

Company number 03942129

SIGMA CAPITAL GROUP PLC
INTERIM REPORT AND FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 MARCH 2021



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INTERIM REPORT AND FINANCIAL STATEMENTS
For the six months ended 31 March 2021

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KEY POINTS

Financial

	Six months to 31 March 2021	Six months to 30 June 2020	Nine months to 30 Sept 2020
Revenue	£6.6m	£5.0m	£8.0m
Profit from operations	£4.1m	£0.9m	£3.2m
Profit before tax	£4.1m	£1.0m	£3.2m
Earnings per share	3.82p	0.85p	2.84p
Cash flow from operating activities	£4.3m	(£1.6m)	(£1.3m)
Cash balances at period end	£25.4m	£23.4m	£25.8m
Net assets per share	70.4p	65.9p	68.3p

Following the change in Sigma's accounting reference date, the financial period under review comprises the six months ended 31 March 2021 while the comparative period comprises the six months ended 30 June 2020.

Operational

Managed PRS activities

The PRS REIT plc ("the PRS REIT")

- 956 new homes delivered in H1, taking total portfolio to 3,590 at 31 March 2021, with an estimated rental value ("ERV") of £33.3m p.a.
- Rental demand and collection remained strong.
- Currently 1,008 homes under way (excl. Sigma-funded sites), with ERV of c.£9.4m p.a.
- 4,000th new rental home due imminently – just four years after REIT's launch.
- PRS REIT shares admitted to trading on the Premium Segment of the Main Market of the London Stock Exchange in March 2021

EQT Real Estate joint venture

- Launched in September 2020, targeting an initial portfolio of c.3,000 build to rent homes with a value in excess of £1bn.
- Two sites developed by Sigma, are expected to be acquired by the joint venture at completion, due before the financial year end. They will deliver 157 homes with an ERV of c.£2.5m
- A further two development sites have been acquired and are under way, together comprising 142 rental homes with an ERV of c.£2.6m p.a. and gross development cost ("GDC") of c.£48.6m
- Additional pipeline sites are progressing well

Gatehouse Bank and UK PRS Properties partnerships

- Sale of initial PRS portfolio with Gatehouse Bank (c.918 homes) for c.£150m triggered realisation of carried interest, amounting to £2.7m – 43% above book value, reflecting the strength of the valuation on disposal
- A 66-unit site for UK PRS Properties is on track for delivery in the spring of 2022

Self-funded PRS activities

- Five developments providing 321 homes are currently under way, with a GDC of c.£72.3m and ERV of c.£4.2m. The two London sites will seed the EQT Real Estate joint venture (as mentioned above).
- Post period, in May 2021 a 28-unit development site with ERV of £0.6m, completed and fully let in H1, was sold to the PRS REIT for c.£10.5m, following an independent valuation by Savills.
- First development in Scotland has been agreed with Springfield Properties plc – a 75-unit site within Springfield's Bertha Park Village project near Perth.

KEY POINTS (CONTINUED)

Recommended acquisition

- As reported on 11 June 2021, an agreement was reached on the terms for a recommended cash offer for Sigma by PineBridge Benson Elliot LLP (“PineBridge”), part of PineBridge Investments, a private global asset manager with \$133.0 billion in assets under management at 31 March 2021.
- Sigma’s Independent Directors have unanimously recommended the offer, and at the time of announcement, shareholders accounting for approximately 61% of Sigma’s issued equity indicated their support.

Graham Barnet, CEO of Sigma Capital Group plc, commented:

“These results reflect Sigma’s continuing good progress. The recent offer for Sigma by PineBridge Benson Elliot LLP was unanimously recommended by Sigma’s Independent Directors as in the best interests of staff, partners and shareholders as a whole, and is now following due process.”

CHAIRMAN'S STATEMENT

Introduction

During late 2020, we decided to review the strategic options and relative benefits of the various routes available to the business to fund its future growth and maximise shareholder value. Recognising the attractiveness of Sigma as a platform for investors with access to greater capital availability, we decided to appoint Rothschild & Co. to run a private sale process for Sigma in order to maximise value for Sigma's shareholders.

This process attracted participation from multiple well-funded parties and we provided interested parties with access to due diligence information through a virtual data room and a series of management sessions.

On 11 June 2021, we announced that we had reached an agreement on the terms of a recommended cash offer for Sigma Capital Group plc ("Sigma" or the "Group" or the "Company") with PineBridge Benson Elliot LLP ("PineBridge"), part of PineBridge Investments, a private global asset manager with \$126.3 billion in assets under management. Sigma's Independent Directors have unanimously recommended the offer, and at the time of announcement, shareholders accounting for approximately 61% of Sigma's issued equity indicated their support either through irrevocable undertakings or letters of intent.

In recommending the offer, the Independent Sigma Directors believe that the Company can better execute its current strategy by leveraging its strong brand, relationships, and expertise. In order to deliver its next phase of growth, Sigma would require consistent access to capital to invest in scale into UK PRS product and further grow the business through forming new housebuilder partnerships, expanding operations into new regional markets and widening its rental product offering. The Independent Sigma Directors believe the Company's acquisition by PineBridge will accelerate the delivery of these strategic benefits at a rate which would be otherwise difficult to achieve as a standalone AIM-listed company.

Full details of the proposed offer will shortly be posted to the Company's shareholders and the offer remains subject to shareholder approval and due process. If the necessary approvals are obtained, it is currently expected that the acquisition will complete in the third quarter of the current calendar year.

Sigma made good progress over the first six months of the financial year, with housing delivery proceeding at close to pre-coronavirus levels even with the necessary social distancing and other protective measures in place. This was helped by increasing use of modular building methods. We completed the delivery of a further 956 new homes for The PRS REIT plc ("the PRS REIT"), taking our total delivery at 31 March 2021 to 3,590 completed homes with an estimated rental value of £33.3m p.a.. Rental demand remained high and at 31 March, 3,433 of the REIT's 3,590 completed homes were occupied and a further 74 reserved with deposits paid. Rent collection also continued to be strong.

The portfolio is well on its way to its fully optimised target of 5,200 homes across most of the major regions of England, with an ERV of approximately £50.0m per annum. We expect to reach the milestone of the 4,000th home for the PRS REIT imminently, and remain on track to deliver the 5,000th completed home by early 2022.

Our joint venture with EQT Real Estate, which is focused on Greater London, is building out its pipeline of potential opportunities. Two Sigma-funded seed sites, under construction at Fresh Wharf, Barking and Beam Park, Havering, are expected to be acquired by the joint venture before the end of the current financial year. As at 23 June, two further sites development had been acquired and were under way, consisting of 142 rental homes with a GDC of £48.6m and an expected ERV of c.£2.6m per annum.

Our own self-funded sites also progressed well. Five sites at varying stages of delivery are under way. These should deliver a total of 321 new homes when fully completed and include two London sites, which are expected to be acquired by the EQT Real Estate joint venture. In May, we concluded the sale of one completed and let site, in Harlow, Essex, to the PRS REIT for £10.5m following an independent valuation by Savills. We are currently in the process of agreeing an expansion of our financing arrangements to enable the next tranche of self-funded development sites to start, and are concluding partner and asset delivery conditions. Having experienced some delay in this process, we now expect new site development to commence before the end of the current financial year.

We were also very pleased to extend our relationship with Countryside Properties plc ("Countryside"), our principal home building partner, in a new Collaboration Agreement as previously reported. It continues the successful partnership we have established over the last six years.

As we look ahead, the Company is well-positioned for further growth and on behalf of the Board, I would like to thank staff and partners for their commitment during what remained an unsettled period as we all continue to negotiate the remaining challenges of the coronavirus pandemic.

CHAIRMAN'S STATEMENT (CONTINUED)

Financial Results

Please note that, following the change in Sigma's accounting reference date, the financial period under review comprises the six months ended 31 March 2021 while the comparative period comprises the six months ended 30 June 2020.

Sigma's revenues in the six months to 31 March 2021 increased by 32% to £6.6m (six months to 30 June 2020: £5.0m). Managed PRS revenues accounted for substantially all this total at £6.3m (six months to 30 June 2020: £4.8m). Gross profit increased by 33%, in line with revenues, to £6.5m over the period (six months to 30 June 2020: £4.9m).

Administrative expenses were 13% lower at £3.4m (six months to 30 June 2020: £3.9m) with the prior period including one-off costs of £0.4m relating to abortive site costs after the onset of the coronavirus pandemic. Unrealised gain from the revaluation of investment property was £0.6m (six months to 30 June 2020: £0.3m) while realised gain on the sale of investment property was £nil (six months to 30 June 2020: £nil), reflecting the absence of asset sales during the period. Unrealised profit on the revaluation of investments was £0.3m (six months to 30 June 2020: loss of £0.4m). Profit from operations increased to £4.1m (6 months to 30 June 2020: £0.9m).

Profit before tax for the period was substantially ahead at £4.1m (six months to 30 June 2020: £1.0m), with Managed PRS activities contributing £3.4m (six months to 30 June 2020: £0.7m).

The Group's basic earnings per share increased to 3.82p per share (six months to 30 June 2020: 0.85p per share).

Cash flow from operating activities increased by £4.3m (six months to 30 June 2020: decreased by £1.6m). Net assets per share at 31 March 2021 increased by 7% to 70.4p (30 June 2020: 65.9p).

Cash balances at 31 March 2021 stood at £25.4m (30 June 2020: £23.4m), an increase of £2.0m. This includes £2.7m cash realised from our carried interest in the Gatehouse Bank portfolio, which was disposed of during the period, partially offset by the dividend payment.

At 31 March 2021 borrowings totalled £45.1m (30 June 2020: £44.4m) and primarily comprised development funding from Homes England. The facility is secured on the various development sites with limited recourse to the Group under a £10m cross-guarantee.

Dividends

The Board does not intend to propose an interim dividend in line with prior years.

Business and Operational Review

The Company acquires, develops and manages new homes for the private rented sector in the UK. Sigma typically delivers traditional housing of differing housing types and sizes, to cater for a broad spectrum of demand. A major focus to date has been on the delivery of houses for families. Sigma has an unrivalled PRS property platform, which provides a professional and secure supply chain for the existing portfolios as well as future growth. The platform brings together a network of formal and informal relationships, including construction partners, central government and local authorities.

The Company's income streams are broadly threefold:

- development fees for the assets procured and delivered to third party funds;
- asset management fees for the overall management of completed assets; and
- development profits on the assets the Company builds, and subsequently sells to third parties.

In addition, the Company retains the right to a share of profit on disposal of assets managed on behalf of certain third parties, subject to certain performance criteria.

In total the Company has delivered to date approximately 5,700 PRS homes since 2015 when construction activity began, and approximately 1,100 homes are currently contracted.

CHAIRMAN'S STATEMENT (CONTINUED)

Managed PRS Activities

The PRS REIT plc

Sigma is now over four years into the delivery of a large-scale portfolio of new-build rental homes for the private rental market across the UK (outside London) for the PRS REIT, deploying the REIT's resource of £900m (gross, including gearing). Sigma's subsidiaries were appointed as Investment Adviser and Development Manager at the launch of the PRS REIT in May 2017 and source all investments and manage the REIT's assets in line with the REIT's investment policy. In January 2021, our Investment Advisory Agreement with the PRS REIT was extended from 31 May 2022 to 31 December 2025.

Housing delivery progressed well over the first half, with the pace of site activity close to normalised pre-pandemic levels following the easing of restrictions in May 2020.

In total, we delivered 956 homes over the first six months of the financial year for the PRS REIT, taking the aggregate number of completed homes in the portfolio to 3,590 at 31 March 2021. These homes have an ERV of approximately £33.3m per annum. Delivery included a fully-let development of 123 new homes in Greater Manchester generating a passing rent of £1.16m, which was acquired for £19.0m from BlackRock Real Assets. The site was independently valued by Savills prior to acquisition and had been an asset delivered by Sigma's PRS platform so was well-known to us.

A further 1,536 homes were under way at 31 March 2021, all at varying stages of construction. These homes have an ERV of £15.5m per annum and include Sigma-funded homes that are under forward-purchase agreements with the REIT. In total at 31 March 2021, the number of completed and contracted homes for the REIT's portfolio had grown to 5,126, with an ERV of £48.8m per annum. Our total housing delivery for the PRS REIT spans 64 sites across the major regions of England, including North West, North East, Yorkshire, the Midlands, South East, and East of England.

The PRS REIT's migration from the Specialist Fund Segment to the Premium Segment of the Main Market of the London Stock Exchange took place successfully on 2 March. The admission to the Premium Segment enables the PRS REIT to broaden its share register and facilitates its eligibility for inclusion in FTSE's EPRA and UK Index Series.

Gatehouse Bank and UK PRS Properties

In January 2021, our initial PRS portfolio with Gatehouse Bank, which consisted of 918 homes in the North West of England, was acquired by Goldman Sachs Merchant Banking Division and Pitmore for a total consideration of c.£150m. The sale triggered the realisation of Sigma's beneficial interest in the portfolio, amounting to £2.7m. Of this, £1.9m had previously been recognised in prior periods with the additional £0.8m reflecting the strength of the valuation on disposal.

Our second portfolio, with UK PRS Properties, which consists of 684 homes in the North West and Midlands and was completed in November 2018, continued to perform well, with rental levels ahead of original forecasts. The homes generate asset management fees for Sigma and we also retain a share of the net profits on disposal of the assets, subject to a minimum return to investors.

A further site, in Raleigh Street, Walsall, which will comprise 66 rental homes when completed, is progressing well, and is on track for delivery to UK PRS Properties in the spring of 2022, having begun in June 2020.

EQT Real Estate joint venture

The joint venture with EQT Real Estate currently has two sites under development, which will deliver 142 rental homes and an ERV of c.£2.6m per annum.

Two further seed sites, which are under development by Sigma, at Fresh Wharf, Barking, and Beam Park, Havering, are expected to be acquired by the joint venture before the end of the current financial year. The two sites together comprise 157 homes, with a gross development cost of £43.1m. The Beam Park development consists of 80-units and is part of a £1bn regeneration project underway across the London Boroughs of Havering and Barking & Dagenham. The Fresh Wharf development comprises a 77-unit development, and is part of a major riverside scheme close to Barking Town centre. Sigma is working with Countryside Properties and L&Q New Homes at the Beam Park scheme, and with Countryside Properties and Notting Hill Developments at Fresh Wharf.

All homes will be let at market-rate rents under our new, 'Simple Life London', brand, a sister brand to 'Simple Life'.

CHAIRMAN'S STATEMENT (CONTINUED)

The joint venture is targeting an initial £1bn portfolio of around 3,000 high quality, new-build homes for private rental in Greater London, and we are delighted to have the support of Homes England, the housing agency of the UK government.

Self-funded PRS Activities

We currently have five self-funded development sites under way in the North West, Midlands, South and London. They will deliver approximately 321 homes in total and have a combined GDC of c.£72.3m and ERV of £4.2m per annum. Two of these development sites are in London and, as previously mentioned, will be acquired by our EQT Real Estate joint venture. After some delay, the development of a new tranche of sites is now expected to start towards the end of the current financial year or just after, once financing arrangements with our bank, and asset delivery terms with construction partners have concluded.

Post period, in May 2021, we completed the sale of a newly-built and fully-let 28-unit development in Harlow with an ERV of £0.6m, Essex to the PRS REIT for c.£10.5m following an independent valuation by Savills. It took the number of self-funded sites sold to the PRS REIT to twelve, comprising 626 homes.

In the second quarter of the financial year, we agreed the commencement of our first PRS development in Scotland, with Springfield Properties plc at Bertha Park, near Perth. It is a 75-unit site within Springfield's substantial Bertha Park Village project, a standalone development of around new 3,000 homes with ample green space and substantial community amenities, which is already well under way. The gross development cost of the site is £11.8m, including land acquisition, and as with Sigma's other PRS developments, it is being delivered under a fixed-price 'design and build' contract. The site will be the first development of single family homes for the private rented sector in Scotland. It also marks the launch of Sigma's rental brand, "*Simple Life*" in Scotland.

Asset Management

All our self-funded homes and those offered for rental by the PRS REIT are marketed and let under our *Simple Life* brand (www.simplelifelifehomes.co.uk). During the period we launched our brand in London (www.simplelifelondon.co.uk) and it is being used for our London joint venture with EQT Real Estate. Our continuing objective is for both brands to stand for a new, higher standard of rental experience for tenants.

Rental performance has remained robust across the portfolios that we manage, and demand for new homes also remains strong, with rental prices steady at pre-pandemic levels. In the period, rent collection equated to 99% of that invoiced during the period and 98% of properties were let.

Regeneration Partnerships

Our regeneration activities support our local authority partners and involve taking on projects that fit well with our existing relationships and core PRS activities. During the period, the Company dealt with residual matters on previous projects.

ESG

Sigma's *Simple Life* and *Simple Life London* brands continue to aim to set higher standards of care for our customers in the private rented sector. This includes providing consistent and accessible service, and maintenance support, which includes dedicated handymen teams. We aim to foster a sense of community within developments and continue with initiatives to promote this. We have introduced 'Peace of Mind Month', 'Health and Wellbeing Week' and our Book Guardian Scheme, which complement other community events.

Our support for local schools and charities continues, and includes state of the art equipment for schools, and sponsorship of local sports teams. We also assist Centrepoint, which helps homeless young people and Park Palace Ponies, an inner city starter riding school in Toxteth, Liverpool, which offers riding lessons to young children in inner city areas. Our initiative with clothes banks across our sites also continues.

Over the past six months we have been focusing on biodiversity measures, including reviewing planting schemes, the promotion of wildflowers, mini-orchards, tree-planting and the general presentation of our open and green spaces.

CHAIRMAN'S STATEMENT (CONTINUED)

I am also pleased to report that since the introduction of the Company's electric vehicle scheme last September, 21% of the workforce has chosen to participate in the scheme.

We plan to continue to develop our efforts and initiatives.

Summary

In recommending PineBridge's offer to Sigma shareholders, the Independent Sigma Directors have given due consideration to PineBridge's intentions for the business and the impact of the acquisition on all of Sigma's stakeholders, including its customers, house building partners, joint venture partners, business locations and management and employees given their importance to Sigma's future strategy.

Following the completion of the acquisition, it is envisaged that Sigma would continue to operate materially in the same way without significant disruption. In particular, PineBridge wishes to maintain and strengthen Sigma's key and successful existing relationships with the PRS REIT and EQT Real Estate. PineBridge intends to support the existing management of Sigma in delivering their current strategy.

Should all necessary approvals for the offer pass, including shareholder assent, it is intended that following the anticipated completion of the transaction, which is likely to be towards the end of July, a request will be made to the London Stock Exchange to cancel trading in Sigma Shares and to de-list Sigma from AIM, following which Sigma would be re-registered as a private limited company.

Guided by our advisers, we are now following due process and will provide further updates as appropriate.

Ian Sutcliffe
Chairman

23 June 2021

CONSOLIDATED COMPREHENSIVE INCOME STATEMENT

For the six months ended 31 March 2021

	Notes	Six months ended 31 March 2021 (unaudited) £'000	Six months ended 30 June 2020 (unaudited) £'000	9 months to 30 September 2020 (audited) £'000
Revenue	4	6,576	4,950	7,952
Cost of sales		(58)	(34)	(52)
Gross profit		6,518	4,916	7,900
Other operating income				
Unrealised gain on revaluation of investment property		637	279	843
Realised gain on revaluation of investment property		-	-	415
Unrealised gain/(loss) on revaluation of investments held at fair value through profit and loss		274	(365)	(214)
Administrative expenses		(3,352)	(3,894)	(5,747)
Profit from operations		4,077	936	3,197
Finance income net of finance costs		(88)	(1)	(43)
Dividends received		115	45	139
Share of (loss)/profit of joint venture		-	-	(60)
Profit before tax		4,104	980	3,233
Taxation	5	(677)	(223)	(686)
Profit after tax for the period		3,427	757	2,547
Other comprehensive income				
Unrealised gain/(loss) on revaluation of investments held at fair value through other comprehensive income		256	(574)	(441)
Total comprehensive income for the period/year		3,683	183	2,106
Profit per share attributable to the equity holders of the Company:				
Basic profit per share	6	3.82p	0.85p	2.84p
Diluted profit per share	6	3.72p	0.84p	2.81p

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 31 March 2021

	Notes	As at 31 March 2021 (unaudited) £'000	As at 30 June 2020 (unaudited) £'000	9 months to 30 September 2020 (audited) £'000
Assets				
Non-current assets				
Goodwill and other intangibles		919	533	533
Investment property		74,845	72,343	66,042
Property and equipment		1,679	1,294	1,402
Investments in joint ventures		558	1,429	356
Fixed asset investments		2	2	2
Financial asset investments		6,222	4,261	4,545
Trade and other receivables		-	1,889	-
		<u>84,225</u>	<u>81,751</u>	<u>72,880</u>
Current assets				
Trade and other receivables		2,603	2,426	4,023
Other current assets		961	1,030	6,871
Cash and cash equivalents		25,368	23,356	25,769
		<u>28,932</u>	<u>26,812</u>	<u>36,663</u>
Total assets		<u>113,157</u>	<u>108,563</u>	<u>109,543</u>
Liabilities				
Non-current liabilities				
Interest bearing loans and borrowings		-	44,309	-
Deferred tax		614	1,453	1,370
		<u>614</u>	<u>45,762</u>	<u>1,370</u>
Current liabilities				
Trade and other payables		3,347	3,646	3,844
Interest bearing loans and overdrafts		45,110	55	43,079
Current tax		932	130	110
Deferred tax liability		-	-	-
Total liabilities		<u>50,003</u>	<u>49,593</u>	<u>48,403</u>
Net assets	7	<u>63,154</u>	<u>58,970</u>	<u>61,140</u>
Equity				
Called up share capital		895	894	895
Share premium account		32,267	32,198	32,210
Other capital reserves		(222)	(222)	(222)
Revaluation reserve		186	186	186
Retained earnings		30,028	25,914	28,071
Total equity		<u>63,154</u>	<u>58,970</u>	<u>61,140</u>

The accompanying notes are an integral part of this consolidated statement of financial position.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For six months ended 31 March 2021

	Share capital £'000	Share premium account £'000	Other capital reserves £'000	Revaluation reserve £'000	Retained earnings £'000	Total equity £'000
At 31 December 2019	894	32,107	(222)	186	27,491	60,456
Profit after tax for the period	-	-	-	-	757	757
Other comprehensive income	-	-	-	-	(574)	(574)
	894	32,107	(222)	186	183	183
Transactions with owners in their capacity as owners						
Issue of shares	-	91	-	-	-	91
Share-based payments	-	-	-	-	31	31
Dividends paid	-	-	-	-	(1,791)	(1,791)
At 30 June 2020	894	32,198	(222)	186	25,914	58,970
Profit after tax for the period	-	-	-	-	1,790	1,790
Other comprehensive income	-	-	-	-	133	133
	-	-	-	-	1,923	1,923
Transactions with owners in their capacity as owners						
Issue of shares	1	12	-	-	-	13
Share-based payments net of deferred tax	-	-	-	-	234	234
Dividends paid	-	-	-	-	-	-
At 30 September 2020	895	32,210	(222)	186	28,071	61,140
Profit after tax for the period	-	-	-	-	3,427	3,427
Other comprehensive income	-	-	-	-	256	256
	-	-	-	-	3,683	3,683
Transactions with owners in their capacity as owners						
Issue of shares	-	57	-	-	-	57
Share-based payments	-	-	-	-	66	66
Dividends paid	-	-	-	-	(1,792)	(1,792)
At 31 March 2021	895	32,267	(222)	186	30,028	63,154

CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 31 March 2021

	Notes	Six months ended 31 March 2021 (unaudited) £'000	Six months ended 30 June 2020 (unaudited) £'000	9 months to 30 September 2020 (audited) £'000
Cash flows from operating activities				
Cash generated from/(used in) operations	8	<u>4,303</u>	<u>(1,574)</u>	<u>(1,289)</u>
Net cash inflow/(outflow) from operating activities		<u>4,303</u>	<u>(1,574)</u>	<u>(1,289)</u>
Cash flows from investing activities				
Purchase of property and equipment		(330)	(29)	(155)
Investment in joint venture		(202)	-	(37)
Purchase of investment property		(8,165)	(18,648)	(23,041)
Proceeds from the sale of investment property		-	387	7,241
Acquisition of financial assets at fair value		(1,146)	-	-
Distributions received		-	-	-
Dividends received		115	3,273	4,417
Finance cost net of finance income		(89)	(1)	(43)
Net cash outflow from investing activities		<u>(9,817)</u>	<u>(15,018)</u>	<u>(11,618)</u>
Cash flows from financing activities				
Bank and other loans		6,848	24,821	23,536
Issue of shares		57	91	104
Dividends paid		(1,792)	(1,791)	(1,791)
Net cash inflow financing activities		<u>5,113</u>	<u>23,121</u>	<u>21,849</u>
Net (decrease)/increase in cash and cash equivalents		(401)	6,529	8,942
Cash and cash equivalents at beginning of period		<u>25,769</u>	<u>16,827</u>	<u>16,827</u>
Cash and cash equivalents at end of period		<u>25,368</u>	<u>23,356</u>	<u>25,769</u>

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 31 March 2021

1. General information

The Company is a limited liability company incorporated in England and with its registered office at Floor 3, 1 St. Ann Street, Manchester, M2 7LR. The Company's trading office is situated at 18 Alva Street, Edinburgh, EH2 4QG.

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 23 June 2021.

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 31 March 2021 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 nine month period ended 30 September 2020, 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 nine month period ended 30 September 2020 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 financial statements for the period ended 30 September 2020 as described in the Group's Financial Report for that period and as available on the Company's 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 31 March 2021

4. Segmental information

The segment analysis for the six month period ended 31 March 2021, six month period ended 30 June 2020 and nine month period ended 30 September 2020 are as follows:

	Regeneration £'000	Managed Property £'000	Owned PRS Property £'000	Venture Capital £'000	Holding company £'000	Intra Group adjustments £'000	Total £'000
Six months ended 31 March 2021							
Revenue from services	-	6,300	276	-	-	-	6,576
Trading (loss)/profit	(3)	2,981	214	(3)	(23)	-	3,166
Unrealised gain on revaluation of investment property	-	280	-	-	-	-	280
Realised profit on revaluation of investment property	-	-	637	(6)	-	-	631
Unrealised loss on revaluation of investments	-	-	-	-	-	-	-
(Loss)/profit from operations	(3)	3,261	851	(9)	(23)	-	4,077
Finance income	-	-	-	-	-	-	-
Finance costs	-	(2)	(86)	-	-	-	(88)
Dividend received	-	115	-	-	-	-	115
Share of associate	-	-	-	-	-	-	-
(Loss)/profit before tax	(3)	3,374	765	(9)	(23)	-	4,104
Six months ended 30 June 2020							
Revenue from services	-	4,793	157	-	-	-	4,950
Trading profit/(loss)	(6)	943	76	(3)	12	-	1,022
Unrealised gain on revaluation of investment property	-	-	279	-	-	-	279
Realised profit on revaluation of investment property	-	-	-	-	-	-	-
Unrealised loss on revaluation of investments	-	(262)	-	(103)	-	-	(365)
(Loss)/profit from operations	(6)	681	355	(106)	12	-	936
Finance income	2	2	4	3	8	-	19
Finance costs	-	(4)	(16)	-	-	-	(20)
Dividend received	-	45	-	-	-	-	45
Share of associate	-	-	-	-	-	-	-
(Loss)/profit before tax	(4)	724	343	(103)	20	-	980
9 months to 30 September 2020							
Revenue from services	-	7,664	288	-	-	-	7,952
Trading (loss)/profit	(15)	1,992	230	(6)	(48)	-	2,153
Unrealised gain on revaluation of investment property	-	-	843	-	-	-	843
Realised profit on revaluation of investment property	-	-	415	-	-	-	415
Unrealised loss on revaluation of investments held at fair value through profit and loss	-	(201)	-	(13)	-	-	(214)
(Loss)/profit from operations	(15)	1,791	1,488	(19)	(48)	-	3,197
Finance income	2	2	5	3	7	-	19
Finance costs	-	(5)	(57)	-	-	-	(62)
Dividend (paid)/received	-	(2,861)	-	-	3,000	-	139
Share of associate	(60)	-	-	-	-	-	(60)
(Loss)/profit before tax	(73)	(1,073)	1,436	(16)	2,959	-	3,233
Total net assets							
Six months ended 31 March 2021	9,707	12,339	5,468	516	36,160	(1,036)	63,154
Six months ended 30 June 2020	9,776	11,741	3,953	438	34,116	(1,054)	58,970
9 months to 30 September 2020	9,710	9,404	4,864	525	37,696	(1,059)	61,140

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 31 March 2021

5. Taxation

Current taxation charge is recognised based on management's best estimate of the weighted average annual tax rate expected for the full financial year and after considering losses carried forward from previous years. Deferred taxation is calculated based on management's best estimate of future taxation rates.

The taxation charge for the six month period to 31 March 2021, six month period to 30 June 2020 and nine month period to 30 September 2020 are as follows:

	Six months ended 31 March 2021 (unaudited) £'000	Six months ended 30 June 2020 (unaudited) £'000	9 months to 30 September 2020 (audited) £'000
UK corporation tax on profit for the period	1,458	202	571
Adjustments in respect of prior periods	(25)	21	-
Deferred tax – origination and reversal of timing differences	(756)	-	115
Tax on profit on ordinary activities	<u>677</u>	<u>223</u>	<u>686</u>

6. Profit per share

The calculation of the basic profit per share for the six months ended 31 March 2021 (six months ended 30 June 2019; nine month period ended 30 September 2020) is based on the profits attributable to the shareholders of Sigma Capital Group plc divided by the weighted average number of shares in issue during the year.

	Profit attributable to shareholders £'000	Weighted average number of shares	Basic earnings per share Pence
Six month period ended 31 March 2021	3,427	89,619,726	3.82
Six month period ended 30 June 2020	757	89,521,919	0.85
Nine month period ended 30 September 2020	<u>2,547</u>	<u>89,528,727</u>	<u>2.84</u>

Diluted 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 earnings per share is calculated by dividing the same profit attributable to equity holders of the Company as above by the adjusted number of ordinary shares in issue during the six months ended 31 March 2021 of 92,045,732 (six months to 30 June 2020: 90,292,246; nine months to 30 September 2020: 90,718,190). For the period ended 31 March 2021, the diluted earnings per share was 3.72 pence (six months to 30 June 2020: 0.84 pence, nine months to 30 September 2020: 2.81 pence).

7. Net assets

	Net assets £'000	Issued shares Number	Net assets per share Pence
Six month period ended 31 March 2021	63,154	89,658,666	70.4
Six month period ended 30 June 2020	58,970	89,537,956	65.9
Nine month period ended 30 September 2020	<u>61,140</u>	<u>89,552,956</u>	<u>68.3</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 31 March 2021

8. Cash used in operations

	Six months ended 31 March 2021 (unaudited) £'000	Six months ended 30 June 2020 (unaudited) £'000	9 months to 30 September 2020 (audited) £'000
Total comprehensive income for the period	3,683	183	2,106
<i>Adjustments for:</i>			
Share-based payments	67	31	67
Depreciation	52	18	35
Finance costs net of finance income	88	1	43
Dividends received	(115)	(45)	(139)
Fair value (gain)/loss on financial assets held at fair value through profit or loss	(274)	365	214
Share of associate profit	-	-	60
Unrealised gain on revaluation of investment property	(637)	(279)	(843)
Realised gain on sale of investment property	-	-	(415)
Fair value loss on financial assets held at fair value through OCI	(256)	574	441
Deferred tax posted directly to reserves	-	-	198
<i>Changes in working capital:</i>			
Decrease in trade and other receivables	2,127	1,374	645
Increase in trade and other payables	(432)	(3,796)	(3,701)
Cash flows from operating activities	<u>4,303</u>	<u>(1,574)</u>	<u>(1,289)</u>

9. Copies of the interim financial statements

The Half Yearly Report 2021 is available on the Company's website (www.sigmacapital.co.uk).