MILLER HOMES GROUP HOLDINGS PLC

Annual report and financial statements

Registered number 10854458

31 December 2017

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The Group is pleased to report its first set of financial results which reflect the continued successful implementation of Miller Homes' strategy of volume growth and disciplined land investment, whilst benefiting from a favourable housing market.

In a year with a surprise election with an unexpected result, the first interest rate rise in 10 years and continued debate on Brexit, the housing market remained strong. The key factors to a sustainable market - low interest rates, low unemployment, availability of mortgages and strong underlying demand - were all in place to underpin performance in 2017.

The housing market plays a pivotal role in the UK economy demonstrated by its prominence in the political arena, where both the demand and need for quality new homes has been recognised. The Housing White Paper published in February 2017 reaffirmed its central role on the political stage. The Government's commitment to provide an additional £10bn for its Help to Buy scheme secures its availability until at least 2021 in England. Changes to stamp duty announced in the Autumn budget provide additional support to first time buyers.

Performance

During the year the Group acquired Miller Homes Holdings Limited. Funds for the acquisition and to support the continuing growth strategy of the business were provided by Bridgepoint and from the issue of senior secured notes. The Group performance referenced in these financial statements is for the 3 month period to 31 December 2017. Profit before tax of £7.9m reflected £37.4m of profit from the Miller Homes Holdings Limited Group ("MHHL") following its acquisition on 5th October 2017, £21.4m of acquisition and funding costs and £8.1m of fair value adjustments relating to the upward revaluation of stock held at acquisition which has subsequently been sold.

Miller Homes Holdings Limited has prepared its financial statements for the 12 month period to 31 December 2017 and the key metrics for this period are commented on in the remainder of this report in order to provide a more informed insight into the 2017 result of the Group's principal subsidiary. These are reconciled to the results presented in the consolidated income statement of Miller Homes Group Holdings plc ("MHGH") below (see note 3 for further details):

	MHHL 12 months to 31 Dec 2017 £m	MHHL 9 months to date of acquisition £m	Fair value adjustments £m	MHGH Company costs £m	Consolidated income statement £m
Revenue	675.2	(478.1)	-	-	**197.1**
Cost of sales	(504.4)	358.3	(8.1)	-	(154.2)
Gross profit	170.8	(119.8)	(8.1)	-	**42.9**
Administrative expenses	(40.1)	30.5	-	(11.2)	(20.8)
Group operating profit	130.7	(89.3)	(8.1)	(11.2)	**22.1**
Share of result in joint ventures	(0.6)	(0.2)	-	-	(0.8)
Operating profit	130.1	(89.5)	(8.1)	(11.2)	**21.3**
Net finance costs	(10.6)	7.4	-	(10.2)	(13.4)
Profit before taxation	119.5	(82.1)	(8.1)	(21.4)	**7.9**
Income taxes	(21.6)	16.4	1.5	-	(3.7)
Profit for the period	97.9	(65.7)	(6.6)	(21.4)	**4.2**

Strategic report *(continued)*

MHHL revenue for the 12 months to 31 December 2017 was 19% ahead at £675 million (2016: £565 million). This reflected a combination of an 13% increase in core completions to 2,698 units (2016: 2,380 units) and a 4% increase in average selling price (ASP) to £239,000 (2016: £231,000). Higher sales rates and increased outlet numbers resulted in completions of private units rising to 2,184 (2016: 2,032). The increase in affordable unit completions to 514 (2016: 348) is due to more recently acquired sites having a higher allocation of affordable housing when compared to older sites.

The increase in ASP was despite both an increase in the proportion of affordable housing which represented 19% (2016: 16%) of core completions and a reduction in affordable ASP to £106,000 (2016: £116,000). Private ASP increased by 8% to £270,000 (2016: £251,000) which reflected the location of new sites and to a lesser extent house price inflation.

Gross profit increased by 20% to £171 million (2016: £143 million) with gross margin remaining at a record 25.3% (2016: 25.3%). The combination of increased gross profit combined with improved overhead recoveries has resulted in a 26% increase in operating profit to £130 million (2016: £103 million). This represents an operating margin of 19.3% (2016: 18.2%) and the Group has clear visibility towards its medium term target of 20%.

Underlying ROCE (excluding deferred tax and shared equity loans) increased to 32.9% (2016: 30.3%).

Land buying conditions remain attractive and investment of £182m was made in our landbank (2016: £178m). Importantly, land investment continues to be undertaken in a disciplined way without compromising margins or capital returns. This, together with planning consents being achieved for a number of controlled sites, resulted in the consented land bank increasing to 13,738 plots (2016: 13,062 plots).

It is also pleasing to report continued excellent standards of customer service. This reflects the Miller Homes' quality ethos and reputation for build quality. Current customer satisfaction rates are 93%. In addition, Miller Homes attained HBF 5 star rating for the 8th time in the last nine years.

The Group is committed to growing the business in a responsible manner with a focus on our product, processes, people and partners. This extends beyond delivering high quality homes to doing so in a way that leaves a positive legacy for the community and environment.

Strategic report *(continued)*

Principal risks and uncertainties

Risk	Mitigation
Economic conditions, mortgage supply and rates	
Demand for new homes is inextricably linked to consumer confidence which amongst other things is impacted by employment prospects, disposable incomes and the availability and cost of mortgages, particularly at higher loan to values. The UK's decision to leave the EU could impact on factors affecting this risk.	Sales rates and prices are monitored on a weekly basis informing decision making on a timely basis. Land acquisition process considers local employment, incomes and affordability which in turn is informed by current trading experience. Close relationships are maintained with mortgage lenders and government agencies to ensure that we utilise all available products and are involved in those initiatives aimed at the new build sector.
Supply chain	
The ability to procure sufficient materials and labour to ensure homes can be completed to a high standard, in line with build programmes and at costs which protect site margins.	75% of housebuild materials are negotiated by the central procurement team. National deals are in place, ensuring cost certainty over the short term and continuity of supply. Subcontractors are managed at a regional level. Many of our subcontractor relationships are well established and long standing which mitigates the impact of labour and skill shortages as industry output increases. In addition, we undertake tendering to maintain price competition.
Land availability	
The ability to secure the quantum of land in the appropriate locations and at hurdle rates to enable the Group's business plan be delivered.	There are established land acquisition hurdle rates for gross margin and ROCE which also underpin the strategic plan. The Chief Executive visits all sites prior to acquisition to ensure a consistent approach to land acquisition is taken across the business and each site fits within the overall land strategy. All land acquisitions are scrutinised and approved by the Board. The Group has a dedicated strategic land team which identifies new land options and promotes existing options to achieve an implementable consent.
Staff retention	
It is important that the company retains and attracts high calibre employees in order to deliver on all aspects of the strategy.	The Group's HR strategy addresses all aspects of reward, retention and talent development, as well as performance management. Staff roadshows led by the Chief executive are undertaken annually. Staff engagement surveys are undertaken on a triennial basis.

Strategic report *(continued)*

Funding

The company requires access to adequate financial resources in order to meet its existing commitments and to deliver its strategic plan.

Cash is managed by a combination of weekly and quarterly forecasts. Business plans are updated on an annual basis and supported by sensitivity analysis to provide a basis for longer term investment decisions.

Key to managing cash and liquidity is the timing of new land investment and development spend. The uncommitted nature of strategic land purchases and subcontractor model provides the group with significant flexibility to manage both land and development spend.

The Group issued £425m of secured bonds during the year which provides funding to 2024. The bond has no financial covenants. The Group has cash balances of over £100m at the year end, which together with an undrawn £105m revolving credit facility provides significant funding headroom.

Safety, health and environmental (SHE)

Breaches of SHE legislation can result in workplace injuries, environmental damage or physical damage to property. This could result in financial penalties, reputational damage and delays to site related activities.

There is an in-house SHE team all of whom are professionally qualified. The team is managed independently from our operational businesses under the guidance of our SHE Director who in turn reports directly to the Chief Executive.

The group has an approved SHE strategy with progress monitored regularly at Board level.

Site operations are subject to monthly audits and SHE awareness tool-box talks are regularly communicated to both staff and subcontractors.

IT

A prolonged system outage of operational systems, including our website, which affects operational targets of the business and our reputation within a consumer environment.

Annual security reviews are performed by external consultants. The group endeavours to use the latest software versions to reduce the risk of successful cyber-attacks.

Full backup and system recovery is in place as part of the wider Disaster Recovery plan, and this is tested annually.

System enhancements during business critical times are limited to emergency only changes to minimise any potential downtime in these periods.

Pensions

The company's defined benefit scheme was closed to new entrants in 1997 and to future accrual in 2010. The deficit could fluctuate due to increased longevity assumptions, reduced bond yields or changes in asset values.

The triennial valuation was undertaken as at 30 June 2016 and a deficit repair plan has been agreed. In addition, a one-off contribution of £12m was made in October 2017.

Further revisions in the investment strategy are planned for 2018 with the aim to further reduce volatility.

Strategic report *(continued)*

Key performance indicators of the underlying trading Group

Selected financial and non-financial indicators which relate to our key business objectives which are documented within our Strategic report are presented below:

		2017	2016	Movement
Core housing sales (units)		2,698	2,380	+13%
ASP (£000)	(i)	239	231	+4%
Gross margin %	(ii)	25.3%	25.3%	-
Operating margin %	(iii)	19.3%	18.2%	+110 bps
Underlying ROCE	(iv)	32.9%	30.3%	+260 bps
Consented landbank (plots)		13,738	13,062	+5%
Customer care – recommend a friend (%)		93%	93%	-
SHE (Accident Incident rate / 100,000 persons)		541	282	+92%

(i) This represents revenues from new home sales divided by the number of core housing sales. It measures movements in revenues per plot caused by either house price inflation or mix changes.

(ii) This represents gross profit divided by revenue. It measures the Group's underlying profitability before administrative expenses.

(iii) This represents operating profit divided by revenue. It measures the Group's underlying profitability after administrative expenses.

(iv) This represents operating profit, adjusted for any profit or loss recorded in respect of available for sale financial assets, expressed as a percentage of average underlying capital employed. Average underlying capital employed is the average of the opening and closing balances of underlying capital employed. Underlying capital employed is the sum of net debt and net assets excluding deferred tax and available for sale financial assets.

Julie M Jackson
Company Secretary
8 March 2018

Directors' report

The directors of Miller Homes Group Holdings plc have pleasure in presenting their report and the audited financial statements for the period ended 31 December 2017.

Principal activities

The principal business conducted by the Group was residential housebuilding.

The company was incorporated on 6th July 2017 as Marilyn Bidco Limited. On 5th September 2017 it changed its name to Miller Homes Group Holdings plc. On 5th October 2017 it acquired 100% of the share capital of Miller Homes Holdings Limited.

Business review

The operations of the Group and its principal risks and uncertainties and relevant key performance indicators are reviewed in detail in the Strategic report.

Results and dividends

The Group profit after taxation for the financial period amounted to £4.2 million. No dividend will be paid.

Going concern

The directors have prepared cashflow forecasts, which take into account reasonable sensitivities, in order to assess the future funding requirements of the Group and its committed finance facilities. After making appropriate enquiries, the directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, the directors continue to adopt the going concern basis in preparing the Annual Report and financial statements.

Directors

The Directors who held office during the period and at the date of this report are as follows:

Chris Endsor (appointed 17th September 2017)
Ian Murdoch (appointed 17th September 2017)
Julie Jackson (appointed 17th September 2017)
Jamie Wyatt (appointed 6th July 2017, resigned 17th September 2017)
Christopher Bell (appointed 6th July 2017, resigned 17th September 2017)
Benjamin Marten (appointed 6th July 2017, resigned 17th September 2017)

As directors of the company's ultimate holding company, Miller Homes Group Limited, Patrick Fox and Jamie Wyatt of Bridgepoint and John White, non-executive chairman, are considered to have oversight of the company.

Employees

At the very heart of the Group's culture is the objective to attract and retain the best people and ensure they are recognised and rewarded for their contribution and commitment. We are committed to engaging with staff across the business and undertake annual roadshows at each of the regional businesses. This is an open forum which provides an opportunity for staff to be more informed on business performance and medium term objectives. Importantly, it allows each department to understand their contribution to the business and sets expectations for the forthcoming year. We monitor staff engagement using external independent assessments which are undertaken on a triennial basis.

Female employees represented 31% of total employees and 14% of managers and directors.

Directors' report *(continued)*

Supplier payment policy

It is Group policy to abide by the agreed terms of payment with suppliers where the goods and services have been supplied in accordance with the relevant terms and conditions of contract. We also subscribe to the Prompt Payment Code.

Contributions

The Group made £6,000 of charitable donations during the period and did not incur any political expenditure.

Guidelines for disclosure and transparency in Private Equity

The Directors consider that the annual report and financial statements have been prepared in accordance with the Guidelines for Disclosure and Transparency in Private Equity.

Disclosure of information to auditor

The directors who held office at the date of approval of this Directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Group's auditor is unaware; and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Group's auditor is aware of that information.

Auditor

Pursuant to section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the Board

Julie M Jackson
Company Secretary
8 March 2018

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE STRATEGIC REPORT, THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS

The directors are responsible for preparing the Strategic Report, the Directors' Report and the Group and parent Company financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare Group and parent Company financial statements for each financial year. Under that law they have elected to prepare the Group and parent Company financial statements in accordance with International Financial Reporting Standards as adopted by the EU (IFRSs as adopted by the EU) and applicable law.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and parent Company and of their profit or loss for that period. In preparing each of the Group and parent Company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant and reliable;
- state whether they have been prepared in accordance with IFRSs as adopted by the EU;
- assess the Group and parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the parent Company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MILLER HOMES GROUP HOLDINGS PLC

1 Our opinion is unmodified

We have audited the financial statements of Miller Homes Group Holdings ("the Company") for the year ended 31st December 2017 which comprises:

- Consolidated Income Statement;
- Consolidated Statement of Comprehensive Income;
- Consolidated Statement of Changes in Equity;
- Company Statement of Changes in Equity;
- Consolidated Balance Sheet;
- Company Balance Sheet;
- Consolidated Statement of Cash Flows; and
- Related notes, including the accounting policies in note 1.

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the parent Company's affairs as at 31st December 2017 and of the Group's profit for the six months then ended;
- the Group financial statements have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU);
- the parent Company financial statements have been properly prepared in accordance with IFRSs as adopted by the EU and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion. Our audit opinion is consistent with our report to the audit committee.

We were appointed as auditor by the directors on 5th October. The period of total uninterrupted engagement is the 87 days ended 31 December 2017. We have fulfilled our ethical responsibilities under, and we remain independent of the Group in accordance with, UK ethical requirements including the FRC Ethical Standard as applied to public interest entities. No non-audit services prohibited by that standard were provided.

2 Key audit matters: our assessment of risks of material misstatement

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. We summarise below the key audit matters, in decreasing order of audit significance, in arriving at our audit opinion above, together with our key audit procedures to address those matters and, as required for public interest entities, our results from those procedures. These matters were addressed, and our results are based on procedures undertaken, in the context of, and solely for the purpose of, our audit of the financial statements as a whole, and in forming our opinion thereon, and consequently are incidental to that opinion, and we do not provide a separate opinion on these matters.

	The Risk	Our Response
Valuation of WIP and Site Margins £623.4 million Gross profit: £42.9 million	**Subjective Estimate** The gross profit recognised on current sites and the carrying value of land held for development and work in progress is reliant on the Group's forecasts of the future selling price and the build costs, both of which are uncertain and can vary with market conditions.	Our procedures included: • **Tests of control**: assessing the design and operating effectiveness of the Group's processes upon which gross profit margin is based. • **Tests of detail:** For a sample of sites with unit sales during the year comparing the gross margin recognised to the latest site valuation and checking whether differences in margin recognised are supported by changes in valuations. This includes corroborating explanations received from management in respect of valuations to underlying documentation where appropriate. • **Historical comparisons:** Comparing budgeted and latest site valuations to assess the Group's ability to accurately forecast. • **Benchmarking assumptions:** Challenging judgements made by management on site valuations based on our knowledge of the Group and the industry. • **Assessing transparency:** Assessing the adequacy of the Group's disclosures about the degree of estimation involved in calculating the gross margin and carrying value of land and work in progress.
Valuation of available for sale financial assets £21.3 million	**Subjective Estimate** The carrying value of these available-for-sale financial assets, which represent amounts due to the Group under shared equity schemes is based on a number of assumptions which contain inherent uncertainties and which require management judgement.	Our procedures included: • **Test of Detail:** We critically assessed, with reference to externally available information the appropriateness of key assumptions, being house price inflation, discount rate and redemption profile. We tested a sample of individual shared equity loans settled in the year to ensure that they had been appropriately accounted for. • **Sensitivity analysis:** performing sensitivity analysis to assess what impact a change in the key assumptions could have on calculation of fair value. • **Recalculation**: We assessed the integrity and arithmetical accuracy of the calculations within management's valuation model. • **Assessing transparency:** We assessed the adequacy of the related disclosures in the financial statements.
Fair value of acquired assets and liabilities	**Subjective Estimate** The acquisition of Miller Homes Holdings Limited was effective as at 5th October 2017. The accounting treatment for the provisional opening balance sheet is inherently judgemental and requires the directors to exercise many judgements, including in respect of the fair value of intangibles, work in progress and the calculation of associated goodwill.	Our procedures included: • We read the sale and purchase agreement in order to understand the nature of the transaction and ensure that relevant clauses that impact the accounting had been considered by the directors. • **Benchmarking assumptions**: We challenged the key assumptions used in the fair value calculations of work in progress prepared by management, which included the margin which would be expected to be realised on the completion of each development site, using our knowledge of the Group and the industry. • **Recalculation:** We assessed the integrity and arithmetical accuracy of the calculations within management's valuation model. • **Tests of detail**: We evaluated the assessment and calculation of material assets and provisions

		to check that they are accurate and reflect information that was known in relation to events that existed at the transaction date. • **Assessing Transparency**: We assessed the adequacy of the related disclosures in the financial statements.
Bond Accounting £405.5 million	**Unusual Transaction** During the period the group issued two senior secured notes for capital financing totalling £425m.	Our audit approach included: • **Documentation Review:** reviewing the documentation of the bond. • **Test of Detail:** selecting a sample of related issuance expenditure and agreeing to supporting documentation to ensure it was appropriate to include as a transaction cost. • **Assessing Transparency**: We assessed the adequacy of the related disclosures in the financial statements .

3 Our application of materiality and an overview of the scope of our audit

Materiality for the group financial statements as a whole was set at £6.0m, determined with reference to a benchmark of group total assets of £978m, of which it represents 0.89%.

Materiality for the top trading company financial statements as a whole was set at £5.8m (2016: £4.9m), determined with reference to a benchmark of company profit before tax, of which it represents 4.95% (2016:6.4%).

We agreed to report to the Audit Committee any corrected or uncorrected identified misstatements exceeding £0.3m, in addition to other identified misstatements that warranted reporting on qualitative grounds.

The entire Group is audited by one audit team, led by the Senior Statutory Auditor, ranging from between £5.8m to £6m.

4 We have nothing to report on going concern

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

5 We have nothing to report on the other information in the Annual Report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in those reports;
- in our opinion the information given in the strategic report and the directors' report for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

6 We have nothing to report on the other matters on which we are required to report by exception

Under the Companies Act 2006, we are required to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

7 Respective responsibilities

Directors' responsibilities

As explained more fully in their statement set out on page 9, the Directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud, other irregularities, or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud, other irregularities or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements. The risk of not detecting a material misstatement resulting from fraud or other irregularities is higher than for one resulting from error, as they may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control and may involve any area of law and regulation not just those directly affecting the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities

8 The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Hugh Harvie (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
Saltire Court, 20 Castle Terrace, Edinburgh
8 March 2018

Consolidated income statement

for the period from 6th July 2017 to 31 December 2017

	Note	2017 £m
	1	
Revenue		**197.1**
Cost of sales		(154.2)
Gross profit		**42.9**
Administrative expenses		(20.8)
Group operating profit		**22.1**
Share of loss in joint ventures	12	(0.8)
Operating profit	2	**21.3**
Finance costs	6	(13.9)
Finance income	7	0.5
Net finance costs		**(13.4)**
Profit before taxation		**7.9**
Income taxes	8	(3.7)
Profit for the period		**4.2**

The consolidated income statement reflects the underlying trading results of the company's principal subsidiary holding company, Miller Homes Holdings Limited, from the date of its acquisition on 5th October 2017, together with related transaction costs, fair value adjustments and finance costs. A reconciliation to the 2017 full year results of Miller Homes Holdings Limited is provided in Note 3.

The notes on pages 18 to 42 form part of these financial statements.

Consolidated statement of comprehensive income
for the period from 6th July 2017 to 31 December 2017

	2017 £m
Profit for the period	4.2
Items that will not be reclassified to profit or loss:	
Actuarial gain on retirement benefit obligations	3.4
Deferred tax on actuarial gain	(0.8)
Total comprehensive income for the period attributable to owners of the parent	**6.8**

Consolidated statement of changes in equity
for the period from 6th July 2017 to 31 December 2017

	Share capital £m	**Retained earnings £m**	**Total £m**
At 6th July 2017	-	-	-
Issue of share capital	151.0	-	151.0
Profit for the period	-	4.2	4.2
Actuarial gain on retirement benefit obligations (net of deferred tax)	-	2.6	2.6
Balance at 31 December 2017	**151.0**	**6.8**	**157.8**

Company statement of changes in equity
for the period from 6th July 2017 to 31 December 2017

	Share capital £m	**Retained earnings £m**	**Total £m**
At 6th July 2017	**-**	**-**	**-**
Issue of share capital	**151.0**	**-**	**151.0**
Loss for the period	**-**	**(21.4)**	**(21.4)**
Balance at 31 December 2017	**151.0**	**(21.4)**	**129.6**

The notes on pages 18 to 42 form part of these financial statements.

Statements of financial position

As at 31 December 2017

	Note	Group 2017 £m	Company 2017 £m
Assets			
Non-current assets			
Intangible assets	*10*	146.2	-
Property, plant and equipment	*11*	0.7	-
Investments	*12*	19.4	537.4
Available for sale financial assets	*13*	21.3	-
Deferred tax	*14*	25.8	-
		213.4	**537.4**
Current assets			
Inventories	*15*	623.4	-
Trade and other receivables	*16*	28.8	121.2
Cash and cash equivalents	*23*	112.4	31.8
		764.6	**153.0**
Total assets		**978.0**	**690.4**
Liabilities			
Non-current liabilities			
Loans and borrowings	*18*	(564.3)	(554.0)
Trade and other payables	*17*	(42.2)	-
Retirement benefit obligations	*29*	(21.7)	-
Provisions and deferred income	*19*	(3.2)	-
		(631.4)	**(554.0)**
Current liabilities			
Trade and other payables	*17*	(188.8)	(6.8)
Total liabilities		**(820.2)**	**(560.8)**
Net assets		**157.8**	**129.6**
Equity			
Share capital	*20*	151.0	151.0
Retained earnings		6.8	(21.4)
Total equity attributable to owners of the parent		**157.8**	**129.6**

The notes on pages 18 to 42 form part of these financial statements. These financial statements were approved by the board of directors on 8 March 2018 and were signed on its behalf by:

Ian Murdoch
Director

Chris Endsor
Director

Company registered number: 10854458

Consolidated cash flow statement

for the period from 6th July 2017 to 31 December 2017

	Note	2017 £m
Cash flows from operating activities		
Profit for the period		4.2
Adjustments for:		
Depreciation		-
Amortisation of land option costs		0.1
Finance income		(0.5)
Finance cost		13.9
Share of post-tax loss from joint ventures		0.8
Taxation		3.7
Operating profit before changes in working capital		22.2
Working capital movements:		
Movement in trade and other receivables		6.4
Movement in inventories		9.6
Movement in trade and other payables		3.6
Cash generated from operations		41.8
Interest paid		-
Corporation tax paid		(1.2)
Net cash inflow from operating activities		**40.6**
Cash flows from investing activities		
Acquisition of Miller Homes Holdings Limited		(651.6)
Acquisition of property, plant and equipment		(0.1)
Movement in loans with joint ventures		(0.9)
Net cash outflow from investing activities		**(652.6)**
Cash flows from financing activities		
Proceeds from issue of share capital		151.0
Proceeds from issue of senior secured notes (net of arrangement fees of £20.2m)	*23*	404.8
Increase in other long term borrowings	*23*	145.0
Net cash inflow from financing activities		**700.8**
Net increase in cash and cash equivalents	*22*	88.8
Cash and cash equivalents at beginning of period		-
Cash and cash equivalents acquired with Miller Homes Holdings Limited	*23*	23.6
Cash and cash equivalents at end of period		**112.4**

The consolidated cashflow statement reflects the underlying cashflows of the company's principal subsidiary holding company, Miller Homes Holdings Limited, from the date of its acquisition on 5th October 2017, together with the related acquisition transaction and finance costs of the Company.

The notes on pages 18 to 42 form part of these financial statements.

Notes
(forming part of the financial statements)

1 Accounting policies

Miller Homes Group Holdings plc (the "Company") is a public company incorporated, domiciled and registered in England in the United Kingdom. The registered number is 10854458 and the registered address is 2 Centro Place, Pride Park, Derby, Derbyshire, England, DE24 8RF.

The Group financial statements have been prepared and approved by the directors in accordance with International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"). The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements. The Parent Company financial statements have been prepared in accordance with FRS 101 Reduced Disclosure Framework. In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken:

- A cash flow statement and related notes;
- Comparative period reconciliations;
- Disclosures in respect of transactions with wholly owned subsidiaries;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs;
- Disclosures in respect of the compensation of Key Management Personnel; and
- Disclosures of transactions with a management entity that provides key management personnel services to the company.

Judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 26.

As permitted by Section 408 of the Companies Act 2006 the income statement of the Parent Company is not presented.

1.1 Measurement convention

The financial statements are prepared on the historical cost basis with the exception of available for sale financial assets which are stated at their fair value.

1.2 Basis of consolidation

The consolidated financial statements include the financial statements of the Parent Company and all its subsidiary undertakings at the reporting date. The results of subsidiary undertakings acquired or disposed of during the year are included in the financial statements from or to the effective date of acquisition or disposal.

1.3 Going concern

As explained in the Directors' report, after making appropriate enquiries, the directors have a reasonable expectation that the Company and Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly the directors continue to adopt the going concern basis in preparing the annual report and financial statements.

Notes *(continued)*

1 Accounting policies *(continued)*

1.4 Jointly controlled entities (equity accounted investees)

Jointly controlled entities are those entities over whose activities the Group has joint control, established by contractual agreement and requiring the venturers' unanimous consent for strategic financial and operating decisions. Jointly controlled entities are accounted for using the equity method (equity accounted investees) and are initially recognised at cost. The consolidated financial information includes the Group's share of the total comprehensive income and equity movements of equity accounted investees, from the date that significant influence or joint control commences until the date that significant influence or joint control ceases. When the Group's share of losses exceeds its interest in an equity accounted investee, the Group's carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of an investee.

1.5 Non-derivative financial instruments

Non-derivative financial instruments comprise investments in equity and debt securities, trade and other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables.

Trade and other receivables

Trade and other receivables are recognised initially at fair value. Subsequent to initial recognition, they are measured at amortised cost less allowances for impairment. Contract work in progress is shown within trade and other receivables as amounts recoverable on contracts and is stated at cost incurred plus attributable profit, less amounts transferred to the income statement, after deducting foreseeable losses and payments on account not matched with revenue. Where payments on account exceed the value of work certified at the balance sheet date this is shown as payments on account within trade and other payables.

Trade and other payables

Trade and other payables on normal terms are not interest bearing and are stated at their nominal value. Trade payables on extended terms, particularly in respect of land payables, are recorded at their fair value at the date of acquisition of the asset to which they relate. The discount to nominal value is amortised over the period of the credit term and charged to finance costs.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits.

Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

1.6 Intangible assets

Goodwill

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to cash-generating units and is not amortised but is tested annually for impairment.

Notes *(continued)*

1 Accounting policies *(continued)*

Other intangible assets

Expenditure on internally generated goodwill and brands is recognised in the income statement as an expense as incurred.

Other intangible assets that are acquired by the Group are stated at cost less accumulated amortisation and less accumulated impairment losses.

Amortisation

Amortisation is charged to the income statement on a straight-line basis over the estimated useful lives of intangible assets unless such lives are indefinite. Intangible assets with an indefinite useful life and goodwill are systematically tested for impairment at each balance sheet date. Other intangible assets are amortised from the date they are available for use. The estimated useful lives are as follows:

- Brand value indefinite life

The fair value on acquisition has been calculated based on an external valuation of the value of the brand.

1.7 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Land is not depreciated. The estimated useful lives are as follows:

- Plant and equipment 3-10 years

Depreciation methods, useful lives and residual values are reviewed at each balance sheet date.

1.8 Business combinations

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group.

The Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, are expensed as incurred.

Any contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

Notes *(continued)*

1 Accounting policies (continued)

1.9 Inventories

Inventories are stated at the lower of cost and net realisable value. Net realisable value in relation to land and work in progress is assessed by taking account of estimated selling price less all estimated costs of completion. Land purchased on deferred payment terms is recorded at fair value. Any difference between fair value and the amount which will ultimately be paid is charged as a finance cost in the income statement over the deferral period.

The purchase and subsequent sale of part exchange properties is an activity undertaken in order to achieve the sale of a new property. As such, the activity is regarded as a mechanism for selling.

Accordingly, impairments and gains and losses on the sale of part exchange properties are classified as a cost of sale, with the sales proceeds of part exchange properties not being included in revenue.

1.10 Impairment excluding inventories and deferred tax assets

Non-financial assets

For goodwill, and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year.

The recoverable amount is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the “cash-generating unit”). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units, or (“CGU”).

For the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment is tested reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a *pro rata* basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset’s carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

1.11 Employee benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which the Group pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the income statement in the periods during which services are rendered by employees.

Notes *(continued)*

1 Accounting policies (continued)

The Group participates in The Miller Group Limited Group Personal Pension Plan, a defined contribution pension scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. The amount charged to the income statement represents the contributions payable to the scheme in respect of the accounting period.

Defined benefit plans

The Group operates a pension scheme providing benefits based on final pensionable pay. The assets of the scheme are held separately from those of the Group. Pension scheme assets are measured using market values. Pension scheme liabilities are measured using a projected unit method and discounted at the current rate of return on a high-quality corporate bond of equivalent term and currency to the liability. The pension scheme surplus (to the extent that it is recoverable) or deficit is recognised in full. The movement in the scheme surplus/deficit is split between operating charges, finance items and, in the statement of comprehensive income, actuarial gains and losses. The scheme was closed to future accrual in 2010.

Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

1.12 Provisions

A provision is recognised in the balance sheet when the Group has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation.

1.13 Revenue and profit recognition

Revenue principally represents the amounts (excluding value added tax) derived from the sale of new homes, affordable housing contracts and land. Revenue from new home sales represents the selling price for the unit, net of any cash incentives, and is recognised on legal completion and receipt of cash. Profit is recognised on a per completion basis, by reference to the remaining margin forecast across the development. Revenue from affordable housing contracts is recognised, either in line with the stage of completion, or on physical completion depending upon contract terms. Revenue from land sales is recognised on legal completion.

1.14 Expenses

Operating lease payments

Payments made under operating leases are recognised in the income statement on a straight-line basis over the term of the lease. Lease incentives received are recognised in the income statement as an integral part of the total lease expense.

Finance income and cost

Finance costs comprise interest payable on bank loans and amounts owed to Group undertakings, the unwinding of the discount from nominal to present day value of trade payables on extended terms (land payables) and interest on retirement benefit obligations. Finance income comprises the unwinding of the discount to present day value of available for sale financial assets, the unwind of the discount from nominal to present day value of trade receivables on extended terms (land debtors) and interest on loans to joint ventures.

Interest income and interest payable is recognised in profit or loss as it accrues. Dividend income is recognised in the income statement on the date the entity’s right to receive payments is established.

Notes *(continued)*

1 Accounting policies *(continued)*

1.15 Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

1.16 Adopted IFRS not yet applied

The following Adopted IFRSs have been issued but have not been applied in these financial statements. Their adoption is not expected to have a material effect on the financial statements unless otherwise indicated:

IFRS 9 Financial Instruments (effective date 1 January 2018)

IFRS 9 will impact the classification, measurement, impairment and de-recognition of financial instruments as well as introducing a new hedge accounting model. The Group continues to assess the impact and application of the standard on the Group's results and financial position. We do not currently expect the standard to have a material impact on our reported results.

I*FRS 15 Revenue from Contract with Customers (effective date 1 January 2018)*

The standard sets out requirements for revenue recognition from contracts with customers. The standard uses a five-step model to apportion revenue to the individual promises, or performance obligations within a contract on the basis of standalone selling prices. The standard is expected to result in presentational changes to our Income Statement to gross up part exchange income and expenses within operating profit. This income and cost is currently recognised on a net basis within cost of sales.

IFRS 16 Leases (effective date 1 January 2019)

The standard requires the recognition of a right of use asset and a corresponding lease liability on the Balance Sheet. In the Income Statement, the existing operating lease charge, which is currently recognised within operating profit, will be replaced by a depreciation charge in respect of the right of use asset. In addition there will be an interest cost in relation to the lease liability which will be recognised within finance costs. The Group is continuing its assessment of the impact of the standard on the Group's results and financial position but we do not currently expect the standard to have a material impact on our reported results. The majority of the Group's lease commitments will be brought onto the Statement of financial position together with corresponding right of use assets. This is likely to impact the timing of the recognition of lease costs within the Income Statement although it will not affect the Group's cash flows. A detailed impact assessment of the standard will be made closer to transition, as the composition of the Group's lease commitments are likely to change over time and the discount rates applied are required to be updated to reflect the prevailing economic environment.

Notes *(continued)*

2 Operating profit

Operating profit is stated after charging the following:

	3 months to 31 December 2017 £m
Depreciation	-
Operating lease rentals	
- Land and buildings	0.3
- Other	0.3

	2017 £000
Auditors remuneration:	
Audit of the Group's financial statements	32
Audit of financial statements of subsidiaries pursuant to legislation	105
Other services relating to taxation	43
Other services relating to corporate finance transactions	994
All other services	43

The auditors remuneration is for the audit of the full year accounts of subsidiary undertakings as it is not practicable to split this amount between periods.

Notes *(continued)*

3 Acquisitions of businesses

Acquisitions in the current period

On 5th October 2017, the Company acquired 100% of the issued share capital of Miller Homes Holdings Limited, a UK housebuilder, for £651.6m satisfied in cash, the repayment of existing debt and other payments required following the acquisition. In the period to 31 December 2017 the business contributed £32.2m to the net profit for the year. If the acquisition had occurred on 6th July 2017, consolidated revenue of the group would have been £341.1m and net profit would have been £13.8m. In determining these amounts, management has assumed that the fair value adjustments that arose on the date of acquisition would have been the same if the acquisition occurred on 6th July 2017.

Effect of acquisition

The acquisition had the following effect on the Company's assets and liabilities.

	Recognised values on acquisition £m
Acquiree's net assets at the acquisition date:	
Property, plant and equipment	0.6
Investments	19.3
Intangible assets	54.0
Inventories	631.9
Trade and other receivables	58.0
Cash and cash equivalents	23.6
Interest-bearing loans and borrowings	(10.3)
Trade and other payables	(219.8)
Retirement benefit obligation	(26.0)
Deferred tax asset	28.1
Net identifiable assets and liabilities	**559.4**
Consideration paid:	
Initial cash price paid	537.4
Repayment of existing net debt	102.2
Pension scheme funding	12.0
Total consideration	**651.6**
Goodwill on acquisition	**92.2**

Goodwill has arisen on the acquisition reflecting the assembled workforce, management team and future growth prospects of the business.

The Miller Homes brand represents a separately identifiable intangible asset that has been recognised on acquisition and recorded at fair value (see note 10).

As part of the acquisition the Group committed to paying £12m to the Miller Group pension scheme. The values shown above reflect the impact of this contribution on the retirement benefit obligation of £38.0m at acquisition.

Proforma financial information

For the purposes of allowing the users of the financial statements to understand how the consolidated results of the Company's principal subsidiary undertaking, Miller Homes Holdings Limited ('MHHL'), for the 12 months ended 31 December 2017, reconcile to the results of the Group for the period, the following pro-forma financial information is provided:

Notes *(continued)*

3 Acquisitions of businesses *(continued)*

Proforma financial information

	MHHL 12 months to 31 Dec 2017 £m	MHHL 9 months to date of acquisition £m	Fair value adjustments £m	MHGH Company costs £m	Consolidated income statement £m
Revenue	675.2	(478.1)	-	-	**197.1**
Cost of sales	(504.4)	358.3	(8.1)	-	**(154.2)**
Gross profit	170.8	(119.8)	(8.1)	-	**42.9**
Administrative expenses	(40.1)	30.5	-	(11.2)	**(20.8)**
Group operating profit	130.7	(89.3)	(8.1)	(11.2)	**22.1**
Share of result in joint ventures	(0.6)	(0.2)	-	-	**(0.8)**
Operating profit	130.1	(89.5)	(8.1)	(11.2)	**21.3**
Finance costs	(13.8)	10.1	-	(10.2)	**(13.9)**
Finance income	3.2	(2.7)	-	-	**0.5**
Net finance costs	(10.6)	7.4	-	(10.2)	**(13.4)**
Profit before taxation	119.5	(82.1)	(8.1)	(21.4)	**7.9**
Income taxes	(21.6)	16.4	1.5	-	**(3.7)**
Profit for the period	97.9	(65.7)	(6.6)	(21.4)	**4.2**

The information shown above has been prepared as follows:

Miller Homes Holdings Limited 12 months to 31 December 2017.

This information has been extracted from the consolidated audited financial statements of Miller Homes Holdings Limited. These financial statements are available to the public and may be obtained from Companies House.

Miller Homes Holdings Limited 9 months to date of acquisition

The financial statements of Miller Homes Group Holdings plc reflect the trading profits of Miller Homes Holdings Limited from the date of acquisition and consequently do not include the profit for the first 9 months of the year.

Fair value adjustments

The assets and liabilities of the acquired company require to be reflected at fair value at the date of their acquisition. This resulted in an increase in the value of inventories to an amount higher than the original book value. The inventories which were subject to the fair value adjustment were all subsequently sold in the final quarter of 2017 resulting in a higher cost of sales charge. This adjustment (which is non-recurring and applies to the current year only) shows the effect of that fair value accounting in the 3 months to 31 December 2017.

MHGH company costs

Acquisition related costs totalling £11.2m and finance costs totalling £10.2m have been incurred by Miller Homes Group Holdings plc (“MHGH”). This adjustment shows the effect of these costs.

4 Staff numbers and costs

The average number of persons employed by the Group (including directors) during the period, analysed by category, was as follows:

	Number of employees
Production	363
Sales	108
Administration	379
	850

The aggregate payroll costs of these persons were as follows:

	3 months to December 2017 £m
Wages and salaries	11.0
Social security costs	1.3
Pension costs	0.6
	12.9

5 Remuneration of key management

Key management comprises the six members of the Board of the Company's subsidiary holding company, Miller Homes Holdings Limited, as they are considered to have the authority and responsibility for planning, directing and controlling the activities of the Group. Retirement benefits accrued to five members of key management under money purchase schemes. Key management remuneration, including directors, comprised:

	3 months to December 2017 £m
Salary and other benefits	0.4
Annual bonus	0.4
Other pension costs	-
	0.8

In respect of the directors who held office during the period, directors' remuneration comprised:

	3 months to December 2017 £m
Salary and other benefits	0.3
Annual bonus	0.2
Other pension costs	-
	0.5

The aggregate emoluments of the highest paid director was £231,000 and contributions of £3,000 were paid to a money purchase scheme on his behalf for the three months to 31 December 2017. Retirement benefits are accruing to 3 directors under money purchase schemes.

Notes *(continued)*

6 Finance costs

	3 months to December 2017 £m
Interest payable on senior secured notes	6.7
Interest payable on amounts owed to immediate parent company	3.5
Imputed interest on land payable on deferred terms	1.4
Finance costs related to employee benefit obligations	0.3
Write off of unamortised arrangement fees under previous facilities	1.8
Interest on other borrowings	0.2
	13.9

7 Finance income

	3 months to December 2017 £m
Imputed interest on land sales debtors	0.3
Interest on loans to joint ventures	0.2
	0.5

8 Income taxes

	3 months to December 2017 £m
Current tax charge:	
Total current tax	(2.2)
Deferred tax charge:	
Origination and reversal of temporary differences	(1.5)
Tax charge for the period	**(3.7)**

Reconciliation of effective tax rate:

	£m
Profit before tax	7.9
Tax using the UK corporate tax rate of 19%	(1.5)
Effects of:	
Permanent differences	(3.4)
Adjustment in respect of prior years	1.1
Adjustment in respect of joint ventures	0.1
Total charge for the year	**(3.7)**

The corporate tax rate will reduce to 17% from 1 April 2020. A rate of 19% is applied to deferred tax, except for temporary differences expected to reverse after the 17% rate becomes effective.

Notes *(continued)*

9 Dividends

There were no distributions to equity shareholders in the period ended 31 December 2017.

10 Intangible assets

Group	**Goodwill £m**	**Brand value £m**	**Total £m**
Cost			
Balance at 6 July 2017	-	-	-
Acquisitions through business combinations	92.2	54.0	146.2
Balance at 31 December 2017	**92.2**	**54.0**	**146.2**
Net book value			
At 6 July 2017	**-**	**-**	**-**
At 31 December 2017	**92.2**	**54.0**	**146.2**

Amortisation and impairment

Intangible assets are deemed to have an indefinite economic life therefore are not amortised. Their carrying values are tested for impairment at least annually. The latest impairment review was performed at December 2017. The recoverable amount is determined using a 'value in use' calculation with key assumptions being discount rate, growth rate and projected gross margin. A post tax discount rate of 7% is used reflecting the Group's risk adjusted WACC. Other assumptions are based upon expectations of future performance. The values used are consistent with the 2018 budget and forecasts for future years. The directors believe these assumptions are appropriate and sensitivity analysis indicates that changes in the key assumptions would maintain a reasonable amount of headroom over the carrying value.

11 Property, plant and equipment

Group	**Plant and equipment £m**
Cost	
Balance at 6 July 2017	-
On acquisition	1.8
Additions	0.1
Balance at 31 December 2017	**1.9**
Accumulated depreciation	
Balance at 6 July 2017	-
On acquisition	1.2
Charge for the period	-
Balance at 31 December 2017	**1.2**
Net book value	
Balance at 31 December 2017	**0.7**

Notes *(continued)*

12 Investments

	Group 2017 £m	Company 2017 £m
Investment in joint ventures	19.4	-
Investment in subsidiaries	-	537.4
	19.4	**537.4**

Group	**2017 £m**
Joint ventures:	
At start of period	-
On acquisition	19.3
Share of losses	(0.8)
Movement in shareholder loans	0.9
At end of period	**19.4**

Company	**2017 £m**
Subsidiaries:	
At start of period	-
Additions	537.4
At end of period	**537.4**

The Group's shares of assets and liabilities of joint ventures is shown below:

	2017 £m
Current assets	27.1
Current liabilities	(28.7)
Loans provided to joint ventures	21.0
	19.4

The Group's share of the joint venture's income and expenses during the period (before tax) is shown below:

	2017 £m
Income	4.8
Expenses	(5.4)
	(0.6)

Notes *(continued)*

12 Investments *(continued)*

The subsidiary undertakings that are significant to the Group and traded during the period are set out below:

	Nature of business
Subsidiary undertakings:	
Miller Homes Holdings Limited	Residential housebuilding
Miller Homes Limited	Residential housebuilding
Miller (Telford South) Limited	Residential housebuilding
Miller Framwellgate Limited	Residential housebuilding
Miller Homes St Neots Limited	Residential housebuilding

Each is incorporated in the United Kingdom and the Group owns 100% of the ordinary share capital.

13 Available for sale financial assets

Group	**2017 £m**
At start of period	-
On acquisition	22.8
Redemptions (net of fair value movements)	(1.5)
At end of period	**21.3**

14 Deferred tax

Group	**Trading losses £m**	**Retirement benefit obligations £m**	**Capital allowances £m**	**Other temporary differences £m**	**Other intangibles £m**	**Total £m**
At start of period	-	-	-	-	-	-
On acquisition	30.0	7.2	0.3	(0.2)	(9.2)	28.1
Other comprehensive income charge	-	(0.8)	-	-	-	(0.8)
Income statement charge	(2.2)	(2.5)	-	3.2	-	(1.5)
At end of period	**27.8**	**3.9**	**0.3**	**3.0**	**(9.2)**	**25.8**

The directors consider that based on future profit projections, it is probable that the deferred tax asset will be utilised.

15 Inventories

Group	**2017 £m**
Land	374.8
Work in progress	227.9
Part exchange properties	13.0
Land option costs	7.7
	623.4

Land and work in progress recognised as cost of sales amounted to £145.4m.

Notes *(continued)*

16 Trade and other receivables

	Group 2017 £m	Company 2017 £m
Trade receivables	15.7	-
Amounts recoverable on contracts	3.2	-
Amounts owed by parent company	6.0	6.0
Other receivables	2.4	-
Prepayments and accrued income	1.5	-
Amounts owed by subsidiary undertaking	-	115.2
	28.8	**121.2**

17 Trade and other payables

Current:	Group 2017 £m	Company 2017 £m
Trade payables	72.2	-
Other payables	13.8	-
Land payables	65.1	-
Corporation tax	2.5	-
Accruals and deferred income	35.2	6.8
	188.8	**6.8**

	Group 2017 £m	Company 2017 £m
Non-current:		
Land payables	**42.2**	**-**

The Group undertakes land purchases on deferred terms. The deferred creditor is recorded at fair value being the price paid for the land discounted to the present day. The difference between the nominal and initial fair value is amortised over the deferred period to finance costs, increasing the land creditor to its full cash settlement value on the payment date. The maturity profile of the total contracted cash payments in respect of land creditors is as follows:

	Balance £m	Total contracted cash payment £m	Due less than 1 year £m	Due between 1 and 2 years £m	Due between 2 and 5 years £m
As at 31 December 2017	**107.3**	**112.1**	**65.1**	**34.0**	**13.0**

Notes *(continued)*

18 Interest bearing loans and other borrowings

	Group 2017 £m	Company 2017 £m
Non-current:		
Other loans (secured)	10.3	-
Senior secured notes	405.5	405.5
Amounts owed to immediate parent undertaking	148.5	148.5
	564.3	**554.0**

Other loans

The Group's other loans are repayable in 2- 5 years.

Amounts owed to immediate parent undertaking

Amounts are repayable in 2027. Interest accrues at a rate of 10% per annum.

Senior secured notes

Analysis of debt:

Senior Secured Floating Rate Notes (at Libor plus 5.25%) due 2023	250.0
Senior Secured Notes 5.5% due 2024	175.0
Debt arrangement fees	(19.5)
	405.5

The Group undertook a £425m issuance of senior secured notes in the year. The principal is due to be repaid in 2023 and 2024. Interest is paid either quarterly or bi-annually.

19 Provisions

Group	Property £m	Other £m	Total £m
At start of period	-	-	-
On acquisition	1.9	1.4	3.3
Utilised during the period	(0.1)	-	(0.1)
At end of period	**1.8**	**1.4**	**3.2**

The property provision covers the shortfall on commercial leases, rates and related service charges to the end of the onerous lease and the estimated costs to make good dilapidations on occupied properties. Other provisions represent legal and constructive obligations. Provisions are expected to utilised over the next three years.

Notes *(continued)*

20 Share capital

	2017 £m
Allotted, called up and fully paid	
150,961,250 ordinary shares of £1 each	**151.0**

21 Financial instruments

The Group's financial instruments comprise cash, other loans, trade and other receivables, other financial assets and trade and other payables. The main purpose of these financial instruments is to finance the Group's operations.

Measurement of fair values

The fair value of the Group's financial assets and liabilities is set out in the table below. There is no difference between the fair value and carrying value of any financial assets and financial liabilities.

	2017 £m
Financial assets measured at fair value:	
Available for sale financial assets	21.3
Financial assets not measured at fair value:	
Trade and other receivables	22.8
Cash and cash equivalents	112.4
Financial liabilities not measured at fair value:	
Trade and other payables (excluding land payables)	123.7
Land payables	107.3
Interest bearing loans and other borrowings	564.3

The following table provides an analysis of financial assets and liabilities that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

Level 1: fair value measurements are those derived from quoted prices (unadjusted) in active markets to identical assets;
Level 2: fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
Level 3: fair value measurements are those derived from valuation techniques that include inputs for the asset/liability that are not based on observable market data (unobservable inputs).

	Level 1 £m	Level 2 £m	Level 3 £m	Total £m
Financial assets:				
Available for sale financial assets				
As at 31 December 2017	**-**	**-**	**21.3**	**21.3**

Notes *(continued)*

21 Financial instruments (continued)

Financial risk

The main risks associated with the Group's financial instruments are credit risk, liquidity risk, market risk and interest rate risk. The Board is responsible for managing these risks and the policies adopted are set out below.

(i) Credit risk

The Group's exposure to credit risk is limited by the fact that the Group generally receives cash at the point of legal completion of its sales. There are certain categories of revenue where this is not the case; for instance housing association revenues or land sales where management considers that the ratings of these various debtors are good and therefore credit risk is low. The Group has £21.3m of available for sale financial assets which exposes it to credit risk although this asset is spread over a large number of properties. As such, the Group has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers. The maximum exposure to credit risk at 31 December 2017 is represented by the carrying amount of each financial asset.

(ii) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The day to day working capital requirements of the Group are provided through its senior secured bond facility and shareholder loans. The Group manages its funding requirements by monitoring cash flows against forecast requirements on a weekly basis.

(iii) Market risk

The Group is affected by movements in UK house prices. These in turn are affected by factors such as credit availability, employment levels, interest rates, consumer confidence and supply of land with planning. Whilst it is not possible for the Group to fully mitigate market risk on a national macroeconomic basis, the Group does continually monitor its geographical spread within the UK, seeking to balance investment in areas offering the best immediate returns with a long-term spread of its operations throughout the UK to minimise the effect of local microeconomic fluctuations.

(iv) Interest rate risk

Interest rate risk reflects the Group's exposure to interest rates in the market. The Group's senior secured bond facility is partly subject to floating interest rates based on LIBOR. The Group has reduced its exposure to interest rate movements through the issue of fixed rate bonds. In total £175m of debt is fixed at a cost of funds of 5.5%. For the three months ended 31 December 2017 it is estimated that an increase of 1% in interest rates would increase the Group's net finance costs by £0.6m. The maturity of the financial liabilities has been disclosed in note 18.

Capital management

The Board's policy is to maintain a strong balance sheet so as to promote shareholder, customer and creditor confidence and to sustain the future development of the business. The Group is currently financed by a combination of equity share capital and senior secured bonds.

Management of cash and cash equivalents and net debt

The management of cash and net debt remains a principal focus of the directors, together with the monitoring of compliance with loan covenants, and the ability to service and repay debt. The directors have considered the forecasts of future profitability and cash generation and consider that these forecasts support the going concern assertion.

Notes *(continued)*

22 Reconciliation of net cash flow to net debt

	2017 £m
Increase in cash and cash equivalents	88.8
Increase in senior secured notes	(405.5)
Increase in long term borrowings	(148.5)
Movement in net debt in period	(465.2)
Net debt at beginning of period	-
Net debt acquired with Miller Homes Holdings Limited	13.3
Net debt at end of period	**(451.9)**

23 Analysis of net debt

	At start of period £m	Cash flow £m	On Acquisition £m	Non cash movement £m	**At end of period £m**
Cash and cash equivalents	-	88.8	23.6	-	**112.4**
Senior secured notes	-	(404.8)	-	(0.7)	**(405.5)**
Other loans	-	(145.0)	(10.3)	(3.5)	**(158.8)**
Net debt	**-**	**(461.0)**	**13.3**	**(4.2)**	**(451.9)**

24 Commitments

At the period end, the Group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	Land & Buildings £m	**Other £m**
Lease expiring:		
Within one year	1.1	1.6
Between two and five years	3.4	2.3
Greater than five years	2.0	-

25 Contingent liabilities

The Company and certain subsidiaries have contingent liabilities in relation to indemnities provided for performance bonds and guarantees of performance obligations. These relate to contracting or development agreements entered in the ordinary course of business. The Group's senior secured noteholders have a debenture and floating charge over the assets of the Company and certain of its principal subsidiaries.

Notes *(continued)*

26 Accounting estimates and judgements

Carrying value of inventories

Inventories of land and development work in progress are stated at the lower of cost and net realisable value. Due to the nature of development activity and in particular, the length of the development cycle, the Group has to allocate site wide development costs such as infrastructure between units being built and/or completed in the current year and those for future years. These estimates are reflected in the margin recognised on developments where unsold plots remain, and in the carrying value of land and work in progress. There is a degree of uncertainty in making such estimates.

The Group has established internal controls that are designed to ensure an effective assessment is made of inventory carrying values and the costs to complete developments. The Group reviews the carrying value of its inventories on a quarterly basis with these reviews performed on a site by site basis using forecast sales prices and anticipated costs to complete based on a combination of the specific trading conditions of each site in addition to future anticipated general market conditions.

Recognition of deferred tax asset

As at 31 December 2017, the Group has recognised a deferred tax asset of £25.8m, of which £27.8m relates to trading losses that are available to offset trading profits in future years. The judgement to recognise the deferred tax asset is dependent upon an assessment made by the directors in relation to the future profitability of the Group and hence recovery of the asset. The future profitability of the Group is dependent upon a variety of factors, some of which are influenced by macroeconomic conditions.

Carrying value of available for sale assets

The Group holds available for sale financial assets representing loans provided to customers under the Group's MiWay or governmental HomeBuy Direct and FirstBuy shared equity schemes. The repayment profile of these loans varies from a term of 10 years in the case of the Group's MiWay shared equity scheme to 25 years in the case of governmental shared equity schemes HomeBuy Direct and FirstBuy. The loans are held at the present value of the expected future cashflows taking into account a number of factors, namely the expected market value of the property at the time of loan repayment, the likely date of repayment and default rates. Accordingly, there are a number of uncertainties which impact the carrying value of this asset class.

27 Related party transactions

	2017 £m
Amounts owed by joint ventures in respect of outstanding loans and other payables	21.0
Amounts owed by ultimate parent company	6.0
Amounts owed to Miller Midco 2 Limited (including accrued interest of £3.5m)	(148.5)
Interest payable on loans to Miller Midco 1 Limited	(3.5)
Interest receivable on loans to joint ventures	0.2
Management fees payable to ultimate parent company	(0.1)

Notes *(continued)*

28 Ultimate parent company

At 31 December 2017, the Company was an immediate subsidiary undertaking of Miller Midco 2 Limited. The ultimate parent company registered in the United Kingdom is Miller Homes Group Limited. The address of the immediate and ultimate parent companies is 2 Centro Place, Derby, DE24 8RF. The Company heads the largest group in which the results of this Company are consolidated. The consolidated financial statements of this Group are available to the public and may be obtained from the Registrar of Companies, Companies House, Crown Way, Cardiff, CF14 3UZ.

At the date of approval of these financial statements, the Company was ultimately controlled by Bridgepoint through BEV Nominees Limited, as nominee for the Funds managed by Bridgepoint Advisers Limited, whose address is 95 Wigmore Street, London, W1U 1FB.

29 Retirement benefit obligations

The Group operates defined contribution and defined benefit pension schemes.

Defined contribution schemes

	2017 £m
Group defined contribution schemes consolidated income statement charge	0.5

Defined benefit scheme

Miller Homes Limited, the Group's main subsidiary, is the principal employer of The Miller Group Limited pension scheme. This is a defined benefit scheme which is closed to future accrual. The assets of the scheme have been calculated at fair (bid) value. The liabilities of the scheme have been calculated at the balance sheet date using the following assumptions:

Principal actuarial assumptions

	2017
Weighted average assumptions to determine benefit obligations	
Discount rate	2.6%
Rate of price inflation (RPI)	3.1%
Weighted average assumptions to determine net cost	
Discount rate	2.8%
Rate of pension increases	3.2%
Rate of price inflation (RPI)	3.3%

Members are assumed to exchange 25% of their pension for cash on retirement. The assumptions have been chosen by the Group following advice from the Group's actuarial advisers.

The following table illustrates the life expectancy for an average member on reaching age 65, according to the mortality assumptions used to calculate the scheme liabilities:

Assumptions

Retired member aged 65 (male life expectancy at age 65)	21.9 years
Non retired member aged 45 (male life expectancy age 65)	23.0 years

Notes *(continued)*

29 Retirement benefit obligations (continued)

The sensitivities regarding the principal assumptions used to measure the scheme liabilities are set out below:

Assumptions	Change in assumption	Movement in scheme liabilities
Discount rate	Decrease by 01%	£2.8m (1.7%) increase
	Increase by 0.1%	£2.7m (1.7%) decrease
Rate of inflation	Increase by 0.1%	£1.7m (1.1%) increase
	Decrease by 0.1%	£1.6m (1.0%) decrease
Life expectancy: future improvements	Increase by 0.1%	£0.6m (0.4%) increase
	Decrease by 0.1%	£0.6m (0.4%) decrease

The amounts recognised in the consolidated income statement were as follows:

	3 months to 31 December 2017 £m
Interest cost	1.2
Interest income	(0.9)
Total pension recognised in finance costs in the consolidated income statement	**0.3**
Total pension cost recognised in the consolidated income statement	**0.3**

The amounts recognised in the consolidated statement of comprehensive income were as follows:

	3 months to 31 December 2017 £m
Return on scheme assets excluding interest income	4.3
Actuarial loss arising from changes in the assumptions	(0.9)
Total pension credit recognised in the consolidated statement of comprehensive income	3.4

The amount included in the consolidated statement of financial position arising from obligations in respect of the scheme is as follows:

	2017 £m
Present value of funded obligations	160.2
Fair value of scheme assets	(138.5)
	21.7

Notes *(continued)*

29 Retirement benefit obligations *(continued)*

	2017 **£m**
Liability of defined benefit obligations at start of period	-
On acquisition	38.0
Contributions	(13.2)
Expense recognised in the consolidated income statement	0.3
Amounts recognised in the Consolidated statement of comprehensive income	(3.4)
Liability for defined benefit obligations at the end of period	**21.7**

Movements in the present value of defined benefit obligations were as follows:

	2017 **£m**
Present value of defined benefit obligations at start of period	-
On acquisition	161.8
Interest cost	1.2
Actuarial loss on scheme obligations	0.9
Benefits paid from scheme	(3.7)
Present value of defined benefit obligations at the end of the period	**160.2**

Movements in the fair value of scheme assets were as follows:

	2017 **£m**
Fair value of scheme assets at start of period	-
On acquisition	123.8
Contributions	13.2
Interest income	0.9
Actuarial gain on scheme assets	4.3
Benefits paid from scheme	(3.7)
Fair value of scheme assets at end of period	**138.5**

The analysis of scheme assets at the balance sheet were as follows:

	Percentage of scheme assets
Equity type investments	46.1%
Debt securities	53.3%
Other	0.6%
Total	**100.0%**

Notes *(continued)*

29 Retirement benefit obligations *(continued)*

Funding

The scheme is subject to the funding legislation outlined in the Pensions Act 2004. This, together with the documents issued by the Pensions Regulator and Guidance Notes adopted by the Financial Reporting Council, set out the framework for funding defined benefit occupational pension plans in the UK. The funding of the scheme is based on a separate actuarial valuation for funding purposes for which the assumptions may differ from the assumptions used in the financial statements. The latest full actuarial valuation, carried out at 30 June 2016, by a qualified independent actuary, showed a deficit of £47.6m.

In line with the requirements noted above the actuarial valuation is agreed between the Group and the trustees and is calculated using prudent, as opposed to best estimate, actuarial assumptions. Following the completion of the triennial actuarial valuation, a revised schedule of contributions was put in place. Under this revised schedule, the Group will pay deficit contributions of £45m over the recovery period of 10 years. The expected employer contribution to the scheme in the year ending 31 December 2018 is £4.8m.

30 Group companies

In accordance with Section 409 of the Companies Act 2006 a full list of subsidiaries, associates and joint ventures and the effective percentage of equity owned as at 31 December 2017 are disclosed below. All companies are incorporated in the United Kingdom, engaged in housebuilding and associated activities and are owned directly by Miller Homes Holdings Limited unless indicated below:

Fully owned subsidiaries

Trading

Miller Framwellgate Limited – B
Miller Homes Holdings Limited – A
Miller Homes Limited – A
Miller (Telford South) Limited (ii) – A
Miller Homes St Neots Limited – A
Miller Residential Development Services Limited – A

Dormant

Birch Limited – B
Birch Commercial Limited (i) – B
Birch Homes Limited (i) – B
Arwinrise Limited – C
Cussins Homes (Yorks) Limited – B
Highfields Developments Limited – B
FHL Nominees (No1) Ltd – B
James Miller & Partners Limited – A
Lemmington Estates Limited – B
Miller (Barrow) Limited – A
Miller (Cobblers Hall) Limited – B
Miller (Telford North) Limited – A
Miller East Kilbride Limited – A
Miller Airdrie Limited – B
Miller Fullwood Limited – B
Miller Gadsby (Burton Albion) Limited – B
Miller Homes (Yorkshire) Limited – A
Miller Homes Cambridge Limited – B
Miller Homes Cambuslang Limited – A
Miller Homes City Quay Limited – B
Miller Homes Special Projects Portfolio Limited – A
Miller (Eccles) Limited (ii) – B
Miller Homes Two Limited – A
Miller Homes (UK) plc- B
Emerald Shared Equity Limited – B
Miller Maidenhead Limited – B
Miller Residential (Northern) Limited – B
Miller Homes St Neots Limited – A
Miller Homes Two Limited – A
Miller Maidenhead Limited – B
Miller Residential (Northern) Limited – B
Miller Shared Equity Limited – A
Fairclough Homes Limited – B
Viewton Properties Limited – B
MF Development Company UK Limited – B
MF Development Funding Company UK Limited (iii) – B
Miller Fairclough UK Limited (iv) – B
CDC2020 Limited (v) – B
Fairclough Homes Group Limited (v) – B
MF Strategic Land Limited (v) – B
Miller Fairclough Management Services Limited (v) – B
Alderview Homes (Carrickstone) Limited – A
Miller Belmont Limited – A
Land & City Properties (Bollington) Limited – A
Lowland Plaid Limited – D
L Williams & Co Limited- B

Notes *(continued)*

30 Group companies *(continued)*

Joint ventures (all 50%)

Trading

Miller Wates (Didcot) Limited – B
Miller Wates (Southwater) Limited – B
Miller Wates (Wallingford) Limited – B
Miller Wates (Bracklesham) Limited – B

Dormant

College Street Residential Developments Limited (vi) – A
Croftport Homes Limited (vi) – A
Iliad Miller (No 2) Limited (vi) – A
Iliad Miller Limited (vi) – A
Mount Park Developments Limited (vi) – A
Perth Land and Estates Limited (vi) – A
Canniesburn Limited – F
Lancefield Quay Limited – A
Miller Applecross (Edinburgh Quay) Limited – A
Miller Gadsby (Castle Marina) Limited – B
Scotmid-Miller (Great Junction Street) Limited – A
St Andrews Brae Developments Limited – E

Associates (45%) (*trading*)

New Laurieston (Glasgow) Limited – G

Limited liability partnerships (33.33%) (*trading*)

Telford NHT 2011 LLP (vii) – A

The letter shown following the name of each company identifies the address of its registered office as follows:

A – 2 Lochside View, Edinburgh
B – 2 Centro Place, Derby
C – Redburn Court, North Shields
D – 18 Bothwell Street, Glasgow
E – 14-17 Market Street, London
F – 52-54 Rose Street, Aberdeen
G – 3 Cockburn Street, Edinburgh

(i) Held via Birch Limited
(ii) Held via Miller Homes Special Projects Portfolio Limited
(iii) Held via MF Development Company UK Limited
(iv) Held via MF Development Funding Company UK Limited
(v) Held via Miller Fairclough UK Limited
(vi) Held via Miller Residential Development Services Limited
(vii) Held via Miller Homes Limited