 4.9% to £255,000 (Q4 2017: £243,000). This reflects a 5.1% increase in the private ASP to £290,000 (Q4 2017: £276,000) and a 6.9% increase in the affordable ASP to £108,000 (Q4 2017: £101,000).

Gross profit

- Gross profit for the 3 months to 31 December 2018 increased by 20.2% to £60.7m (Q4 2017: £50.5m). Gross margin in the 3 month period was 26.4% (Q4 2017: 25.7%), reflecting higher margins on new sites and a higher number of completions from strategic land sites.

Administrative expenses

- Administrative expenses for the 3 months to 31 December 2018 totalled £13.8m (Q4 2017: £9.6m). The increase of £4.2m has primarily been driven by a 10% increase in headcount, the timing of bonus charges, a £0.7m exceptional charge in relation to Guaranteed Minimum Pension equalisation changes impacting most UK defined benefit schemes and annual wage inflation.

EBITDA

- EBITDA for the 3 months to 31 December 2018 increased by 20.5% to £49.4m (Q4 2017: £41.0m) 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 31 December 2018 were £12.0m (Q4 2017: £13.4m). The decrease of £1.4m reflects the buy back and cancellation of £20m senior secured notes in June 2018. The interest charge includes £3.6m relating to the shareholder loan notes.

Taxation

- The tax charge of £6.6m (Q4 2017: £5.2m) excludes a further charge of £0.2m for joint ventures which is reflected within the share of result in joint ventures. The tax charge has benefitted from prior period adjustments and represents an effective tax rate of 18.7%. The deferred tax asset has fallen to £15.9m (Dec 2017: £25.8m).

Net debt, liquidity and cashflow

Table 5	As at 31 Dec 2018 £m	As at 31 Dec 2017 £m
Senior secured notes	(405.0)	(425.0)
Deferred financing costs	16.8	19.5
Other loans	(10.3)	(10.3)
Cash and cash equivalents	98.6	112.4
Total external net debt	**(299.9)**	**(303.4)**

Table 6	3 months ended 31 Dec 2018 £m	3 months ended 31 Dec 2017 £m	12 months ended 31 Dec 2018 £m	12 months ended 31 Dec 2017 £m
Net cash flow from operating activities	41.6	40.6	48.2	65.4
Net cash flow from investing activities	3.8	(652.6)	1.9	(650.7)
Net cash flow from financing activities	(43.9)	700.8	(63.9)	656.6
Movements in cash and cash equivalents	1.5	88.8	(13.8)	71.3
Cash and cash equivalents at beginning of period	97.1	-	112.4	41.1
Cash and cash equivalents acquired with Miller Homes Holdings Limited	-	23.6	-	-
Cash and cash equivalents at end of period	**98.6**	**112.4**	**98.6**	**112.4**

- Net cash inflow from operating activities for the 3 months ended 31 December 2018 was £41.6m compared to £40.6m for the 3 months ended 31 December 2017. This principally reflects the higher profit in the current year period offset by higher interest paid.
- Net cash flow from investing activities for the 3 months ended 31 December 2018 was an inflow of £3.8m compared to an outflow of £652.6m for the 3 months ended 31 December 2017, which reflects the acquisition of MHHL in the prior year period.
- Net cash flow from financing activities for the 3 months ended 31 December 2018 was an outflow of £43.9m, which compared to an inflow of £700.8m for the 3 months ended 31 December 2017. The outflow of £43.9m reflects the repayment of other long term borrowings. 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). The net cash outflow for the 12 months ended 31 December 2018 of £63.9m reflects the repayment of other long term borrowings and buyback and cancellation of £20m senior secured notes.

Table 7	3 months ended 31 Dec 2018 £m	3 months ended 31 Dec 2017 £m	12 months ended 31 Dec 2018 £m	12 months ended 31 Dec 2017 £m
EBITDA	**49.4**	**41.0**	**151.5**	**131.9**
Net land investment less than / (in excess of) cost of sales	14.8	8.4	(25.6)	(15.7)
Development spend (in excess of) / less than cost of sales	(1.6)	1.1	(42.6)	(33.4)
Change in working capital	(6.5)	4.1	(6.5)	(1.9)
Cash flows from JVs (not included in EBITDA)	2.3	(0.1)	(2.2)	1.8
Shared equity loan receivables	3.2	1.3	7.6	6.7
Transaction costs	-	(11.2)	-	(11.2)
Other	(4.5)	(3.7)	(0.5)	(2.8)
Free cash flow[1]	**57.1**	**40.9**	**81.7**	**75.4**
Net land spend (included in cost of sales)	38.2	35.2	121.4	100.0
Net land investment in excess of cost of sales	(14.8)	(8.4)	25.6	15.7
Total net land spend	**23.4**	**26.8**	**147.0**	**115.7**
Free cash flow pre net land spend	**80.5**	**67.7**	**228.7**	**191.1**

Free cash flow in the 3 months ended 31 December 2018 reflects an inflow from investment in land in excess of cost of sales of £14.8m compared to £8.4m for the 3 months ended 31 December 2017.

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

In the event the Group continues 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

Table 8	**As at and for the 12 months ended 31 Dec 2018 £m**	**As at and for the 12 months ended 31 Dec 2017 £m**
Net assets	239.6	157.8
Net external debt	299.9	303.4
Intercompany debt	119.4	148.5
Capital employed	658.9	609.7
Less		
Intangible assets	(146.2)	(146.2)
Shared equity loan receivables	(13.7)	(21.3)
Deferred tax	(15.9)	(25.8)
Underlying capital employed	**483.1**	**416.4**
Operating profit	151.1	131.1
Less		
Credit to operating profit in respect of shared equity loan receivables	(0.8)	(2.6)
Underlying operating profit	**150.3**	**128.5**
Underlying ROCE (%)	**33.4**	**33.0**

- Capital employed increased to £658.9m as of 31 December 2018 (Dec 2017: £609.7m), of which £146.2m relates to intangible assets established following the acquisition. The increase in underlying capital employed to £483.1m (Dec 2017: £416.4m) reflects an increase in net inventory which has risen by £85.9m to £602.0m (Dec 2017: £516.1m). An analysis of net inventory and the landbank is set out below:

Table 9	As at 31 Dec 2018 £m	As at 31 Dec 2017 £m
Land	448.3	382.5
Work in progress	281.2	227.9
Part exchange properties	16.0	13.0
Inventory	**745.5**	**623.4**
Land payables	(143.5)	(107.3)
Net inventory	**602.0**	**516.1**

Landbank	**Plots**	**Plots**
Owned / unconditional	9,174	8,364
Controlled	3,350	5,374
Consented	12,524	13,738
Strategic	17,331	16,561
Total	**29,855**	**30,299**

- The Group acquired or unconditionally contracted on 8 sites during the 3 months ended 31 December 2018 adding 803 plots to the owned landbank. In the 3 months ended 31 December 2017 10 sites and 958 plots were added to the landbank. In the 12 months ended 31 December 2018, the Group has added 28 sites and 3,886 plots which compares to 32 sites and 3,786 plots in 2017.
- The owned landbank at 31 December 2018 has increased to 9,174 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 9% to 12,524 plots (Dec 2017: 13,738 plots). Based on the last 12 months' completions of 2,954 units, this represents 4.2 years' supply (Dec 2017: 5.1 years).
- The strategic landbank has increased by 5% to 17,331 plots (Dec 2017: 16,561 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 2018

CONSOLIDATED INCOME STATEMENT
for the 3 and 12 month periods ended 31 December 2018

	Note	3 months ended 31 Dec 2018 £m	3 months ended 31 Dec 2017 £m	12 months ended 31 Dec 2018 £m	12 months ended 31 Dec 2017 £m
Revenue		229.6	196.6	747.0	674.0
Cost of sales		(168.9)	(146.1)	(555.0)	(503.6)
Gross profit		60.7	50.5	192.0	170.4
Other operating income		0.4	0.5	1.9	1.4
Administrative expenses		(13.8)	(9.6)	(47.9)	(40.1)
Group operating profit		47.3	41.4	146.0	131.7
Share of result in joint ventures		1.8	(0.8)	5.1	(0.6)
Operating profit		49.1	40.6	151.1	131.1
Finance costs	*4*	(12.5)	(13.9)	(51.1)	(24.0)
Finance income	*5*	0.5	0.5	2.1	2.2
Net finance costs		(12.0)	(13.4)	(49.0)	(21.8)
Profit before taxation		37.1	27.2	102.1	109.3
Income taxes		(6.6)	(5.2)	(19.2)	(21.6)
Profit for the period		**30.5**	**22.0**	**82.9**	**87.7**

The results for the 3 month periods ended 31 December 2018 and 31 December 2017 are unaudited.

The results for the 3 and 12 month periods ending 31 December 2017 reflect pro forma financial information, and eliminate the impact of fair value adjustments and transaction costs arising as a result of the acquisition of Miller Homes Holdings Limited.

New accounting standards were adopted in the period, namely, IFRS 9 and IFRS 15. This has resulted in the restatement of prior period results, the impact of which is not material but is set out in Note 3 below.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	As at 31 Dec 2018 £m	As at 31 Dec 2017 £m
Assets			
Non-current assets			
Intangible assets (incl goodwill)	*6*	146.2	146.2
Property, plant and equipment		1.3	0.7
Investments		21.6	19.4
Shared equity loan receivables		13.7	21.3
Deferred tax		15.9	25.8
		198.7	**213.4**
Current assets			
Inventories	*7*	745.5	623.4
Trade and other receivables		20.0	28.8
Cash and cash equivalents		98.6	112.4
		864.1	**764.6**
Total assets		**1,062.8**	**978.0**
Liabilities			
Non-current liabilities			
Loans and borrowings	*8*	(507.6)	(564.3)
Trade and other payables		(45.2)	(42.2)
Retirement benefit obligations		(13.0)	(21.7)
Provisions and deferred income		(3.0)	(3.2)
		(568.8)	**(631.4)**
Current liabilities			
Loans and borrowings	*9*	(10.3)	-
Trade and other payables		(244.1)	(188.8)
		(254.4)	**(188.8)**
Total liabilities		**(823.2)**	**(820.2)**
Net assets		**239.6**	**157.8**
Equity			
Share capital		151.0	151.0
Retained earnings		88.6	6.8
Total equity attributable to owners of the parent		**239.6**	**157.8**

CONSOLIDATED CASHFLOW STATEMENT
for the 3 and 12 month periods ended 31 December 2018

	3 months ended 31 Dec 2018 £m	3 months ended 31 Dec 2017 £m	12 months ended 31 Dec 2018 £m	12 months ended 31 Dec 2017 £m
Cash flows from operating activities				
Profit for the period	30.5	22.0	82.9	87.7
Depreciation	0.3	-	0.4	-
Amortisation of land option costs	-	0.1	-	0.5
Finance income	(0.5)	(0.5)	(2.1)	(2.2)
Finance cost	12.5	13.9	51.1	24.0
Share of post tax result from joint ventures	(1.8)	0.8	(5.1)	0.6
Taxation	6.6	5.2	19.2	21.6
Operating profit before changes in working capital	47.6	41.5	146.4	132.2
Working capital movements:				
Movement in trade and other receivables	16.0	6.4	16.9	(0.1)
Movement in inventories	5.1	9.6	(132.6)	(75.2)
Movement in trade and other payables	(15.7)	3.6	48.1	36.5
Transaction costs	-	(11.2)	-	(11.2)
Fair value adjustments	-	(8.1)	-	(8.1)
Cash generated from operations	53.0	41.8	78.8	74.1
Interest paid	(9.1)	-	(24.4)	(3.7)
Corporation tax paid	(2.3)	(1.2)	(6.2)	(5.0)
Net cash inflow from operating activities	**41.6**	**40.6**	**48.2**	**65.4**
Cash flows from investing activities				
Acquisition of Miller Homes Holdings Limited	-	(651.6)	-	(651.6)
Acquisition of property, plant and equipment	(0.3)	(0.1)	(1.0)	(0.4)
Movement in loans with joint ventures	4.1	(0.9)	2.9	1.3
Net cash inflow / (outflow) from investing activities	**3.8**	**(652.6)**	**1.9**	**(650.7)**
Cash flows from financing activities				
Proceeds from issue of share capital	-	151.0	-	151.0
(Repayment) / issue of senior secured notes (net of deferred financing costs)	(0.4)	404.8	(20.4)	404.8
Movement in other long term borrowings	(43.5)	145.0	(43.5)	120.3
Decrease in bank borrowings	-	-	-	(19.5)
Net cash (outflow) / inflow from financing activities	**(43.9)**	**700.8**	**(63.9)**	**656.6**
Movements in cash and cash equivalents	1.5	88.8	(13.8)	71.3
Cash and cash equivalents at beginning of period	97.1	-	112.4	41.1
Cash and cash equivalents acquired with Miller Homes Holdings Limited	-	23.6	-	-
Cash and cash equivalents at end of period	**98.6**	**112.4**	**98.6**	**112.4**

Notes to the condensed consolidated financial statements

1. Reconciliation of net cash flow to net debt

	3 months ended 31 Dec 2018 £m	3 months ended 31 Dec 2017 £m	12 months ended 31 Dec 2018 £m	12 months ended 31 Dec 2017 £m
Movement in cash and cash equivalents	1.5	88.8	(13.8)	71.3
Decrease / (increase) in senior secured notes	0.4	(404.8)	20.4	(404.8)
Decrease in bank borrowings	-	-	-	19.5
Decrease / (increase) in other long term borrowings	43.5	(145.0)	43.5	(120.3)
Bank loans repaid as part of transaction[1]	-	108.2	-	108.2
Non cash movement[2]	(4.4)	(4.2)	(17.5)	(4.2)
Movement in net debt in period	41.0	(357.0)	32.6	(330.3)
Net debt at beginning of period	(460.3)	(94.9)	(451.9)	(121.6)
Net debt at end of period	**(419.3)**	**(451.9)**	**(419.3)**	**(451.9)**

Net debt comprises:

	As at 31 Dec 2018 £m	As at 31 Dec 2017 £m
External net debt	(299.9)	(303.4)
Intercompany loans	(119.4)	(148.5)
Net debt at end of period	**(419.3)**	**(451.9)**

The Q3 2018 bond report included pro forma information to show the transaction to acquire MHHL had it taken place on 30 September 2017. The current bond report shows the transaction as it actually occurred, on 5 October 2017.

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 2018 comprise the Company and its subsidiaries (together referred to as the “Group”) and reflect the underlying trading results of Miller Homes Holdings Limited.

[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 31 December 2018 represents £0.8m of arrangement fee amortisation and £3.6m of rolled up interest on the unsecured shareholder loan notes.

The non-cash movement for the 12 months ended 31 December 2018 represents £3.1m of arrangement fee amortisation and £14.4m of rolled up interest on the unsecured shareholder loan notes.

2. Reporting entity *(continued)*

Comparative annual figures as at 31 December 2017 reflect pro forma financial results. 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.

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.

Previous bond reports for 2018 did not reflect the introduction of IFRS 15 (Revenue from Contracts with Customers) or IFRS 9 (Financial Instruments), the impact of which has been:

- The reallocation of management fees (2018: £1.8m, Q4 2018: £0.5m, 2017: £1.2m, Q4 2017: £0.5m) from revenue to other operating income;
- The reallocation of part exchange profit / loss (2018: £0.1m, Q4 2018: £0.1m (loss) 2017: £0.3m, Q4 2017: £nil) from cost of sales to other operating income;
- The reallocation of imputed interest on shared equity loan receivables (2018: £0.8m, Q4 2018: £0.8m, 2017: £1.0m, Q4 2017: £nil) from finance income to cost of sales.

4. Finance costs	**3 months ended 31 Dec 2018 £m**	**3 months ended 31 Dec 2017 £m**	**12 months ended 31 Dec 2018 £m**	**12 months ended 31 Dec 2017 £m**
Interest payable on senior secured notes, bank loans and overdrafts	7.0	6.9	28.2	11.6
Interest payable on amounts owed to immediate parent company	3.6	3.5	14.4	4.1
Imputed interest on land payables on deferred terms	2.4	1.4	8.0	5.3
Finance costs related to employee benefit obligations	(0.5)	0.3	0.5	1.2
Write off of unamortised arrangement fees under previous bank facilities	-	1.8	-	1.8
	12.5	**13.9**	**51.1**	**24.0**

5. Finance income	3 months ended 31 Dec 2018 £m	3 months ended 31 Dec 2017 £m	12 months ended 31 Dec 2018 £m	12 months ended 31 Dec 2017 £m
Imputed interest on land receivables on deferred terms	-	0.3	0.6	0.9
Interest on loans to joint ventures	0.2	0.2	0.8	0.8
Other	0.3	-	0.7	0.5
	0.5	**0.5**	**2.1**	**2.2**

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

7. Inventories	As at 31 Dec 2018 £m	As at 31 Dec 2017 £m
Land	448.3	382.5
Work in progress	281.2	227.9
Part exchange properties	16.0	13.0
	745.5	**623.4**

8. Loans and borrowings – non-current	As at 31 Dec 2018 £m	As at 31 Dec 2017 £m
Senior secured notes	(405.0)	(425.0)
Deferred financing costs	16.8	19.5
Long term borrowings	-	(10.3)
Intercompany loan (unsecured)	(119.4)	(148.5)
	(507.6)	**(564.3)**

9. Loans and borrowings –current	As at 31 Dec 2018 £m	As at 31 Dec 2017 £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.