MILLER HOMES GROUP HOLDINGS PLC

Quarterly Financial Report for the

3 and 6 months ended 30 June 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, Miller Homes Group Holdings plc ("the Group") is pleased to present its Quarterly Financial Report for the 3 and 6 months ended 30 June 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 9 month post acquisition period excluding one-off transaction fees and fair value adjustments reflected in the 2017 Group financial statements;
    - the pre-acquisition results for the previous 3 month period which have been extracted from the financial statements of MHHL.
- 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 6 month periods to 30 June 2017 and 2018 are unaudited.

Financial and operational highlights

Trading

- EBITDA for 6 months ended 30 June 2018 is £70.6m, a 10.7% increase on 2017.
- Continued improvement in average selling price (ASP) and completions, whilst maintaining gross margin of 25.3%.
- 3% decrease in our private sales rate to 0.77 net reservations per site per week (H1 2017: 0.79), an improvement on the 7% decline experienced in Quarter 1 2018.
- Outlet numbers have increased, averaging 71 for the half year (2017: 64).

Land investment and leverage

- 9% decrease in the consented landbank to 12,468 units (2017: 13,738 units), representing 4.5 years' supply, based on last 12 months completions. This reflects an increase in the owned landbank to 9,238 plots (2017: 8,364 plots) offset by a decrease in the controlled landbank to 3,230 plots (2017: 5,374).
- 5% increase in the strategic landbank to 17,467 units (2017: 16,561 units).
- Net LTV[1] of 55.1%, based on net inventory of £554.1m and net debt of £305.4m[2]. Net LTV has fallen from 58.5% in the previous quarter.
- Net leverage of 2.2x, based on LTM EBITDA of £137.7m and net debt of £305.4m. This compares to net leverage of 2.3x in the previous quarterly report.
- Buyback and cancellation of £20m senior secured notes in Quarter 2 2018.

Outlook

- At 30 June 2018, forward sales for the following 12 months are £345m. This is 23% ahead of the prior year with 15% of this increase attributed to private units.

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1 LTV: Loan to value is net debt divided by net inventory (inventory less land creditors).
2 Excludes the capitalisation of bond financing costs (£18.0m).

The key financial highlights for the 3 and 6 month periods ended 30 June 2018, together with prior period comparatives, are set out below:

Table 1	3 months ended 30 Jun 2018 £m	3 months ended 30 Jun 2017 £m	% change	6 months ended 30 Jun 2018 £m	6 months ended 30 Jun 2017 £m	% change
Revenue	199.0	178.6	11.4	356.1	334.1	6.6
Cost of sales	(148.7)	(131.5)	13.1	(266.0)	(251.1)	5.9
Gross profit	50.3	47.1	6.8	90.1	83.0	8.6
Administrative expenses	(11.6)	(10.8)	7.4	(21.9)	(19.9)	10.1
Group operating profit	38.7	36.3	6.6	68.2	63.1	8.1
Share of result in joint ventures	0.8	0.5	60.0	2.3	0.4	475.0
Operating profit	39.5	36.8	7.3	70.5	63.5	11.0
Net finance costs	(12.3)	(1.9)	547.4	(24.2)	(4.9)	393.9
Profit before taxation	27.2	34.9	(22.1)	46.3	58.6	(21.0)
Taxation	(4.8)	(6.9)	(30.4)	(8.7)	(11.6)	(25.0)
Profit for the period	**22.4**	**28.0**	**(20.0)**	**37.6**	**47.0**	**(20.0)**
Gross margin %	*25.3%*	*26.4%*	*(110bps)*	*25.3%*	*24.8%*	*50bps*
Operating margin %	*19.8%*	*20.6%*	*(80bps)*	*19.8%*	*19.0%*	*80bps*

Reconciliation of EBITDA

Table 2	3 months ended 30 Jun 2018 £m	3 months ended 30 Jun 2017 £m	6 months ended 30 Jun 2018 £m	6 months ended 30 Jun 2017 £m
Profit for the period	22.4	28.0	37.6	47.0
Taxation	4.8	6.9	8.7	11.6
Net finance costs	12.3	1.9	24.2	4.9
Depreciation	0.1	-	0.1	-
Amortisation of land option costs	-	0.2	-	0.3
EBITDA	**39.6**	**37.0**	**70.6**	**63.8**

Analysis of revenues

Table 3	3 months ended 30 Jun 2018 £m	3 months ended 30 Jun 2017 £m	6 months ended 30 Jun 2018 £m	6 months ended 30 Jun 2017 £m
Private revenue	177.3	162.1	320.8	279.5
Affordable revenue	13.9	11.0	24.9	26.3
Land sales	6.6	5.1	8.5	26.5
Other	1.2	0.4	1.9	1.8
Total revenue	**199.0**	**178.6**	**356.1**	**334.1**

Analysis of completions and ASP

Table 4	**3 months ended 30 Jun 2018 No.**	**3 months ended 30 Jun 2017 No.**	**6 months ended 30 Jun 2018 No.**	**6 months ended 30 Jun 2017 No.**
Private completions	631	606	1,155	1,059
Affordable completions	128	109	238	243
Core completions	**759**	**715**	**1,393**	**1,302**

	£000	**£000**	**£000**	**£000**
Private ASP	281	267	278	264
Affordable ASP	108	101	104	108
Total ASP	**252**	**242**	**248**	**235**

Financial summary

Results of operations for the 3 months ended 30 June 2018

Revenue

- Revenue for the 3 months to 30 June 2018 increased by 11.4% to £199.0m (Q2 2017: £178.6m), primarily representing a 6.2% increase in core completions and a 4.1% increase in ASP.
- Core completions in the 3 months to 30 June 2018 increased by 6.2% to 759 units (Q2 2017: 715 units). Private completions increased by 4.1% to 631 units (Q2 2017: 606 units) largely driven by an increase in the number of active sites in the current year period.
- ASP for the 3 months to 30 June 2018 increased by 4.1% to £252,000 (Q2 2017: £242,000). This reflects a 5.2% increase in the private ASP to £281,000 (Q2 2017: £267,000), and a 6.9% increase in the affordable ASP to £108,000 (Q2 2017: £101,000).

Gross profit

- Gross profit for the 3 months to 30 June 2018 increased by 6.8% to £50.3m (Q2 2017: £47.1m). Gross margin in the 3 month period was 25.3% (Q2 2017: 26.4%) with the decrease reflecting higher land sale profits in the prior year period.

Administrative expenses

- Administrative expenses for the 3 month period ended 30 June 2018 totalled £11.6m (Q2 2017: £10.8m). This largely reflects a 7% increase in headcount and resultant salary costs which partly related to our new West Midlands region which was launched in H2 2017.

EBITDA

- EBITDA for the 3 months to 30 June 2018 increased by 7.0% to £39.6m (Q2 2017: £37.0m) 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 30 June 2018 increased to £12.3m (Q2 2017: £1.9m). The year on year movement of £10.4m reflects the change in debt structure from the prior year period. The interest charge includes £3.6m relating to the shareholder loan notes which is a non-cash item in the period.

Taxation

- The tax charge of £4.8m (Q2 2017: £6.9m) excludes a further charge of £0.5m for joint ventures which is reflected within the share of result in joint ventures. This represents an effective tax rate of 19.1%. The deferred tax asset has fallen to £21.2m (Dec 2017: £25.8m).

Net debt, liquidity and cashflow

Table 5	As at 30 Jun 2018 £m	As at 31 Dec 2017 £m	As at 30 Jun 2017 £m
Senior secured notes	(405.0)	(425.0)	-
Revolving credit facility	-	-	(110.0)
Deferred financing costs	18.0	19.5	2.0
Other loans	(10.3)	(10.3)	(10.3)
Cash and cash equivalents	109.9	112.4	28.1
Total external net debt	**(287.4)**	**(303.4)**	**(90.2)**

Table 6	3 months ended 30 Jun 2018 £m	3 months ended 30 Jun 2017 £m	6 months ended 30 Jun 2018 £m	6 months ended 30 Jun 2017 £m
Net cash flow from operating activities	(0.3)	(8.9)	21.2	35.6
Net cash flow from investing activities	2.2	(0.8)	(3.7)	(4.2)
Net cash flow from financing activities	(20.0)	(9.8)	(20.0)	(44.4)
Movements in cash and cash equivalents	(18.1)	(19.5)	(2.5)	(13.0)
Cash and cash equivalents at beginning of period	128.0	47.6	112.4	41.1
Cash and cash equivalents at end of period	**109.9**	**28.1**	**109.9**	**28.1**

- Net cash outflow from operating activities for the 3 months ended 30 June 2018 improved by £8.6m to £0.3m (Q2 2017: £8.9m). This principally reflects lower net land spend and development spend in the 3 months ended 30 June 2018.
- Net cash inflow from investing activities for the 3 months ended 30 June 2018 was £2.2m compared to an outflow of £0.8m for the 3 months ended 30 June 2017 as a result of increased joint venture completions in the 3 months ended 30 June 2018. 53 joint venture completions were achieved in the current year period compared with 25 in the prior year period.
- Net cash outflow from financing activities for the 3 months ended 30 June 2018 was £20.0m which compared to an outflow of £9.8m for the 3 months ended 30 June 2017. This reflected the repayment of £20.0m of senior secured notes in June 2018 with the prior year figure reflecting a loan repayment under the previous RCF facility.

Table 7	3 months ended 30 Jun 2018 £m	3 months ended 30 Jun 2017 £m	6 months ended 30 Jun 2018 £m	6 months ended 30 Jun 2017 £m
EBITDA	**39.6**	**37.0**	**70.6**	**63.8**
Net land investment in excess of cost of sales	(21.4)	(24.4)	(26.1)	(2.8)
Development spend (in excess of) / less than cost of sales	(1.3)	(11.4)	0.3	(22.0)
Change in working capital	(2.9)	(3.6)	(8.5)	4.0
Cash flows from JVs (not included in EBITDA)	1.9	(3.1)	(5.4)	(6.3)
Available for sale financial assets	1.2	1.9	2.6	4.4
Other	(2.9)	(3.6)	(0.9)	(5.0)
Free cash flow[1]	**14.2**	**(7.2)**	**32.6**	**36.1**
Net land spend (included in cost of sales)	32.3	31.3	58.3	55.2
Net land investment in excess of cost of sales	21.4	24.4	26.1	2.8
Total net land spend	**53.7**	**55.7**	**84.4**	**58.0**
Free cash flow pre net land spend	**67.9**	**48.5**	**117.0**	**94.1**

Free cash flow in the 3 months ended 30 June 2018 reflects an outflow from investment in land in excess of cost of sales of £21.4m compared to £24.4m for the three months ended 30 June 2017. The outflow from working capital of £2.9m for the three months ended 30 June 2018 principally reflects VAT on land purchases not yet recovered.

During the period, £20m of senior secured notes (£6m fixed, £14m floating) were bought back and cancelled, and we may from time to time enter into further open market purchase of our notes, depending on our cash balances, reinvestment opportunities and market prices of our notes.

In July 2018, the Group amended its Revolving Credit Facility to enable the full £105 million revolving credit commitments to be utilised by way of either loans or letters of credit. The amendment only removed the £80m sublimit for loans and the £25m sublimit for letters of credit. There was no change either to the banks within the facility or to the quantum of the revolving credit commitments.

[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 and interest paid.

Capital employed, inventory and landbank

Return on underlying capital employed

Table 8	**As at and for the 12 months ended 30 Jun 2018 £m**	**As at and for the 12 months ended 31 Dec 2017 £m**	**As at and for the 12 months ended 30 Jun 2017 £m**
Net assets	195.4	157.8	375.0
Net external debt	287.4	303.4	90.2
Intercompany debt	155.6	148.5	-
Capital employed	638.4	609.7	465.2
Less			
Intangible assets	(146.2)	(146.2)	-
Available for sale financial assets	(19.2)	(21.3)	(24.3)
Deferred tax	(21.2)	(25.8)	(41.2)
Underlying capital employed	**451.8**	**416.4**	**399.7**
Operating profit	137.1	130.1	122.0
Less			
Credit to operating profit in respect of available for sale financial assets	(2.0)	(1.6)	(1.0)
Underlying operating profit	**135.1**	**128.5**	**121.0**
Underlying ROCE (%)	**31.7**	**33.0**	**33.6**

- Capital employed increased to £638.4m as of 30 June 2018 (Dec 2017: £609.7m), of which £146.2m relates to intangible assets established following the acquisition by Bridgepoint. The increase in underlying capital employed to £451.8m (Dec 2017: £416.4m) reflects an increase in net inventory which has risen by £38.0m to £554.1m (Dec 2017: £516.1m). An analysis of net inventory and the landbank is set out below:

Table 9	As at 30 Jun 2018 £m	As at 31 Dec 2017 £m	As at 30 Jun 2017 £m
Land	438.0	382.5	348.9
Work in progress	242.6	227.9	210.5
Part exchange properties	12.6	13.0	8.8
Inventory	**693.2**	**623.4**	**568.2**
Land creditors	(139.1)	(107.3)	(72.4)
Net inventory	**554.1**	**516.1**	**495.8**
Landbank	**Plots**	**Plots**	**Plots**
Owned / unconditional	9,238	8,364	8,159
Controlled	3,230	5,374	5,520
Consented	12,468	13,738	13,679
Strategic	17,467	16,561	12,521
Total	**29,935**	**30,299**	**26,200**

- The Group acquired 9 sites during the 3 months ended 30 June 2018 adding 1,612 plots to the owned landbank. In the 3 months ended 30 June 2017 we acquired 8 sites and 1,020 plots. The owned landbank at 30 June 2018 has increased to 9,238 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 12,468 plots (Dec 2017: 13,738 plots). Based on the last 12 months' completions of 2,789 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 6 month periods ended 30 June 2018

CONSOLIDATED INCOME STATEMENT
for the 3 and 6 month periods ended 30 June 2018

	Note	3 months ended 30 Jun 2018 £m	3 months ended 30 Jun 2017 £m	6 months ended 30 Jun 2018 £m	6 months ended 30 Jun 2017 £m
Revenue		199.0	178.6	356.1	334.1
Cost of sales		(148.7)	(131.5)	(266.0)	(251.1)
Gross profit		50.3	47.1	90.1	83.0
Administrative expenses		(11.6)	(10.8)	(21.9)	(19.9)
Group operating profit		38.7	36.3	68.2	63.1
Share of result in joint ventures		0.8	0.5	2.3	0.4
Operating profit		39.5	36.8	70.5	63.5
Finance costs	*4*	(13.1)	(3.1)	(25.8)	(6.9)
Finance income	*5*	0.8	1.2	1.6	2.0
Net finance costs		(12.3)	(1.9)	(24.2)	(4.9)
Profit before taxation		27.2	34.9	46.3	58.6
Income taxes		(4.8)	(6.9)	(8.7)	(11.6)
Profit for the period		**22.4**	**28.0**	**37.6**	**47.0**

The results for the 3 and 6 month periods ended 30 June 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 Jun 2018 £m	As at 31 Dec 2017 £m	As at 30 Jun 2017 £m
Assets				
Non-current assets				
Intangible assets (incl goodwill)	*6*	146.2	146.2	-
Property, plant and equipment		1.2	0.7	0.6
Investments		24.8	19.4	25.5
Available for sale financial assets		19.2	21.3	24.3
Deferred tax		21.2	25.8	41.2
		212.6	**213.4**	**91.6**
Current assets				
Inventories	*7*	693.2	623.4	568.2
Trade and other receivables		36.1	28.8	28.9
Cash and cash equivalents		109.9	112.4	28.1
		839.2	**764.6**	**625.2**
Total assets		**1,051.8**	**978.0**	**716.8**
Liabilities				
Non-current liabilities				
Interest bearing loans and borrowings	*9*	(552.9)	(564.3)	(108.3)
Trade and other payables		(46.3)	(42.2)	(29.9)
Retirement benefit obligations		(19.9)	(21.7)	(38.9)
Provisions and deferred income		(2.9)	(3.2)	(3.3)
		(622.0)	**(631.4)**	**(180.4)**
Current liabilities				
Interest bearing loans and borrowings	*8*	-	-	(10.0)
Trade and other payables		(234.4)	(188.8)	(151.4)
		(234.4)	**(188.8)**	**(161.4)**
Total liabilities		**(856.4)**	**(820.2)**	**(341.8)**
Net assets		**195.4**	**157.8**	**375.0**
Equity				
Share capital		151.0	151.0	125.0
Retained earnings		44.4	6.8	250.0
Total equity attributable to owners of the parent		**195.4**	**157.8**	**375.0**

The December 2017 figures represent the audited financial statements of Miller Homes Group Holdings plc. The June 2017 figures have been included for comparative purposes and represent the financial statements of Miller Homes Holdings Limited, the entity acquired by Miller Homes Group Holdings plc. The June 2018 and June 2017 figures are unaudited.

CONSOLIDATED CASHFLOW STATEMENT
for the 3 and 6 month periods ended 30 June 2018

	3 months ended 30 Jun 2018 £m	3 months ended 30 Jun 2017 £m	6 months ended 30 Jun 2018 £m	6 months ended 30 Jun 2017 £m
Cash flows from operating activities				
Profit for the period	22.4	28.0	37.6	47.0
Depreciation	0.1	-	0.1	-
Amortisation of land option costs	-	0.2	-	0.3
Finance income	(0.8)	(1.2)	(1.6)	(2.0)
Finance cost	13.1	3.1	25.8	6.9
Share of post-tax result from joint ventures	(0.8)	(0.5)	(2.3)	(0.4)
Taxation	4.8	6.9	8.7	11.6
Operating profit before changes in working capital	38.8	36.5	68.3	63.4
Working capital movements:				
Movement in trade and other receivables	(1.6)	1.9	(4.1)	5.6
Movement in inventories	(42.4)	(22.5)	(77.2)	(25.8)
Movement in trade and other payables	16.7	(22.5)	48.7	(3.2)
Cash generated from operations	11.5	(6.6)	35.7	40.0
Interest paid	(10.2)	(0.5)	(12.9)	(2.6)
Corporation tax paid	(1.6)	(1.8)	(1.6)	(1.8)
Net cash (outflow) / inflow from operating activities	**(0.3)**	**(8.9)**	**21.2**	**35.6**
Cash flows from investing activities				
Acquisition of property, plant and equipment	(0.5)	(0.2)	(0.6)	(0.3)
Movement in loans with joint ventures	2.7	(0.6)	(3.1)	(3.9)
Net cash inflow / (outflow) from investing activities	**2.2**	**(0.8)**	**(3.7)**	**(4.2)**
Cash flows from financing activities				
Decrease in senior secured notes	(20.0)	-	(20.0)	-
Decrease in bank borrowings	-	(9.8)	-	(19.7)
Decrease in other long term borrowings	-	-	-	(24.7)
Net cash outflow from financing activities	**(20.0)**	**(9.8)**	**(20.0)**	**(44.4)**
Movements in cash and cash equivalents	(18.1)	(19.5)	(2.5)	(13.0)
Cash and cash equivalents at beginning of period	128.0	47.6	112.4	41.1
Cash and cash equivalents at end of period	**109.9**	**28.1**	**109.9**	**28.1**

Notes to the condensed consolidated financial statements

1. Reconciliation of net cash flow to net debt

	3 months ended 30 Jun 2018 £m	3 months ended 30 Jun 2017 £m	6 months ended 30 Jun 2018 £m	6 months ended 30 Jun 2017 £m
Movement in cash and cash equivalents	(18.1)	(19.5)	(2.5)	(13.0)
Decrease in senior secured notes	20.0	-	20.0	-
Decrease in bank loans	-	9.8	-	19.7
Decrease in other long term borrowings	-	-	-	24.7
Non cash movement[1]	(4.3)	-	(8.6)	-
Movement in net debt in period	(2.4)	(9.7)	8.9	31.4
Net debt at beginning of period	(440.6)	(80.5)	(451.9)	(121.6)
Net debt at end of period	**(443.0)**	**(90.2)**	**(443.0)**	**(90.2)**

Net debt comprises:

	3 months ended 30 Jun 2018 £m	3 months ended 30 Jun 2017 £m	6 months ended 30 Jun 2018 £m	6 months ended 30 Jun 2017 £m
External net debt	(287.4)	(90.2)	(287.4)	(90.2)
Intercompany loans	(155.6)	-	(155.6)	-
Net debt at end of period	**(443.0)**	**(90.2)**	**(443.0)**	**(90.2)**

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 6 month period ended 30 June 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] The non-cash movement for the 3 months ended 30 June 2018 represents £0.7m of arrangement fee amortisation and £3.6m of rolled up interest on the unsecured shareholder loan notes.

The non-cash movement for the 6 months ended 30 June 2018 represents £1.5m of arrangement fee amortisation and £7.1m 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 Jun 2018 £m	3 months ended 30 Jun 2017 £m	6 months ended 30 Jun 2018 £m	6 months ended 30 Jun 2017 £m
Interest payable on secured notes, bank loans and overdrafts	7.2	1.5	14.2	3.2
Interest payable on amounts owed to immediate parent undertaking	3.6	-	7.1	0.6
Imputed interest on land payable on deferred terms	2.0	1.3	3.9	2.5
Finance costs related to employee benefit obligations	0.3	0.3	0.6	0.6
	13.1	**3.1**	**25.8**	**6.9**

5. Finance income	3 months ended 30 Jun 2018 £m	3 months ended 30 Jun 2017 £m	6 months ended 30 Jun 2018 £m	6 months ended 30 June 2017 £m
Imputed interest on available for sale financial assets	0.3	0.4	0.6	0.8
Interest on loans to joint ventures	0.2	0.2	0.4	0.4
Imputed interest on land receivables on deferred terms	0.2	0.2	0.4	0.4
Other	0.1	0.4	0.2	0.4
	0.8	**1.2**	**1.6**	**2.0**

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

7. Inventories	As at 30 Jun 2018 £m	As at 31 Dec 2017 £m	As at 30 Jun 2017 £m
Land	438.0	382.5	348.9
Work in progress	242.6	227.9	210.5
Part exchange properties	12.6	13.0	8.8
	693.2	**623.4**	**568.2**

8. Interest bearing loans and borrowings - current	As at 30 Jun 2018 £m	As at 31 Dec 2017 £m	As at 30 Jun 2017 £m
Bank loans (secured)	-	-	(10.0)

9. Interest bearing loans and borrowings – non-current	As at 30 Jun 2018 £m	As at 31 Dec 2017 £m	As at 30 Jun 2017 £m
Bank loans (secured)	-	-	(100.0)
Senior secured notes	(405.0)	(425.0)	-
Deferred financing costs	18.0	19.5	2.0
Long term borrowings	(10.3)	(10.3)	(10.3)
Intercompany loan (unsecured)	(155.6)	(148.5)	-
	(552.9)	**(564.3)**	**(108.3)**

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.

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.