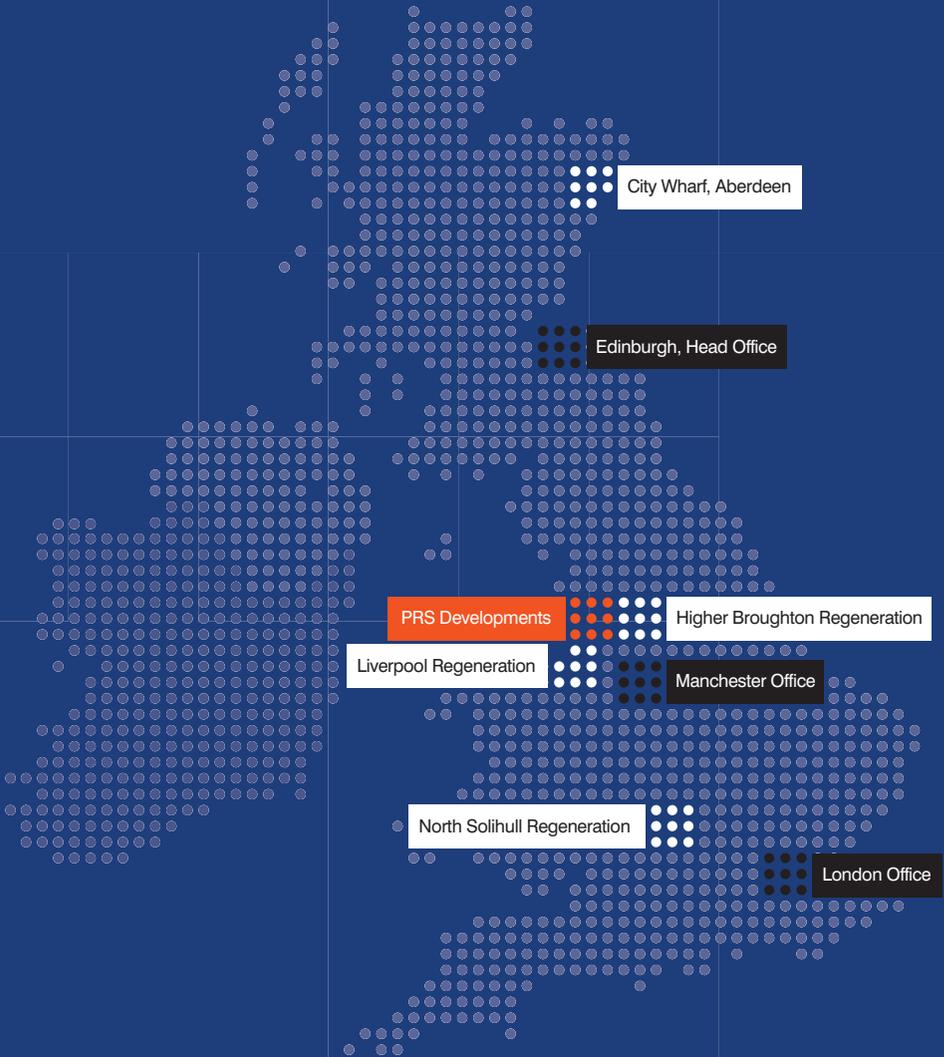




Sigma Capital Group plc

Half Yearly Report 2015



PRIS & Urban
Regeneration
Specialists

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David Sigsworth, Chairman, said:

“ Sigma has made excellent progress over the first half of the year. The main focus of the Group’s activities centred on the first phase of the roll-out of our Private Rented Sector Joint Venture with Gatehouse. The delivery of the first phase of 927 new rental homes in the North West is ahead of schedule and rental demand is strong, with the first tenants having moved in.

Our PRS portfolio target with Gatehouse has now expanded to 10,000 new homes over the next five years. Complementing this, we are expecting to commence our first PRS site with Grainger in the second half.

Over the next twenty-four months or so, our goal is to deliver PRS sites throughout the major cities in England outside London, from the North to the Midlands and also in the Home Counties, giving us national coverage.

We are also delighted to announce today a proposed placing of new shares to raise £20m (gross). This will be used to build a portfolio of proprietary PRS sites, leveraging our existing infrastructure and relationships. This is intended to complement our existing partnership model and marks another significant step in the development of the business.

We believe that Sigma has the opportunity to become a major player in PRS and view prospects very positively.”

Highlights

- Significant milestones achieved in the delivery of PRS portfolio
- PRS portfolio with Gatehouse Bank plc expanded
 - new agreement signed in June targets portfolio of 10,000 new rental homes, with a total development cost in excess of £1bn, over five years
- First PRS tenants now in situ – at first phase sites in North West
- Exclusivity agreement signed in June with Sheffield Housing Company Limited for PRS sites in Sheffield
- First PRS site with Grainger plc, in Greater Manchester, expected to commence in H2
- Revenue of £1.0m (2014: £1.8m, incl. £0.61m from North Arran Way development)
- Gross profit of £1.0m (2014: £1.2m)
- Loss before tax £0.4m (2014: loss of £0.2m)
- Loss per share 0.67p (2014: 0.38p)
- Net assets per share of 16.7p at 30 June 2015 (2014: 16.8p)
- Healthy financial position - cash balances of £5m at 30 June 2015 (2014: £9.2m)
- Proposed placing to raise £20 million (gross) – see separate announcement issued today to enable the creation of a proprietary portfolio of PRS assets
- Outlook remains very positive

Sigma has made excellent progress over the first half of the year. The main focus of the Group's activities over the period centred on the first phase of the roll-out of our PRS Joint Venture with Gatehouse Bank plc ("Gatehouse").

As previously reported, this first phase comprises the construction of 927 new rental homes in the North West and commenced in November 2014. Construction to date remains ahead of schedule and rental demand is strong, with the first tenants having moved in during the period.

In early June, as a direct result of the initial success of the first phase, we announced the expansion of our PRS delivery in a new agreement with Gatehouse. Over the next five years, this new agreement is targeting up to 10,000 new rental homes, with a development cost of over £1bn, to create one of the first large scale PRS portfolios in the UK. The expanded agreement also facilitates a smoother planning process as we expand the portfolio with our construction and lettings partners, and allows for an acceleration of further phases. We are already well advanced with the preparations for our next phase and expect to announce further progress before the year end.

I am also pleased to report that we are in the process of completing the agreements for the delivery of our first site under our relationship with Grainger plc ("Grainger").

At the same time, we have continued to deliver projects within our regeneration partnerships with local authorities and we are now nearing the commencement of two major projects in our Liverpool Partnership. These comprise a substantial residential housing for sale scheme, with a development value of c. £70m, to be delivered with our construction partner Countryside Properties, and a major city centre scheme with an expected development value in excess of £39m.

Looking ahead, having put in place the infrastructure for the delivery of large scale PRS, including long term land delivery, construction and lettings management, it is extremely encouraging that we now have the long term capital support, to allow us to progress over the next five years. Today's announcement of a proposed placing to raise £20m (gross) for the development of our own portfolio of PRS assets is significant. The initiative fulfils a long term aim, and the development of our own PRS

assets complements our existing partnership model. Importantly, it will materially contribute to the generation of predictable long-term recurring revenues. The Board views the Group's prospects very positively.

Results

Revenue generated in the six months to 30 June 2015 was £1.0 million (2014: £1.8 million including £0.61 million from the North Arran Way Development). It is worth noting that the Group only started generating income from its PRS activities in the last quarter of 2014 and that PRS income comprised the major part of first half revenues.

Gross profit for the period was £1.0 million (2014: £1.2m) and administrative expenses were unchanged year-on-year at £1.4m (2014: £1.4 million).

The loss before tax for the period was £0.4 million (2014: loss of £0.2 million) and the loss per share was 0.67p (2014: 0.38p).

Net assets per share at 30 June 2015 stood at 16.7p (2014: 16.8p). Cash balances at the same date were £5.0 million (2014: £9.2 million). A balance of £2.9m relating to loans made to the Gatehouse PRS Joint Venture is expected to be received in full during 2015 and 2016.

Placing

Today, the Company has announced that it has conditionally raised £20 million (gross) by way of a placing of 26,666,666 placing shares, with the net proceeds of the placing to be used to fund the building of the Company's own PRS assets. Full details of the placing are set out in a circular to be sent to shareholders. The placing is conditional on shareholder approval.

Private Rented Sector

The major focus of the business is now on the PRS and we initiated the roll out of the first phase of our Joint Venture with our long term funding partner, Gatehouse, at the end of 2014.

This first phase is for 927 new rental homes with a total development cost of approximately £100 million. The full impact of this first phase of construction is not yet evident in our first half results given the phasing of fees, with our initial transaction fee, representing 1% of the total development cost, having been received at the end of 2014. Our development management fees, which we receive during the course of construction and which represent approximately 2% of the total development cost, will benefit revenues in the second half of this year and first half of 2016. We also receive an asset management fee and carried interest, subject to a minimum performance hurdle.

The signing of a new agreement with Gatehouse towards the end of the first half, in June, was a major step forward. The extension of our PRS portfolio target to 10,000, from 6,600 new homes, over the next five years is evidence of both the quality of our delivery platform and the success of our initial phase. Our target of 10,000 new homes also means that we will be creating one of the largest PRS portfolios focused on family homes in the UK regions. We are now well advanced with plans for construction across the next phase of sites and expect building to begin before the end of the year.

The new agreement with Gatehouse has given us greater visibility on funding and considerably helps in planning further phases with our house building and our local council partners. We have continued to broaden our discussions with major councils in England and have opened up further opportunities across a much broader geography than we had this time last year. In June we reported that we had signed a PRS agreement with Sheffield Housing Company Limited, the housing delivery arm of Sheffield City Council to provide our PRS product in the mix of private for sale and social housing already being delivered.

We are progressing our relationship with Grainger and are currently finalising the terms of delivery for our first site in Greater Manchester. As previously reported, our relationship with Grainger will focus on development opportunities of 100 units or more, sourced by

Chairman's Statement (continued)

Sigma, and complements the PRS activities established with Gatehouse.

Our current pipeline is in excess of 10,000 new PRS homes, and is growing as we extend and develop our relationships with local councils and our house building partners where the addition of a PRS element to a market for sale development can bring significant benefits. Over the next twenty-four months or so, our goal is to be delivering sites throughout the major cities in England outside London, from the North to the Midlands and also in the Home Counties, giving us national coverage.

Regeneration partnerships

We continue to make progress in our regeneration business alongside our PRS activities and expect two major projects in Liverpool to commence in this second half. These projects are being undertaken under our partnership with Liverpool City Council. We intend to continue to take on such projects where they fit with our relationships and our mainstream PRS activities.

Outlook

We view our prospects very positively. Sigma is well positioned at the forefront of PRS, a growing sector well-supported by both macro-economic and political drivers. The critical shortage of housing in the UK, in particular for family housing, and the significant growth in the private rental market are expected to underpin the long term prospects of this sector.

We believe that Sigma has the opportunity to become a major player in PRS. The Group has been a leader in the delivery of PRS housing in particular for family homes and now, with the appropriate funding partners in place to provide

real scale, we expect to continue that leading role as we deliver further phases of our model across new cities in England.

Over the first half, we have continued to expand our sphere of opportunity and access to appropriate land, with our new relationship with Sheffield Housing Company a good example of that, and we are progressing our plans with other major cities in line with our proposed longer term roll out plans. The planned funding of our own PRS sites marks another significant step in the development of the business, enabling us to enhance the recurring earnings streams that we are building and strengthen the Group's balance sheet. Our regeneration business also continues to deliver value for us with some major new projects expected to commence in the second half.

Given our progress over the year to date, the Board views the future with confidence.

I look forward to providing a further update in due course.

David Sigsworth

Chairman

11 August 2015

Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2015

	Notes	Six months ended 30 June 2015 (unaudited) £'000	Six months ended 30 June 2014 (unaudited) £'000	Year ended 31 December 2014 (audited) £'000
Revenue	4	1,036	1,780	3,868
Cost of sales		(5)	(564)	(660)
Gross profit		1,031	1,216	3,208
Other operating income				
Realised loss on disposal of equity investments		-	-	(1)
Unrealised (loss)/profit on the revaluation of investments		(68)	-	171
Administrative expenses		(1,386)	(1,423)	(3,192)
(Loss)/profit from operations		(423)	(207)	186
Finance income net of finance costs		9	6	28
(Loss)/profit before tax		(414)	(201)	214
Taxation	5	-	-	-
(Loss)/profit after tax and for the period		(414)	(201)	214
(Loss)/earnings per share attributable to the equity holders of the Company:				
Basic (loss)/earnings per share	6	(0.67)p	(0.38)p	0.38p
Diluted (loss)/earnings per share	6	(0.67)p	(0.38)p	0.37p

All of the Group activities are classed as continuing and there were no comprehensive gains or losses in any period other than those included in the statement of comprehensive income.

Consolidated Statement of Financial Position

At 30 June 2015

	Notes	As at 30 June 2015 (unaudited) £'000	As at 30 June 2014 (unaudited) £'000	As at 31 December 2014 (audited) £'000
ASSETS				
Non-current assets				
Goodwill and other intangibles		570	588	579
Property and equipment		16	16	18
Financial assets at fair value through profit and loss		605	505	673
Trade and other receivables		1,684	-	1,335
		2,875	1,109	2,605
Current assets				
Trade receivables		179	291	178
Other current assets		3,013	1,147	3,549
Trading investments		-	2	-
Cash and cash equivalents		5,029	9,184	5,220
		8,221	10,624	8,947
Total assets		11,096	11,733	11,552
LIABILITIES				
Current liabilities				
Trade and other payables		791	1,593	932
Total liabilities		791	1,593	932
Net assets	7	10,305	10,140	10,620
EQUITY				
Called up share capital	8	618	605	612
Share premium account	8	13,001	12,909	12,952
Other capital reserves		(222)	(222)	(222)
Retained earnings		(3,092)	(3,152)	(2,722)
Total equity		10,305	10,140	10,620

Consolidated Statement of Changes in Equity

For the six months ended 30 June 2015

	Share capital £'000	Share premium account £'000	Other capital reserves £'000	Retained earnings £'000	Total equity £'000
At 1 January 2014	483	5,334	(222)	(2,959)	2,636
Issue of shares	122	7,952	-	-	8,074
Cost of share issue	-	(377)	-	-	(377)
Loss for the period	-	-	-	(201)	(201)
Share-based payments	-	-	-	8	8
At 30 June 2014	605	12,909	(222)	(3,152)	10,140
Issue of shares	7	43	-	-	50
Profit for the period	-	-	-	415	415
Share-based payments	-	-	-	15	15
At 31 December 2014	612	12,952	(222)	(2,722)	10,620
Issue of shares	6	49	-	-	55
Loss for the period	-	-	-	(414)	(414)
Share-based payments	-	-	-	44	44
At 30 June 2015	618	13,001	(222)	(3,092)	10,305

Consolidated Statement of Cash Flows

For the six months ended 30 June 2015

	Notes	Six months ended 30 June 2015 (unaudited) £'000	Six months ended 30 June 2014 (unaudited) £'000	Year ended 31 December 2014 (audited) £'000
Cash flows from operating activities				
Cash (used in)/generated from operations	9	(864)	402	(131)
Net cash (used in)/generated from operating activities		(864)	402	(131)
Cash flows from investing activities				
Purchase of property and equipment		(3)	(5)	(12)
Purchase of financial assets at fair value through profit and loss		-	(1)	(1)
Disposal of financial assets at fair value through profit and loss		-	15	19
Repayment of loans/(loans to) PRS Fund		612	-	(3,500)
Interest received and other financial income		9	6	28
Net cash generated from investing activities		618	15	(3,466)
Cash flows from financing activities				
Issue of shares		55	7,697	7,747
Net cash generated from financing activities		55	7,697	7,747
Net (decrease)/increase in cash and cash equivalents		(191)	8,114	4,150
Cash and cash equivalents at beginning of period		5,220	1,070	1,070
Cash and cash equivalents at end of period		5,029	9,184	5,220

Notes

1. General information

The Company is a limited liability company incorporated in England and with its registered office at Oxford Place, Oxford Street, Manchester M1 6EQ. The Company's trading office is situated at 41 Charlotte Square, Edinburgh EH2 4HQ.

The Company is quoted on AIM.

This condensed consolidated interim financial information was approved and authorised for issue by a duly appointed and authorised committee of the Board of Directors on 11 August 2015.

This condensed consolidated interim financial information has not been audited or reviewed by the Company's auditor.

2. Basis of presentation

This condensed consolidated interim financial information for the six months ended 30 June 2015 has been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting". The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2014, which have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU.

This condensed consolidated interim financial information does not constitute statutory accounts within the meaning of s434 of the Companies Act 2006. The comparatives for the full year ended 31 December 2014 are not the Company's full statutory accounts for that year. A copy of the statutory accounts for that year has been delivered to the Registrar of Companies. The auditor's report on those accounts was unqualified and did not contain a statement under sections 498(2) or 498(3) of the Companies Act 2006.

3. Accounting policies

The accounting policies applied by the Group in these unaudited half year results are consistent with those applied in the annual financial statements for the year ended 31 December 2014 as described in the Group's Annual Report for that year and as available on our website www.sigmacapital.co.uk.

No new standards that have become effective in the period have had a material effect on the Group's financial statements.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

4. Segmental information

At 30 June 2015, the Group has just one business activity, property. The Group's venture capital fund management activities ceased in the first half of 2014.

Notes (continued)

4. Segmental information (continued)

	Property £'000	Venture Capital £'000	Holding company £'000	Intra Group adjustments £'000	Total £'000
Six months ended 30 June 2015					
Revenue	1,021	15	-	-	1,036
Trading (loss)/profit	(112)	7	(241)	(9)	(355)
Unrealised loss on the revaluation of investments	-	(68)	-	-	(68)
(Loss)/profit from operations	(112)	(61)	(241)	(9)	(423)
Finance income	-	1	8	-	9
(Loss/profit) before tax	(112)	(60)	(233)	(9)	(414)
Six months ended 30 June 2014					
Revenue	1,761	19	-	-	1,780
Trading profit/(loss)	94	(163)	(130)	(8)	(207)
Unrealised profit/(loss) on the revaluation of investments	-	-	-	-	-
Profit/(loss) from operations	94	(163)	(130)	(8)	(207)
Finance income	-	1	5	-	6
Profit/(loss) before tax	94	(162)	(125)	(8)	(201)
Year ended 31 December 2014					
Revenue	3,849	19	-	-	3,868
Trading profit/(loss)	576	(179)	(364)	(17)	16
Loss on disposal of equity investments	-	(1)	-	-	(1)
Unrealised profit on the revaluation of investments	-	171	-	-	171
Profit/(loss) from operations	576	(9)	(364)	(17)	186
Finance income	1	1	26	-	28
Profit/(loss) before tax	577	(8)	(338)	(17)	214
Total net assets					
Six months ended 30 June 2015	(2,135)	1,823	9,833	784	10,305
Six months ended 30 June 2014	(2,506)	1,737	10,115	794	10,140
Year ended 31 December 2014	(2,023)	1,883	9,967	793	10,620

5. Taxation

The taxation expense is recognised based on management's best estimate of the weighted average annual tax rate expected for the full financial year.

6. (Loss)/earnings per share

The calculation of the basic (loss)/earnings per share is for the six months ended 30 June 2015 (six months ended 30 June 2014; year ended 31 December 2014) and is based on the losses/profits attributable to the shareholders of Sigma Capital Group plc divided by the weighted average number of shares in issue during the year.

	Loss attributable to shareholders £'000	Weighted average number of shares	Basic loss per share pence
Period ended 30 June 2015	(414)	61,745,784	(0.67)
Period ended 30 June 2014	(201)	52,950,783	(0.38)
Year ended 31 December 2014	214	56,837,607	0.38

Diluted (loss)/earnings per share is calculated by adjusting the weighted average number of ordinary shares in issue on the assumption of conversion of all dilutive potential ordinary shares. The Company has only one category of dilutive ordinary shares, those share options granted where the exercise price is less than the average price of the Company's shares during the period. Diluted (loss)/earnings per share is calculated by dividing the same (loss)/profit attributable to equity holders of the Company as above by the adjusted number of ordinary shares in issue during the six months ended 30 June 2015 of 62,665,066 (2014: six months 55,875,492; full year 58,348,727). For the year ended 31 December 2014, the diluted earnings per share was 0.37p. For the periods ended 30 June 2015 and 30 June 2014, as the calculation for dilutive loss per share reduces the net loss per share, the diluted loss per share shown is the same as the basic loss per share.

7. Net assets

	Net assets £'000	Issued shares Number	Net assets per share p
Period ended 30 June 2015	10,305	61,822,764	16.7
Period ended 30 June 2014	10,140	60,522,975	16.8
Year ended 31 December 2014	10,620	61,151,475	17.4

8. Share Capital and Share Premium

During the six months to 30 June 2015, options over 633,333 shares were exercised following which the Company had 61,822,764 ordinary shares of 1p each in issue at 30 June 2015.

Notes (continued)

9. Cash used in operations

	Six months ended 30 June 2015 (unaudited) £'000	Six months ended 30 June 2014 (unaudited) £'000	Year ended 31 December 2014 (audited) £'000
(Loss)/profit before tax	(414)	(201)	214
<i>Adjustments for:</i>			
Share-based payments	44	8	23
Depreciation	5	8	13
Amortisation	9	8	17
Net finance income	(9)	(6)	(28)
Fair value loss/(profit) on financial assets at fair value through profit or loss	68	-	(171)
Loss on disposal of trading investments at fair value through profit or loss	-	-	1
<i>Changes in working capital:</i>			
Trade and other receivables	(426)	4,213	4,089
Trade and other payables	(141)	(3,628)	(4,289)
Cash flows from operating activities	(864)	402	(131)

10. Copies of the interim financial statements

Copies of the Half Yearly Report 2015 will be sent to shareholders and copies will be available on request from the Company's office at 41 Charlotte Square, Edinburgh EH2 4HQ no later than 31 August 2015 and on the Company's website, www.sigmacapital.co.uk.



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