Company number 03942129

PARENT ACCOUNTS
FOR SC 207794
Note 17 P.47
Section 479a

SIGMA CAPITAL GROUP LIMITED
(formerly known as Sigma Capital Group plc)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

ANNUAL REPORT AND FINANCIAL STATEMENTS
for the year ended 31 December 2022

CONTENTS **PAGE**

STRATEGIC REPORT

The Directors have pleasure in presenting their Strategic Report for the year ended 31 December 2022 (the prior period represents the 15 month period to 31 December 2021). This report must be read in conjunction with the Principal Risks and Uncertainties on pages 10 to 11.

Business Activities and Group Structure
In August 2021, the entire share capital of Sigma Capital Group ("**Sigma**", "**Group**" or "**Company**") was acquired by Six Bidco Ltd, a company ultimately owned by PineBridge Benson Elliot LLP ("**PineBridge**"). As a result of the acquisition, the Company delisted from the Alternative Investment Market and changed its name to Sigma Capital Group Limited. It is a private company limited by shares. It is the intention of PineBridge to utilise existing and new capital to continue to grow and expand the operations of Sigma in the Private Rental Sector ("**PRS**").

At 31 December 2022, Sigma had three principal and wholly owned subsidiaries:

- Sigma Capital Property Ltd ("**SCP**")
- Sigma PRS Management Ltd ("**Sigma PRS**")
- Sigma Technology Investments Limited ("**STI**")

The Group's PRS activities are carried out by SCP, its subsidiaries, and Sigma PRS. In May 2017, the Group announced the launch of The PRS REIT plc ("**PRS REIT**" or "**REIT**") on the London Stock Exchange. At the same time, £250m gross was raised through an Initial Public Offering of REIT shares, with the net funds to be used to create a substantial portfolio of new-build PRS homes. In February 2018, a further £250m (gross) was raised through a Placing Programme and, since then, in addition to raising a further £56m (gross) of equity the REIT has secured £440m of committed debt facilities. Sigma PRS is Investment Adviser to the REIT, having signed a five-year management contract in May 2017. This contract was extended in January 2021 from 31 May 2022 to 31 December 2025, with a one- year notice period thereafter. Sigma PRS is also Development Manager to the REIT and holds a small equity interest in it.

As at 31 March 2023, Sigma has added 5,010 homes to the REIT's portfolio. The REIT's portfolio, once fully optimised, is anticipated to grow to about 5,600 homes.

In September 2020, the Group announced the launch of a residential joint venture with EQT Real Estate ("**London JV**") to deliver high quality, new-build homes for private rental in Greater London. The joint venture is being supported by Homes England, the housing agency of the UK Government, and is targeting the establishment of an initial portfolio of approximately 3,000 homes with a value in excess of £1 billion. As at 31 December 2022, Sigma has invested £5.9m in the London JV with it being active on 12 investment sites. In addition, Sigma disposed of two completed sites to the London JV with a total value of c.£47m during the prior period.

The Group's first PRS joint venture (the Thistle Portfolio), was launched in November 2014 with Gatehouse Bank plc. Comprising 918 new family homes, the portfolio was completed in March 2017 and proved the effectiveness of the Group's PRS property platform. A venture targeting 684 PRS homes, across eight sites, was launched in December 2015 with UK PRS Properties (a fund principally backed by the Kuwait Investment Authority and institutional shareholders from the State of Kuwait). Construction was completed in 2018, and, in June 2020, Sigma commenced the development of a new site for UK PRS Properties in the West Midlands. This site comprises 66 rental units and was completed in the summer of 2022.

Rental and occupancy levels across both these ventures have consistently performed well.

In the prior period, Sigma's beneficial interest in the Thistle Portfolio was realised when the Portfolio was successfully sold by Gatehouse Bank. Sigma's share of total sale profit, after certain hurdles, was £2.9m cash (net). This was 53% above the book value of £1.9m ascribed to Sigma's interest in the Thistle Portfolio as at 30 September 2020. The highly successful sale strongly validated Sigma's strategy and demonstrates the value that the model is capable of creating.

Through SCP, Sigma also funds the development of new PRS homes and the sale of a further site to the PRS REIT during the period brought the total number of completed self-funded sites to fourteen since 2015 when self-funded PRS activity started. SCP currently has a further 20 investments sites under development. It is the Group's intention, with the investment from PineBridge, to build a substantial on balance sheet portfolio of PRS homes.

STRATEGIC REPORT (continued)

The Group's property regeneration activities were largely carried out by its subsidiary, Sigma Inpartnership, which undertakes large-scale, property-related regeneration projects, working as a bridge between public and private sector organisations. Founded in 2000 and operating from offices in Manchester, SIP has two partnerships, with Liverpool City Council and Salford City Council. During the period, the Group dealt with residual matters relating to previous projects.

The Group has small equity interests in a venture capital fund and in an unquoted company, both held by STI.

Post Balance Sheet Events
Subsequent to the period end, the Group entered into a new joint development facility with the Teachers Insurance and Annuity Association of America arranged by Nuveen Investment Management International Limited Bank. The facility amounts to £150m and runs to February 2033. Interest is paid at commercial rates.

Growth Strategy and Market Dynamics
The Group's core strategy is to utilise its property and capital raising expertise to further its PRS activities and deliver family housing. The geographies in which we deliver assets have steadily expanded, and we have also diversified the sources of finance utilised to deliver those assets. Sigma works with central and local authorities, house builders and funding partners, including Homes England. The Board believes that the Group is one of the leading operators in the private rented sector in the UK, and a leading player in family homes.

The Build-to-Rent ("**BTR**") sector has been maturing as an asset class in the UK over the last 10 years. Nonetheless BTR remains a very small proportion of the wider private residential rental sector, at less than 2% in Q2 2022 according to Savills. More recently, the rate of entry of new participants into the BTR sector has increased together with the weight of capital. This trend reflects the magnitude of the opportunity in the UK and increasing recognition of the role of BTR in accelerating overall housing delivery. The Letwin Report into build out rates, published in October 2018, was one of the first independent reports to highlight its role.

The British Property Federation ("**BPF**") monitors BTR delivery and, at the end of April 2022, the BPF BTR Q2 2022 presentation, prepared for BPF by Savills, reported a 14% increase in the number of BTR homes delivered year-on-year, with a slight bias to regional delivery. In its Q1 2022 update, the BPF reported 73,000 BTR completions, 46,000 homes under construction, and a further 100,000 homes in planning. To provide context, the private rental sector as a whole comprises approximately five million homes, with the market fragmented and mainly comprising private landlords.

The major part of BTR delivery is still focused on apartments in major city centres. By contrast, the Group is focused on creating single-family homes in the suburbs. According to the BPF BTR Q2 2022 presentation, single-family home delivery reached approximately 8,500 homes in April 2022, with a further 9,500 units currently either under construction or in planning. This puts the Group at the forefront of this sector.

Demand in the private rented sector in recent years has been further fuelled by substantial house price growth, which has increased the hurdles to home ownership. According to the Office of National Statistics, at the end of 2021, the ratio of average house price to income in England was 9.1, up from 7.9 a year earlier. The cessation of the stamp duty incentive in June 2021 and closure of the Government's Help-to-Buy scheme to new applications in October 2022, are likely to further increase demand in the private rented sector. While the Mini-budget proposals in September 2022 sought to help those looking to purchase homes, with changes to the stamp duty regime and an increase in the nil-rated threshold limit, rising interest rates are likely to have a more profound effect. Affordability remains the key constraint to home ownership, and recent increases in mortgage rates will result in further interest in the private rented sector.

Furthermore, as mortgage costs are rising sharply, it is evident that a greater volume of rental homes will be required, with the location and type of home also being important. There is a significant undersupply in the sector, created by the lack of new home delivery over many years and exacerbated in recent times by outflows from the buy-to-let ("**BTL**") sector, which we expect to be a significant market determinant in the coming months. The BTL sector has experienced increasing costs and a series of tax and regulatory changes, which has led to c.180,000 BTL mortgage redemptions since 2016, according to research undertaken by Savills.

STRATEGIC REPORT (continued)

Further challenges are ahead for owners of older rental homes, with new regulation requiring all rental homes to possess an energy performance certificate ("**EPC**") of 'C' or above from 2025. The average EPC in the UK is 'D'. This new regulation is expected to lead to private landlords exiting the market, deterred by prohibitive upgrade costs. Homes built using Sigma's PRS platform is unaffected since all of its homes are independently rated 'C' or above, with 86% rated 'A' or 'B'. An independent study undertaken by Calfordseaden LLP comparing the consumption of the PRS REIT's core house types against homes from four over eras showed that the PRS REIT homes were 25% cheaper to run in comparison to properties built between 2007-2011 and up to 74% cheaper to run than older homes.

The lack of adequate rental supply and increasing tenant demand are likely to create further upward pressure on rents, especially for homes that are well-located and well-managed. While there are now more entrants in the single-family BTR sector, it continues to be significantly underserved.

Private Rented Sector Reform
In May 2023, the Government introduced the Renters (Reform) Bill to Parliament, which set out its long-term vision for the private rented sector. It contains plans to fundamentally reform the private rented sector in the country and level up housing quality.

A list of the main proposals set out in the Renters Bill is below:

- All rental homes will be required to meet a 'Decent Homes Standard' for the first time.
- Section 21 of The Housing Act 1988 ('no-fault' evictions) is to be abolished. This would remove a landlord's ability to seek possession after a fixed term has ended. Should a landlord have reasonable grounds to seek possession, then Section 8 of the Housing Act 1988 could be used.
- Tenant rent increases will be limited to once a year.
- First-tier rent tribunal – powers will be given to confirm or reduce contested rents, but not to increase them (as is currently the case).
- Landlords and agents will not be able to institute blanket bans on renting to families with children, those in receipt of benefits and potentially other vulnerable groups.
- Tenants will be given the right to request a pet in their property, which cannot be unreasonably refused. The Tenant Fees Act 2019 will be amended so that landlords can request that their tenants buy insurance to cover any damage that pets may create.

Other proposals include a new single Ombudsman and a Property Portal, which will include a landlord registration scheme. Thought is also being given as to how tenants can 'port' their deposits to relieve them from having to find additional funds whilst the custodial scheme for their preceding dwelling is being resolved or arbitrated.

As a responsible and professional landlord with a high-quality product and an emphasis on customer care, we welcome the Government's desire to ensure that everyone has a right to a decent home and to support responsible landlords. Its proposals align with our own policies and philosophy and are therefore unlikely to adversely impact the way the Company operates.

Overview of the Business

Private Rented Sector Residential Portfolio
The Group's PRS model enables it to purchase residential land assets with planning permission, predominately sourced from local authority partnerships and house building relationships, for its fund structures.

From a local authority perspective, a key advantage that Sigma offers is that it can deliver large-scale, high-quality housing that helps to meet both local housing need and regeneration objectives. Efficiency is another major attraction since Sigma's PRS model can deliver new homes at a rate that is some four to five times faster than the rate at which 'market-for-sale' homes are typically built. 'Market for-sale' homes tend to be constructed at the pace of sales demand, which can be restricted by mortgage availability. Furthermore, local authorities benefit from increased council tax receipts from new homes and, in England, from the Government's New Homes Bonus Scheme.

STRATEGIC REPORT (continued)

The rapidity of delivery provided by our PRS property platform is also attractive to our house building partners as it offers the opportunity of an enhanced return on capital as well as de-risking and quickly maturing those sites on which there is a mix of 'market-for-sale' and PRS homes. The control and pace of this delivery is without doubt the biggest challenge in our business.

The PRS REIT plc
In 2017, the PRS REIT raised £250m (gross) through an IPO to invest in new PRS homes and since then, a further £306m (gross) was raised via two Placing Programmes. Investment and development debt facilities totalling £440m have been secured with Scottish Widows, Lloyds Banking Group, The Royal Bank of Scotland plc and Barclays Bank plc with maximum gearing of 45%. This took the REIT's funding resource to in excess of £950m (gross). As previously stated, the launch of the REIT in 2017 fundamentally transformed Sigma's model. The Company has a management contract with the REIT as Investment Adviser and is also Development Manager. In January 2021, the term of this contract was extended from 31 May 2022 to 31 December 2025, with a one-year notice period thereafter.

Sigma is remunerated by the REIT in two ways. Firstly, Sigma receives development management fees in respect of sites that are developed directly by the REIT and, secondly, it receives an investment advisory fee, which is based on adjusted net asset value of the REIT's portfolio. In addition, the REIT may acquire completed and let sites from Sigma based on independent valuations, through forward purchase agreements, subject to those sites meeting its investment criteria. Such sites are independently valued on behalf of the REIT and Sigma recognises any revaluation gains on disposal.

As at 31 March 2023, the number of completed and contracted homes for the PRS REIT stood at 5,526 with a total ERV of c.£57.9m.

London joint venture with EQT Real Estate
In September 2020, the Group announced the launch of a joint venture with EQT Real Estate, the real estate platform of global investment firm EQT, to deliver high-quality, new-build homes for private rental in Greater London. The joint venture is being supported by Homes England, the housing agency of the UK government, and is targeting the establishment of an initial portfolio of approximately 3,000 homes with a value in excess of £1bn. Two sites, developed by Sigma, at Fresh Wharf, Barking and Beam Park, Havering were acquired by the joint venture during the prior period once practical completion of the properties had been reached and subsequent letting parameters had been achieved.

Sigma Self-funded PRS - regions
The Company has been funding its own PRS assets since 2015, when it raised £20m (gross) from a share placing in order to create a substantial portfolio of new rental homes. In 2016, the Group agreed a £45m revolving credit facility with Homes England, which materially increased its ability to scale its delivery of self-funded homes. During the year, the existing facility was repaid in full and a new joint facility with Barclays Bank plc and Homes England for £91m having been agreed and operational since April 2022. Since the year end and a further facility of a £150m has been agreed with the Teachers Insurance and Annuity Association of America arranged by Nuveen Investment Management International Limited Bank along with a £150m facility with National Westminster Bank plc and Leumi UK Group Limited, .

Sigma Self-funded PRS - London
In September 2019, Sigma acquired two sites in London from Countryside Properties plc at Fresh Wharf, Barking, and Beam Park, Havering yielding a total of 157 units. During the prior period both assets were completed and then sold to our joint venture with EQT Real Estate.

Beam Park is an 80-unit development site that is part of a £1 billion regeneration project that is under way across the London Boroughs of Havering on land released by the Greater London Authority. Fresh Wharf is a 77-unit development site forming part of a major riverside scheme near to Barking.

STRATEGIC REPORT (continued)

Joint Ventures with Gatehouse Bank plc and UK PRS Properties
Launched in November 2014 and completed in March 2017, our joint venture with Gatehouse Bank helped to prove the effectiveness of our PRS model. The venture delivered 918 high-quality, single-family homes (mainly houses) across 15 sites in the North West of England, for a total gross development cost of c.£110m (the Thistle Portfolio). Homes were built on land procured by Sigma, using its local authority partnerships. Access to good schooling, transport links and other amenities were priorities when selecting sites. Gatehouse Bank, a leading London-based Shariah compliant investment bank, delivered the equity element of the venture whilst Barclays Bank plc provided the debt financing.

The Thistle Portfolio consistently performed well, with high occupancy levels in excess of 95%. Historically generating approximately £8.3m per annum in rental income

In January 2021, the Thistle portfolio was sold to Goldman Sachs Merchant Banking Division and Pitmore for a total consideration of c.£150m. This crystallised Sigma's beneficial interest, generating a total net cash payment of £4.1m to Sigma, after certain hurdles. This was in excess of the £1.9m at 30 September 2020. The Thistle Portfolio generated c.£0.5m in annual asset management fees, which ceased following the sale.

Our joint venture with UK PRS Properties completed its initial portfolio of 684 family homes across eight sites in the North West and Midlands in November 2018. This portfolio has also performed very well, and Sigma earns annual asset management fees of c.£0.4m per annum. In June 2020, we commenced the delivery of a site of 65 units at Walsall in the West Midlands for UK PRS Properties. The site completed in the summer of 2022.

Sigma continues to retain a share of the net profits on any disposal of the assets of UK PRS Properties, subject to a minimum return to investors.

'Simple Life' Letting Brand (www.simplelifehomes.co.uk).
All of Sigma's PRS sites, including those we deliver for the REIT, are marketed under our build-to-rent brand, 'Simple Life'. Our objective is to position 'Simple Life' as the 'gold standard' in the private rented sector offering a high quality, long-term rental solution for those wanting to benefit from the flexibility of renting. We take a proactive approach to monitor the needs of both our residents and the wider rental market.

In 2021, we expanded our brand into London as part of our new joint venture with EQT Real Estate. The same 'gold standard' approach is applied in this market.

Venture Capital Activities
Sigma continues to be a limited partner in one venture fund, which was transferred to Shackleton Ventures Limited in 2013. Sigma's investment in the fund is held by STI. Sigma also holds an investment in an unquoted company.

Financial Review of 2022
Figures for the year under review are for the year ended 31 December 2022. The comparative figures are for a fifteen-month period to 31 December 2021, following the change in the Group's accounting reference date.

The Group's revenue in the year totalled £12.9m (2021: £16.0m), the prior period reflects the longer accounting period. The majority of the Group's income was from development and investment advisory fees in respect of the REIT and fees in relation to our London JV. In addition, revenue included fees from our managed PRS activities with Gatehouse Bank and UK PRS Properties, and rental income from our self-funded portfolio. Gross profit for the period was £12.9m (2021: £15.9m).

Administrative costs were £10.1m (2021: £15.7m). The prior year includes £6.2m of restructuring costs as a result of the acquisition of the Company.

Profit from operations was £11.3m (2021: £4.9m) including gains from investment property of £8.6m (2021: £3.8m).

Profit before tax for the year was £8.5m (2021: £5m).

The Group's net assets increased to £139.9m at 31 December 2022 (2021: £69.4m).

STRATEGIC REPORT (continued)

Key performance indicators
The key performance indicators are concentrated on the property activities.

The Group's key performance indicators include:

	2022	**15 months 2021**
	£'000	**£'000**
Revenue – all property activities	12,902	15,998
Operating profit – property activities	11,350	4,888
Realised and unrealised profit on revaluation of investment property	8,549	3,803
Profit from operations	11,340	4,921
Cash balances including deposits	22,204	31,488

The Board monitors certain non-financial key performance indicators, including the number of properties developed and delivered, the status of developments in progress, and lettings activity for completed developments. Further details on these are given elsewhere in the Strategic Report.

This strategic report was approved by the Board on 6 July 2023 and signed on behalf of the Board by

Graham Barnet
Chief Executive Officer

6 July 2023

SECTION 172 STATEMENT

The following serves as our section 172 statement and should be read in conjunction with the Strategic Report on pages 2 to 7. Section 172 of the Companies Act 2006 requires Directors to take into consideration the interests of stakeholders in their decision making. The Directors continue to have regard to the interests of the Company's employees and other stakeholders, including the impact of its activities on the community, the environment and the Company's reputation, when making decisions. Acting in good faith and fairly between members, the Directors consider what is most likely to promote the success of the Company for its members in the long term. The Directors are therefore fully aware of their responsibilities to promote the success of the Company in accordance with section 172 of the Companies Act 2006.

To ensure the Company continues to operate in line with good corporate practice, all Directors are frequently provided with refresher guidance on the scope and application of section 172 from the Company's legal and financial advisors. This allows Board members to reflect on how the Sigma engages with its stakeholders and identify opportunities for enhancement in the future.

The Board regularly reviews our principal stakeholders and how we engage with them. The stakeholder voice is constantly brought into the boardroom through information provided by management and advisers, and also by direct engagement with stakeholders themselves. The relevance of each stakeholder group may increase or decrease depending on the matter or issue in question, so the Board seeks to consider the needs and priorities of each stakeholder group during its discussions and as part of its decision making.

Throughout these financial statements, we provide examples of how this engagement with stakeholders takes place to ensure that we can appropriately consider their interests in assessing, considering and implementing particular courses of action.

Employees
We work to attract, develop and retain quality talent, equipped with the right skills for the future. Our people have a crucial role in delivering against our strategy and creating value. As Sigma comprises a relatively small overall team, and with direct employee interaction, the Board can readily identify and respond to changes in requirements in respect of resource, skills and experience. This is reflected in the staff appointments made during the year to strengthen the team.

Customers and Communities
The creation of functioning neighbourhoods and thriving communities is core to our beliefs. This starts with site selection and our contention that all sites should be close to good transport links, strong areas of employment and good quality primary schooling, thereby providing our customers with access to a social and economic framework upon which a new community can be built. Whilst it is critical that the houses we create are fit for purpose, varied enough to be suitable to a wide range of occupiers and life stages as well as providing the flexibility for the increasing need to work from home, we make great efforts to forge linkages between their occupants and the wider community. By organising regular customer events in each of our neighbourhoods as well as working with local schools and charities we endeavour to forge friendships and familiarity between our customers to enable them to feel at home, but also for that home to integrate with the wider community. In what has been an unprecedented 2020, 2021 and 2022, our charitable donations have focussed on organisations most relevant to the pandemic and cost of living crisis. We asked our customers to tell us how to distribute those funds, emphasising that a Simple Life customer's relationship with us does not begin and end at the front door of their home.

Environment
We are aware of our responsibility to the environment and ensuring that the development that we manage is done so in a responsible and sustainable way. We look to our development partners to have policies demonstrating their commitment to the environment through a responsible approach to development as well as the custody and integrity of their supply chain. As we move forward, we will look to audit these facts.

To assist in identifying and implementing additional further opportunities to improve social and environmental aspects of the Group's work and impact on stakeholders, Sigma appointed an Environmental, Social and Governance Manager. This position in the Company and recognises our commitment to engagement and implementation of action in this area.

SECTION 172 STATEMENT (continued)

Local Authorities, House builders and Funders

The Group's core strategy is to utilise its property and capital raising expertise to further its PRS activities and deliver family housing. The geographies in which we deliver assets has steadily expanded, and we have also diversified the financial instruments that we manage to deliver those assets. The Group's PRS model enables it to move residential land assets with planning permission, predominately sourced from local authority partnerships and house building relationships to its fund structures.

This requires four separate parties involving local authorities, house builders and funding partners, with Sigma performing the roles of facilitator and co-ordinator. Regular and collaborative communication and dialogue is essential with all of these parties to ensure success. Without this, Sigma could not develop, establish and maintain the partnership relations it has, let alone forge new ones.

The creation of new partnerships is also key. Given that sites will typically take well in excess of 24 months to identify, plan, develop and let, it is imperative that Sigma constantly has a focus on future sites through regular dialogue with multiple parties.

PRINCIPAL RISKS AND UNCERTAINTIES

The Board of Directors recognise that there are a number of risks which could have an impact on the Company's strategy and investment objectives. The below list sets out the current identifiable principal risks and uncertainties which the Board are monitoring:

Strategic Risks

Site selection
The principal drivers for the valuation of the Group's property assets are land purchase, cost to build, rental income, gross to net income deductions and yield. Small variations in these can have a material impact on the valuation of any property. The selection of sites which match the investment criteria in terms of cost to purchase and build, rentals, gross net to income deductions and yield is therefore critical to the success of individual developments.

Detailed appraisal and assessment of all aspects of a site such as location, access, transport links, education, amenities and employment are necessary to formalise a view on the likely viability and profitability as a build-to-rent development. This necessarily involves expert third party guidance from valuers, house builders and lettings agents.

The Group's process on site assessment and appraisal necessarily involves a number of individuals with different skill sets to ensure a balance of views and full consideration of all factors. There is also an ultimate sign off by Site Director, Investment Director, Lettings Director, Group Chief Financial Officer and the Board of Sigma Directors. In the unlikely eventuality that the dynamics on a site, particularly rental demand and/or rental value given that land cost and design & build cost are previously fixed, transpire differently from anticipated then this would only impact the valuation and financial returns on that site. The portfolio approach adopted by the Group means that while there are likely to be some sites that do not materialise as expected, the selection criteria and approach should generate more winners than losers. On this basis, the approach adopted should mitigate the associated risks.

Diversifying income streams
The group's business is focused on build-to-rent in the private residential housing sector. Build to rent is exposed to variations in supply, demand, costs, funding and valuation as a result of changes in macro-economic conditions. These could impact customer, funder and investor appetite and sentiment towards the sector. Focus on build to rent in the private residential sector therefore represents a potential concentration exposure in terms of the Group's strategy.

Through focusing on the build to rent private residential sector in the UK, the Group has made a deliberate strategic decision to utilise its experience to target an underdeveloped market with good financial fundamentals, strong investor appetite, tenant demand, supplier demand and a national requirement for growth in the number of homes to buy or let as occupier demand continues to outstrip supply. Within this, the Company has a number of income streams - rental income, development management fees, investment management fees and gains on asset valuation. Some are of these are contracted for long periods.

At present, there are no signs that the underlying dynamics are changing. Indeed, it could be argued that the market fundamentals support continued growth in the requirement for properties to meet demand for rental units. On this basis, the Group would manage this risk by monitoring market and economic developments to identify any change in circumstances and then adapt strategy accordingly.

Personnel and Succession planning
Group structure and operations presently have a low number of employees relative to the gross value of assets under management and profit before tax. There is a reliance on a small number of individuals who could be regarded as critical to the business operations and performance with limited back-up or cover. Recruitment, retention and succession planning are therefore key to successful implementation of the Group strategy.

The recently strengthened financial management includes the implementation of improved structure, financial reporting, forecasting and governance framework which reflects the size, scale and operations of the Group. Finance systems and data management processes are being upgraded with a continual re-assessment to ensure IT systems and infrastructure remain fit for purpose. Notwithstanding the above changes, ensuring that the growth of the business is matched by the quantum and skills of the workforce, both presently and in the future, will require constant monitoring and review.

PRINCIPAL RISKS AND UNCERTAINTIES (continued)

Political risk
Although the Company does not export to the EU, Brexit has a number of potential impacts on the business. Exposures include supply chain reliance on EU imports, labour availability due to changes in immigration and the economic and market impact of leaving the EU. Although a trading agreement between the UK and EU has been agreed, there remain some uncertainties surrounding the implementation of this in practice. Pending clarification through the passage of time, there will continue to be some doubts around the potential impact of the exit.

The Group's activities are focused on the build-to-rent private residential sector in the UK with no EU or international assets. Within this focus, the debt funding, equity investment, rent levels, tenant demand and yields could all be impacted by market and economic factors potentially influenced by Brexit albeit there are defensive attributes in relation to a downturn or recession that would likely mitigate this.

The largest risk is in respect of the potential impacts on the physical movement of goods from the EU for housebuilding and/or tariffs/duties imposed on such goods. The impact would only apply to new design and build contracts - with existing contracts being fixed price with pricing risk effectively borne by the house builder. Uncertainty surrounding the practical implementation of the trade agreement means that this area requires careful monitoring and represents a risk pending clarity.

Similarly, although there is a risk in respect of labour resource due to changes in immigration, house building partners consider that there is sufficient qualified and experienced labour within the UK. However, the uncertainty surrounding the nature and detail of immigration policy together with the practical impact of the trade agreement means that this area also requires careful monitoring and represents a risk pending clarity.

Cost of Living and the Ukraine War
The macro-economic environment has become more uncertain with the war in Ukraine, inflation and rising interest rates driving a more negative outlook in the UK and globally. In terms of the UK housing market, the impact of rising interest rates is expected to reduce mortgage affordability and drive demand in the rental sector as prospective homeowners turn to rental alternatives. We expect these factors, together with the existing structural shortage of quality family rental homes, to provide a strong underpinning to demand in the private rented sector.
Operational risk

Development fee income
The Group's development fee income streams are dependent on continued development of new sites and assets. Maintaining and expanding on the number and quantum of new sites is therefore key to managing development fee income for the Group.

The vast majority of the related assets and sites are being managed by the Company meaning that it has a strong degree of visibility over income streams. A potential risk to the Group is that development management fees represent the majority of the Group's income and are effectively driven by the acquisition and development of new sites. Maintaining and growing the number of new sites for acquisition and development is therefore key to securing the majority of future revenue.

The Company has also sought to mitigate this risk through establishing additional revenue sources and reducing the proportion of the income emanating from the PRS REIT. The launch of the London joint venture with EQT Real Estate represents an example of an additional revenue stream from diversification. While this will necessarily involve further development management fees in the short-term, it will grow to represent an additional source of long-term recurring asset management fees.

Counterparty risk
The Group undertakes property investment with a number of partner relationships exposing it to counterparty risk such as house builders for design and build contracts and lettings agents for tenant management.

The Group maintains relationships with a number of councils and house builders. In terms of cost effectiveness and efficiency, the Group presently utilises a Lettings Agent. As we reported last year the previous Lettings Agent had been served notice and we have transitioned across to the new party.
In terms of house building, although a majority of site developments are undertaken by one party, Countryside,

PRINCIPAL RISKS AND UNCERTAINTIES (continued)

this represents a true partnership arrangement. Contrary to the situation with the Lettings Agent, where the size and scale of the operation merits the involvement of one party, there remains opportunity to utilise alternative house builders and to develop greater partnerships with others. While monitoring the relationship remains key, the Countryside partnership presently works very well.

DIRECTORS' REPORT

The Directors present their annual report on the affairs of the Group, together with the audited financial statements and auditor's report, for the year ended 31 December 2022. The prior period was for the fifteen months to 31 December 2021.

Directors of the Company
The Directors who held office during the year were as follows:

Graham Barnet
Joseph De Leo (appointed 23 February 2022)
George MacKinnon (appointed 23 February 2022)
Luca Scollo (appointed 23 February 2022)
Mike McGill (resigned 23 February 2022)
Gordon More (resigned 23 February 2022)
Ian Sutcliffe (resigned 23 February 2022)
Duncan Sutherland (resigned 23 February 2022)
Gwynn Thomson (resigned 23 February 2022)

Results and dividends
The Group made a net profit before tax for the year of £10.5m (2021: £5.0m).

Review of the business and future developments
The Directors are required to present a business review reporting on the development and performance of the Group and the Company during the year, their positions at the end of the year and future developments. This requirement is met by the Strategic Report on pages 2 to 7.

Risk factors
Information on the Group's financial risk management objectives and policies relating to market risk, credit risk and liquidity risk is provided in note 1 to the financial statements. The broader risks of the business are considered on pages 10 to 11.

Directors' indemnity insurance
The Group held a Directors and Officers insurance policy in place throughout the year in respect of the Company and the Group's subsidiaries.

Political donations
No political contributions were made during the year (2021: £nil).

Going concern
The Directors have a reasonable expectation that there are adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Awareness of relevant audit information
At the date of this report and insofar as each of the Directors is aware:

- There is no relevant audit information of which the auditor is unaware; and
- The Directors have taken all steps they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Auditor
The auditors, BDO LLP, are deemed to be reappointed under section 487(2) of the Companies Act 2006.

This Directors Report has been approved by the Board on 6th July 2023 and is signed on its behalf by:

Graham Barnet
Chief Executive Officer

6th July 2023

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the Group and Company financial statements in accordance with UK adopted international accounting standards (IFRSs). 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 Company and of the profit or loss of the Group and Company for that year.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRSs, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the requirements of the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT
to the members of Sigma Capital Group Limited

Opinion on the financial statements
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 31 December 2022 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK adopted international accounting standards;
- the Parent Company financial statements have been properly prepared in accordance with UK adopted international accounting standards, 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.

We have audited the financial statements of Sigma Capital Group Limited (the "**Parent Company**") and its subsidiaries (the "**Group**") for the year ended 31 December 2022 which comprise Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Company Statement of Financial Position, the Consolidated Statement of Changes in Equity, the Company Statement of Changes in Equity, the Consolidated and Company Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards, and as regards the Parent Company financial statements, as applied in accordance with the provisions 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 under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence
We are independent of the Group and the Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern
In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group or Parent Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Other information
The Directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

INDEPENDENT AUDITOR'S REPORT (continued)
to the members of Sigma Capital Group Limited

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Other Companies Act 2006 reporting
In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Group and the Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report or the Directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us 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.

Responsibilities of Directors
As explained more fully in the Statement of Directors Responsibilities, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group's and the 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 the Directors 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 for the audit of the financial statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

INDEPENDENT AUDITOR'S REPORT (continued)
to the members of Sigma Capital Group Limited

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We gained an understanding of the legal and regulatory framework applicable to the Group and the industry in which the Group operates and considered the risk of acts by the Group which were contrary to applicable laws and regulations, including fraud. We focused on laws and regulations that could give rise to a material misstatement in the financial statements. These included but were not limited to compliance with Companies Act 2006, the accounting standards and relevant tax legislation. We assessed the extent of compliance with these laws and regulations as part of our procedures which included, but were not limited to:

- enquiries with Management and those charged with governance, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud;

- agreement of the financial statements disclosures to underlying supporting documentation;

- review of the reporting to the Directors with respect to compliance with laws and regulation; and

- review of relevant board meeting minutes and legal correspondence.

The engagement team was deemed to collectively have the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations.

We communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Based on our understanding of the Group and industry, we evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and discussed among the engagement team how and where fraud might occur in the financial statements and any potential indicators of fraud. We determined that the principal risks were related to management bias in accounting estimates.

We addressed the risk of management override of internal controls through testing journals, in particular any entries posted with unusual account combinations or posted by senior management and consolidation journals and designed audit procedures to incorporate unpredictability around the nature, timing or extent of our testing. We evaluated whether there was evidence of bias by the Directors in accounting estimates that represented a risk of material misstatement due to fraud. We challenged assumptions and judgements made by management in their significant accounting estimates, including valuation of investment properties.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

INDEPENDENT AUDITOR'S REPORT (continued)

to the members of Sigma Capital Group Limited

Use of our report

This report is made solely to the Parent 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 Parent 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 Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:
Timothy West
3E18819C1A454FF...

Timothy West (Senior Statutory Auditor)
for and on behalf of BDO LLP, Statutory Auditor
London, UK

Date: 07 July 2023

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127)

CONSOLIDATED COMPREHENSIVE INCOME STATEMENT
for the year ended 31 December 2022

	Notes	Year ended 31 December 2022 £'000	15 months to 31 December 2021 £'000
Revenue	3 and 4	**12,902**	15,998
Cost of sales	5	**(47)**	(146)
Gross profit		**12,855**	15,852
Unrealised gain on revaluation of investment property	15	**7,958**	3,079
Realised gain on disposal of investment property	15	**591**	724
Unrealised (loss)/gain on revaluation of investments held at fair value through profit and loss.	21	**11**	959
Administrative expenses	7	**(10,074)**	(9,480)
Restructuring costs	8	**-**	(6,213)
Profit from operations		**11,341**	4,921
Finance income	9	**39**	0
Finance costs	10	**(983)**	(233)
Dividends received	11	**232**	292
Share of profit/(loss) of joint venture	18	**(144)**	52
Profit before tax		**10,485**	5,032
Taxation	13	**(2,003)**	(1,106)
Profit after tax for the year/period		**8,482**	3,926
Other comprehensive income			
Unrealised loss on revaluation of investments held at fair value through other comprehensive income	21	**(624)**	926
Revaluation of own property	16	**-**	-
Total comprehensive income for the year/period		**7,858**	4,852

The accompanying notes are an integral part of this consolidated comprehensive income statement.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
at 31 December 2022

	Notes	31 December 2022 £'000	31 December 2021 £'000
Assets			
Non-current assets			
Goodwill and other intangibles	14	**1,402**	1,107
Investment property	15	**114,047**	26,399
Property and equipment	16	**2,147**	1,922
Investment in joint ventures	18	**227**	371
Investments in associate	19	**6,342**	3,022
Fixed asset investments	20	**2**	2
Financial asset investments	21	**6,047**	7,135
Trade and other receivables	22	**-**	-
Deposits		**10,946**	5,667
		141,160	45,625
Current assets			
Trade and other receivables	22	**1,346**	3,303
Other current assets	22	**13,898**	6,561
Current tax asset		**1,747**	1,299
Cash and cash equivalents		**11,258**	25,821
		28,249	36,984
Total assets		**169,409**	82,609
Liabilities			
Non-current liabilities			
Interest bearing loans and borrowings	24	**18,424**	-
Deferred tax	25	**2,800**	1,192
		21,224	1,192
Current liabilities			
Trade and other payables	23	**8,321**	7,643
Interest bearing loans	24	**-**	4,381
Current tax liability		**-**	-
		8,321	12,024
Total liabilities		**29,545**	13,216
Net assets		**139,864**	69,393
Equity			
Called up share capital	26	**1,580**	954
Share premium account	26	**98,988**	37,001
Capital redemption reserve	27	**34**	34
Merger reserve	27	**(249)**	(249)
Capital reserve	27	**(7)**	(7)
Revaluation reserve	27	**186**	186
Retained earnings		**39,332**	31,474
Equity attributable to equity holders of the Company		**139,864**	69,393

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

COMPANY STATEMENT OF FINANCIAL POSITION
at 31 December 2022

	Notes	31 December 2022 £'000	31 December 2021 £'000
Assets			
Non-current assets			
Property and equipment	16	-	-
Deferred tax		-	-
Investment in subsidiaries	17	**2,922**	2,922
		2,922	2,922
Current assets			
Other receivables	22	**248**	4,997
Amounts owed by other group undertakings		**106,148**	36,693
Cash and cash equivalents		**3,460**	5,439
		109,856	47,129
Total assets		**112,778**	50,051
Non-Current Liabilities			
Trade and other payables	23	-	-
			-
Current liabilities			
Trade and other payables	23	**263**	4,814
Current tax liability		**391**	-
Amounts owed to other group undertakings		**13,013**	9,572
Total liabilities		**13,667**	14,386
Net assets		**99,111**	35,665
Equity			
Called up share capital	26	**1,581**	954
Share premium account	26	**98,988**	37,001
Capital redemption reserve	27	**34**	34
Retained (deficit)/earnings		**(1,492)**	(2,324)
Total equity		**99,111**	35,665

The accompanying notes are an integral part of this statement of financial position. The Company has elected to take the exemption under section 408 of the Companies Act 2006 to not present the Company income statement. The profit for the Company for the year was £832,000 (2021: loss of £5,434,000).

The financial statements on pages 19 to 56 were approved by the Board of Directors and authorised for issue on 6th July 2023 and were signed on its behalf by:

Graham Barnet
Chief Executive Officer

6th July 2023

Registered number 03942129

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2022

	Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Merger reserve £'000	Capital reserve £'000	Revaluation Reserve £'000	Retained earnings £'000	Total equity £'000
At 1 October 2020	**895**	**32,210**	**34**	**(249)**	**(7)**	**186**	**28,071**	**61,140**
Profit for the period	-	-	-	-	-	-	3,926	3,926
Other comprehensive income	-	-	-	-	-	-	926	926
	-	-	-	-	-	-	4,852	4,852
Transactions with owners in their capacity as owners								
Issue of shares	59	4,791	-	-	-	-	-	4,850
Share-based payments net of deferred tax	-	-	-	-	-	-	343	343
Dividend paid	-	-	-	-	-	-	(1,792)	(1,792)
At 31 December 2021	**954**	**37,001**	**34**	**(249)**	**(7)**	**186**	**31,474**	**69,393**
Profit for the period	-	-	-	-	-	-	8,482	8,482
Other comprehensive loss	-	-	-	-	-	-	(624)	(624)
	-	-	-	-	-	-	7,858	77,251
Transactions with owners in their capacity as owners								
Issue of shares	626	61,987	-	-	-	-	-	62,613
Share-based payments net of deferred tax	-	-	-	-	-	-	-	-
Dividend paid	-	-	-	-	-	-	-	-
At 31 December 2022	**626**	**98,988**	**34**	**(249)**	**(7)**	**186**	**39,332**	**139,864**

COMPANY STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2022

	Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Retained earnings £'000	Total equity £'000
At 1 October 2020	895	32,210	34	4,557	37,696
Issue of shares	59	4,791	-	-	4,851
Profit for the period	-	-	-	(5,433)	(5,434)
Share-based payments	-	-	-	344	344
Dividend paid	-	-	-	(1,792)	(1,792)
At 31 December 2021	**954**	**37,001**	**34**	**(2,324)**	**35,665**
Issue of shares	627	61,987	-	-	62,614
Profit for the period	-	-	-	832	832
Share-based payments net of deferred tax	-	-	-	-	-
Dividend paid	-	-	-	-	-
At 31 December 2022	**1,581**	**98,988**	**34**	**(1,492)**	**99,111**

CONSOLIDATED AND COMPANY CASH FLOW STATEMENTS
for the year ended 31 December 2022

	Notes	GROUP Year ended 31 December 2022	GROUP 15 months to 31 December 2021	COMPANY Year ended 31 December 2022	COMPANY 15 months to 31 December 2021
Cash flows from operating activities					
Cash generated from/(used in) operations	29	**(2,518)**	7,690	**187**	2,996
Net cash inflow/(outflow) from operating activities		**(2,518)**	7,690	**187**	2,996
Cash flows from investing activities					
Purchase of property and equipment		**(659)**	(774)	**-**	-
Purchase of intangible assets		**(372)**	(632)	**-**	-
Proceeds from the sale of fixed assets		**265**	50	**-**	-
Loans to subsidiaries		**-**	-	**(66,014)**	
Investment in joint venture		**-**	-	**-**	-
Investment in associate		**(2,880)**	(2,985)	**-**	-
Purchase of investment property		**(88,988)**	(25,237)	**-**	-
Proceeds from the sale of investment property		**9,889**	68,683	**-**	-
Purchase of financial assets at fair value	21	**-**	(1,146)	**-**	-
Distributions received	21	**36**	442	**-**	-
Dividends received	21	**233**	292	**1,234**	-
Finance income received		**-**	-	**-**	-
Finance cost paid		**(945)**	(233)	**-**	-
Deposit into Escrow Account		**(5,279)**	(5,667)	**-**	-
Net cash inflow/(outflow) from investing activities		**(88,700)**	32,793	**(64,780)**	-
Cash flows from financing activities					
Bank and other loans		**14,042**	(38,698)	**-**	-
Issue of shares		**62,613**	59	**62,614**	59
Dividends paid		**-**	(1,792)	**-**	(1,792)
Net cash (outflow)/inflow from financing activities		**76,655**	(40,431)	**62,614**	(1,733)
Net increase/(decrease) in cash and cash equivalents		**(14,563)**	52	**(1,979)**	1,263
Cash and cash equivalents at beginning of year/period		**25,821**	25,769	**5,439**	4,176
Cash and cash equivalents at end of year/period		**11,258**	25,821	**3,460**	5,439

The accompanying notes are an integral part of this cash flow statement.

Reconciliation of changes in liabilities arising from financing activities

	GROUP Year ended 31 December 2022 £'000	GROUP 15 months to 31 December 2021 £'000
Opening balance of loans at beginning of the year/period	**4,381**	43,079
New loans	**18,424**	11,038
Repayment in the year	**(4,381)**	(49,736)
	18,424	4,381

Further details are provided in note 24.

ACCOUNTING POLICIES
for the year ended 31 December 2022

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

Basis of accounting
The financial statements have been prepared on a going concern basis.

These financial statements present Sigma's trading results for the year ended 31 December 2022 and the comparative figures are for the fifteen months ending 31 December 2021. This follows the change in Sigma's financial year end to 31 December which is in line with that of PineBridge. The comparatives are therefore not comparable.

The business model of the Group together with the principal risks and uncertainties are set out in the Strategic Report and the Group's financial risk management is covered in note 1.

The progress of the Group since the statement of financial position date is described in the Strategic Report and Directors' Report.

The Group had a bank balance (including deposits) of £22.2m as at 31 December 2022 (2021: £31.5m) and therefore has considerable financial resources for the size of its current business activities.

The financial statements of the Group and the Company have been prepared in accordance with UK adopted International Accounting Standards (IFRSs) and in the case of the Company financial statements, as applied in accordance with the Companies Act 2006. The Company has elected to take the exemption under section 408 of the Companies Act 2006 to not present the Company income statement.

The financial statements have been prepared on the historical cost basis, except where IFRS requires an alternative treatment. The principal variations from historical cost relate to financial instruments and investment property.

Adoption of new and revised standards

Standards and interpretations in issue but not yet effective
Certain new accounting standards and interpretations have been published that are not mandatory for 31 December reporting periods and have not been adopted early by the Group. These standards are not expected to have a material impact on the Group in the current or future reporting periods or on foreseeable future transactions.

Basis of consolidation
The Group financial statements consolidate the financial statements of Sigma and its subsidiary undertakings. The Group has taken advantage of the exemption under IFRS 1 *First-time Adoption of International Financial Reporting Standards* not to adopt IFRS 3 retrospectively and hence has used merger accounting for Sigma Technology Management Limited ("**STM**") which was first consolidated into the Group in 2000. All other subsidiary undertakings are consolidated using acquisition accounting from the date of acquisition.

Under acquisition accounting, the cost of an acquisition is measured as the fair value of the assets acquired, equity instruments issued, and liabilities incurred or assumed at the date of exchange. Identifiable assets acquired, together with liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. The direct costs of acquisition are recognised immediately as an expense.

The Company has guaranteed the liabilities of certain subsidiaries included within note 17. Where the Company has guaranteed the liabilities of the subsidiary and they are included within the consolidated financial statements the subsidiaries were exempt from the requirements of audit under Section 479A of the Companies Act 2006.

The Group has a 5% equity interest in London BTR Investments Limited, its joint venture with EQT Real Estate ("**London JV**"). The Group uses the equity method, initially at cost, and the carrying amount is increased or decreased to reflect the Group's share of the profit or loss with the amount recognised in the profit and loss account. The Group neither exercises control nor has the potential to control the London JV.

ACCOUNTING POLICIES (continued)
for the year ended 31 December 2022

The Group has a 0.01% share of any profits that might arise in the Liverpool Partnership through a wholly owned subsidiary. The Directors consider that the Group neither exercises control nor has the potential to control the partnerships and acts solely in a commercial capacity as project manager, development manager and developer of the underlying projects undertaken by the partnership. During the year, the Company dealt with residual matters in respect of the partnership.

The Group has a 25.1% equity interest in Countryside Sigma Limited ("**CSL**") a residential housing developer also engaged in the sourcing and provision of affordable housing for housing associations and other registered social landlords. The Group earns profits on residential developments depending on the size of each development and is entitled to 50% of the residual profits of CSL once all developments are complete. The Group uses the equity method, initially at cost, and the carrying amount is increased or decreased to reflect the Group's share of the profit or loss with the amount recognised in the profit and loss account. CSL's final project was completed in 2019 and will deal with any further residual matters during 2023. The Group neither exercises control nor has the potential to control CSL.

The Group held a 20.1% interest in Thistle Limited Partnership ("**TLP**"), its PRS joint venture with Gatehouse. The Group retained a share of the net disposal profits on the assets, subject to a minimum return to investors. As specified in the constitutional documents of the Partnership, all power and authority lies with the Gatehouse general partner and therefore Sigma is contractually bound to follow the instructions of the Gatehouse general partner. The Group neither exercised control nor had the potential to control TLP and solely acted in a commercial capacity as development and asset manager.

The Group also has a 20% interest in UK PRS (Jersey) I LP in relation to its PRS joint venture with UK PRS Properties. The Group retains a share of net disposal profits on the assets, subject to a minimum return to investors. As specified in the constitutional documents of the Partnership, all power and authority lies with the Gatehouse general partner and therefore Sigma is contractually bound to follow the instructions of the Gatehouse general partner. The Group neither exercises control nor has the potential to control UK PRS (Jersey) I LP and acts solely in a commercial capacity as development and asset manager.

Intangible assets

Goodwill
Goodwill arising on consolidation represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets and liabilities of a subsidiary at the date of acquisition. Goodwill is recognised as an asset and reviewed for impairment annually. For the purposes of assessing impairment, assets are grouped in to cash generating units ("**CGU**"), being the lowest levels for which there are separately identifiable cash flows. Any impairment is recognised immediately in the income statement and is not subsequently reversed. When the Group disposes of an interest in a subsidiary, the value of goodwill is reduced by the proportion that relates to the interest being disposed of.

Acquired intangible assets
Intangible assets are recognised on business combinations if they are separable from the acquired entity or give rise to other contractual/legal rights. The amounts ascribed to such intangibles are arrived at by using appropriate valuation techniques.

Other intangible assets
The Group incurs other set up and software costs which are capitalised as other intangible assets and are amortised over the expected life of the project.

The significant intangibles recognised by the Group, their useful economic lives and the methods used to determine the cost of intangibles acquired in a business combination are as follows:

Intangible asset	*Useful economic life*	*Valuation method*
Customer relationships	Remaining period of contract	Multi-period Earnings

ACCOUNTING POLICIES (continued)
for the year ended 31 December 2022

Investment Property
Property that is held for long-term rental yields or for capital appreciation or both is classified as investment property under IAS 40. Investment property, including that which is being constructed for future use as investment property, is measured initially at cost including related transactions costs. After initial recognition, investment property is carried at fair value. Gains or losses arising from changes in the fair value of the Group's investment properties are included in profit from operations in the income statement of the period in which they arise. Investment property falls within Level 3 of the fair value hierarchy as defined by IFRS 13. Further details are provided in note 1 and in the Market Risk section below.

Property and equipment
Property is held at fair value less subsequent depreciation. The only property held is the Group's premises at 18 Alva Street, Edinburgh and was valued by an independent expert as at 31 December 2018 and subsequently by the Directors. Equipment is stated at cost less depreciation and any provision for impairment.

Depreciation
Depreciation is provided at rates calculated to write-off the cost less estimated residual value of each asset on a straight-line basis over its expected useful life. The rates of depreciation are as follows:

Property (excluding land)	2% per annum
Leasehold improvements	over the term of the lease
Motor Vehicles	33% per annum
Fixtures and office equipment	25% per annum
Computer equipment	33-50% per annum

Interests in joint ventures
Investments in joint ventures are accounted for by the equity method of accounting and are initially recognised at cost. The carrying amount is thereafter increased or decreased to recognise the Group's share of profit or loss after the date of acquisition. The Group's share of profit or loss is recognised in the income statement.

Interests in associates
Investments in associates are accounted for by the equity method of accounting and are initially recognised at cost. The carrying amount is thereafter increased or decreased to recognise the Group's share of profit or loss after the date of acquisition. The Group's share of profit or loss is recognised in the income statement.

Financial instruments
Financial assets and financial liabilities are recognised on the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

Trade and other receivables
Trade receivables are recognised initially at fair value and subsequently carried at amortised cost less provision for impairment. Where the time value of money is material, receivables are carried at amortised cost using the effect interest method. Impairment provisions are recognised based on the expected credit loss model detailed within IFRS 9. The Group applies the IFRS 9 simplified approach to measuring expected credit losses using a lifetime expected credit loss provision for trade receivables and contract assets. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition. The expected credit losses on those financial assets are estimated based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

Deposits
Deposits represents amounts held in Escrow in respect of future funding requirements in relation to the London JV. Fees earned by Sigma are paid into an Escrow account until funding levels held represent twelve months forward funding of development costs.

Cash
Cash and cash equivalents comprise cash at bank.

ACCOUNTING POLICIES (continued)
for the year ended 31 December 2022

Investments
Investments represent the Group's interest in the equity value of one quoted stock, one unquoted stock and one venture capital fund managed by a third party.

Investments are classified as financial assets at fair value through profit or loss or at fair value through other comprehensive income and are initially measured at fair value. Subsequent measurement is at fair value. Investments designated at fair value through other comprehensive income on initial recognition is irrevocable. The fair value of the quoted stock is based on the bid price at the year-end date. The fair value of the unquoted stock is established using International Private Equity and Venture Capital Valuation Guidelines. The fair value of the investment in the venture capital fund is based on the net asset value of the fund at the Company's year-end as reported by the independent fund manager where the Board believes that this is materially equivalent to fair value. The fund manager undertakes a full fair value assessment of the investments held by the venture capital fund using valuation methodologies in line with British Venture Capital Association guidelines.

Investments classified as financial assets at fair value through profit or loss or financial assets at fair value through other comprehensive income are recognised as non-current assets.

Investments in subsidiary companies are stated at cost less provision for any impairment in value.

Trade payables
Trade payables are not interest bearing and are stated at amortised cost.

Equity instruments
Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Current and deferred tax
The charge for current tax is based on the results for the year adjusted for items which are non-assessable or disallowed. It is calculated using rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax basis used in the computation of taxable profit. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be recognised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction which affects neither the tax profit nor the accounting profit.

Deferred tax is calculated at the rates that are expected to apply when the asset or liability is settled. Deferred tax is charged or credited in the income statement, except when it relates to items credited or charged directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Share-based payments
Prior to the acquisition of the Company in 2021, the Group issued equity-settled share-based payments to certain employees. Equity-settled share-based payments were measured at fair value (excluding the effect of non-market based vesting conditions) at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments was expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares or options that would eventually vest. Prior to the acquisition of the Company all remaining share options were exercised.

Fair value is measured using the Black Scholes-Merton pricing model. The expected life used in the model was adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

ACCOUNTING POLICIES (continued)
for the year ended 31 December 2022

Revenue recognition
The Group's revenue streams, other than rental income, are recognised in accordance with IFRS 15 which was adopted from 1 January 2018. The Group applies IFRS 15 to each of its revenue streams analysing its nature, the timing of satisfaction of performance obligations and any significant payment terms. Full details of the Group's application of IFRS 15 is provided in note 4.

Revenue recognised in advance of invoicing is accounted for as contract receivables within trade and other receivables and is recognised at fair value through profit and loss.

Managed Property
Acquisition fees are based on a fixed percentage of the actual cost in respect of assets acquired by the London JV. These are recognised when the asset has been acquired and on the acquisition price, therefore, the Directors assess that the risk of revenue reversal is negligible. There is only one performance measure, being the acquisition of the asset.

Development management fees are based on a fixed percentage of certain elements of the actual development cost and are recognised based on the actual development expenditure measured on a monthly basis. As these are recognised based on actual expenditure of the development the Directors assess that the risk of revenue reversal is negligible. Development management involves looking after developments in progress and is therefore considered to have continuous measurable performance obligations.

Investment advisory fees are based on a fixed percentage of an adjusted net asset value of The PRS REIT plc and have continuous performance obligations through the project period. These are defined in the investment advisory agreement but include managing the assets, seeking out, evaluating and recommending investment opportunities, ensuring management information is provided to the REIT board and regulatory information is provided to the AIFM.

Fees in relation to administrative services provided are a fixed amount per annum. The agreement is to provide finance and administration services and is considered to have continuous performance obligations.

Owned PRS Property
The Group rents residential housing to individual tenants who are invoiced monthly in advance based on an agreed assured shorthold tenancy which lasts for a period of twelve months. Rental income is covered under IFRS 16.

Dividend income
Dividends are received from financial assets measured at fair value through profit or loss ("**FVPL**") and at fair value through other comprehensive income ("**FVOCI**"). Dividends are recognised as other income in profit or loss when the right to receive payment is established.

Finance costs and income
Finance costs comprise interest expense on borrowings and changes in the fair values of derivative liabilities. All borrowing costs are recognised in the profit or loss using the effective interest method, except to the extent that they are capitalised as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to be prepared for its intended use or sale.

Interest income is accrued by reference to the principal outstanding and the effective interest rate applicable.

Retirement benefit costs
The Group manages a defined contribution retirement benefit scheme. The amount charged to the income statement in respect of retirement benefit costs represents the contributions payable in the period. Differences between contributions payable in the period and contributions actually paid are shown as either prepayments or accruals in the statement of financial position.

ACCOUNTING POLICIES (continued)
for the year ended 31 December 2022

Impairment
At each statement of financial position date, the Group conducts an impairment review of the carrying amounts of its property and equipment and intangible assets with finite lives to determine whether there is any indication that those assets may have suffered an impairment loss. The recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Goodwill arising on acquisition is allocated to cash-generating units. The recoverable amount of the cash-generating unit to which goodwill has been allocated is tested for impairment annually, or on such other occasions that events or changes in circumstances indicate that it might be impaired. If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. Impairment losses are recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. Impairment losses relating to goodwill are not reversed.

Leases
IFRS 16 eliminates the classification of leases as either operating leases or finance leases for a lessee. Leases are 'capitalised' by recognising the present value of the lease payments and showing them either as lease assets (right-of-use "**ROU**" assets) or together with property, plant and equipment. If lease payments are made over time, a company also recognises a financial liability representing its obligation to make future lease payments. IFRS 16 requires the straight-line operating lease expense be replaced with a depreciation charge for lease assets (included within operating costs) and an interest expense on lease liabilities (included within finance costs).

As a lessor
The Group leases residential property to individual qualifying tenants on assured short-hold tenancies which are no longer than twelve months. The tenancy agreements do not contain any non-lease elements such as insurance or common area maintenance.

As a lessee
The Group leases office space in Manchester which expires in 2026, there was no material impact after applying IFRS 16 and therefore no adjustments have been made. The Group also leases low-value computer equipment which is exempt from reporting under IFRS 16, see note 28.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2022

1. **Financial risk management**

Financial risk factors
The Group's business activities are set out in the Strategic Report on pages 2 to 7. These activities expose the Group to a number of financial risks. The following describes the Group's objectives, policies and processes for managing these risks and the methods used to measure them. The Group only operates in the UK and transacts in sterling. It is not therefore directly exposed to any foreign currency exchange risk.

Capital risk management
The Group's objectives for managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders, benefits for other stakeholders and to maintain an efficient capital structure to manage the cost of capital. The capital structure of the Group consists of cash and cash equivalents, equity and debt. The Group meets its objectives by aiming to achieve a steady growth by mitigating risk, which will generate regular and increasing returns to the shareholders. The Group also seeks to minimise the cost of capital and optimise its capital structure. At 31 December 2022 the Group had short-term debt of £nil (2021: £4,381,000). There were no changes in the Group's approach to capital management during the year.

Financial instruments
The Group's principal financial assets and liabilities are those that arise directly from its operations: trade and other receivables, trade and other payables and cash and cash equivalents. The Group's other financial assets are its financial asset investments and its principal financial liabilities are loans, the main purpose of which is to finance the acquisition and development of the Group's investment property portfolio.

	Amortised cost		Fair value through profit or loss		Fair value through other comprehensive income	
	31 Dec 2022 £'000	31 Dec 2021 £'000	31 Dec 2022 £'000	31 Dec 2021 £'000	31 Dec 2022 £'000	31 Dec 2021 £'000
Financial assets						
Financial asset investments	-	-	3,369	3,833	2,677	3,301
Trade and other receivables	16,991	11,163	-		-	
Cash and other cash equivalents	22,204	31,488	-		-	
Total financial assets	**39,195**	**42,651**	**3,369**	**3,833**	**2,677**	**3,301**
Financial liabilities						
Trade and other payables	8,321	7,643	-	-	-	-
Interest bearing loans	18,423	4,381	-	-	-	-
Total financial liabilities	**26,744**	**12,024**	**-**	**-**	**-**	**-**

Market risk

Price risk
The Group is exposed to equity securities price risk because of equity investments held by the Group and classified on the consolidated statement of financial position either as financial assets held at fair value through profit and loss, financial assets held at fair value through other comprehensive income or trading investments held at fair value through profit or loss. At 31 December 2022, 86% (2021: 90%) of the Group's investments represented an investment in quoted stock and 5% (2021: 4%) were in one venture fund.

The venture fund invests in early-stage companies which are by their nature of a higher risk than more mature trading companies. Risk is mitigated to a certain extent by the fact that the fund holds investments in several companies. At 31 December 2022, the fund held 6 investments (2021: 6 investments). A third party manages the venture fund.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2022

A net movement of 10% in the value of the venture fund holdings would give rise to a movement in the income statement of £34,000 (2021: £27,000) whilst a net 10% movement in the value of the quoted stock would give rise to a movement in the income statement of £523,000 (2021: £645,000).

The Group's financial assets held at fair value through the profit and loss account and held at fair value through other comprehensive income fall either within Level 1 or Level 3. The Group's investment in quoted stock falls within Level 1 and its value is readily available on The London Stock Exchange. The Group's investments in a venture fund and unquoted stock fall with Level 3. The investment valuations are provided by the manager of the fund based on industry guidelines and reviewed quarterly by the Board. The valuations are based on market data related to multiples appropriate to the related industry and development stage of the investee. The significant unobservable inputs relate to this data.

The Group earns profit share in respect of property projects which are partly based on development values and are therefore exposed to price risk.

Fair values
IFRS 13 sets out a three-tier hierarchy for financial assets and liabilities valued at fair value. These are as follows:

Level 1 Quoted prices (unadjusted) in active markets for identical assets and liabilities;

Level 2 Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly; and

Level 3 Unobservable inputs for the asset or liability.

The investment properties are externally valued by CBRE. CBRE are qualified external valuers who hold a recognised and relevant professional qualification. Gains or losses arising from changes in the fair value of the Group's investment properties are included in profit from operations in the income statement of the period in which they arise. Investment property falls within Level 3 of the fair value hierarchy as defined by IFRS13. The valuations include a number of unobservable inputs and other valuation assumptions.

The significant unobservable inputs and the range of values used are:

Type	Range
Investment yield	3.95% to 4.4%
Gross to net assumption	21.0% to 24.5%

The impact of changes to the significant unobservable inputs are:

	2022 Income statement impact £'000	2022 Statement of financial position impact £'000	2021 Income statement impact £'000	2021 Statement of financial position impact £'000
Improvement in yield by 0.125%	3,350	3,350	846	846
Worsening in yield by 0.125%	(3,350)	(3,350)	(788)	(788)
Improvement in gross to net by 1%	1,480	1,480	353	353
Worsening in gross to net by 1%	(1,470)	(1,470)	(345)	(345)

The above sensitivities are the average values in respect of all investment property fair valued at 31 December 2022 and include investment properties under construction.

Interest rate risk
The impact of interest rate risk is on income and operating cash flow and arises from changes in market interest rates. The Group has interest rate risk in respect of the loan from Barclays Bank plc and Homes England which is utilised to fund property investment. At 31 December 2022, the total loan outstanding was £18.4m (2021: £nil). A 1% movement in interest rates would result in a £184,000 movement in interest payments per annum.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2022

From time to time, certain of the Group's cash resources are placed on short term fixed deposit of up to one year to take advantage of preferential rates. Otherwise, cash resources are held in current, floating rate accounts. See note 24 for details of loans.

Credit risk
The Group's credit risk is primarily attributable to its trade receivables and other current assets.

During the year ended 31 December 2022, the Group's cash and cash equivalents were held with Bank of Scotland plc, The Royal Bank of Scotland plc and Barclays Bank plc.

The concentration of credit risk from trade receivables and other current assets varies throughout the year depending on the timing of transactions and invoicing of fees.

Property rental income arises from the Group's investment in PRS assets. Rental income is derived from multiple tenants across the Group's portfolio. It is paid monthly in advance and both historically and currently the Group has suffered no bad debts. Under IFRS 9, the Group is required to consider historic, current and forward looking information when assessing whether to recognise any credit losses.

Property project management fees historically arose from Sigma Inpartnership's joint venture, CSL. The fees were agreed in advance and recognised as per the accounting policy on revenue recognition. Fees were payable on a monthly basis over the development period. Each project was subject to financial due diligence prior to commencement including a detailed appraisal. The project was reviewed regularly thereafter. As the fees were paid throughout the development period the risk is reduced. The Group is dealing with residual matters in respect of CSL and therefore does not expect any further property management fees to arise.

The profit share arising from Sigma Inpartnership's joint venture, CSL, is recognised as per the accounting policy on revenue recognition. The profit share is payable once the project is complete and once other criteria have been fulfilled. Each project is subject to financial due diligence prior to commencement including a detailed investment appraisal. The project is reviewed regularly thereafter. The profit share is expensed in the joint venture before the calculation of the Group's equity investment.

Carried interest arises from the Group's PRS activities with Gatehouse and was calculated based on a valuation on a disposal of the related investment or from an agreed valuation. The Group's PRS activities with Gatehouse were subject to financial due diligence prior to commencement including a detailed appraisal. In January 2021 the investment portfolio was sold and as a result the carried interest has been finalised at a value of £2.9m of which £2.7m was received in the prior period with the balance received in the current year. Carried interest was recognised on a phased basis over the initial expected life of the project.

Revenue recognised in advance of the contracted right to invoice or receive payment is shown in accrued income. The amounts recognised will be paid during the development period, usually in the month following. The underlying fundamentals of the projects are such that the credit risk represented by these amounts is deemed to be low.

Asset management fees are earned in respect of the Group's PRS Joint Venture UK PRS Properties and are earned based on the number of residential units that have reached practical completion. The credit risk relates to the non-payment of fees.

Acquisition fees earned in respect of the Group's PRS activities with the London JV are based on actual land acquisition costs in a month and are paid monthly in arrears. The credit risk relates to the non-payment of fees.

Development fees earned in respect of the Group's PRS activities with the PRS REIT and the London JV are based on actual development spend in a month and are paid monthly in arrears. The credit risk relates to the non-payment of fees.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2022

Asset management fees are earned in respect of the Group's activities with the London JV and are based on a % of the land and construction cost of each site once stabilisation has been reached.

Investment advisory fees are based on an adjusted net asset value of the PRS REIT and are paid monthly in arrears. The credit risk relates to the non-payment of fees.

Other exposures of the Group are spread over a number of customers and counterparties with little concentration on any one entity.

The concentration of credit risk arising from trade receivables and other current assets is analysed below:

	Year ended 31 December 2022 £'000	15 months to 31 December 2021 £'000
Acquisition, development and asset management fees due to Sigma Capital Property Ltd	**472**	1,125
Development management fees due to Sigma PRS Management Ltd	**107**	199
Investment advisory fees due to Sigma PRS Management Ltd	**497**	492
Other property management fees	**280**	49
Other receivables	**11,873**	7,177
Other prepayments	**1,832**	378
Other accrued income	**183**	444
	15,244	9,864

The maximum exposure to credit risk for trade receivables and other current assets is represented by their carrying amount. Other receivables includes amounts due from PineBridge as a result of the takeover of Sigma Capital Group Limited and VAT.

Liquidity risk
The Group seeks to manage liquidity risk to ensure sufficient liquidity is available to meet the requirements of the business and to invest cash assets safely and profitably. The Board regularly reviews available cash to ensure there are sufficient resources for working capital requirements. As at 31 December 2022 the Group's net current assets/liabilities were £19.9m (2021: £30.6m) and the Group had positive cash balances of £11.3m (2021: £25.8m), which excludes any deposits.

The Group's development facility with Homes England was fully repaid in 2022 on the disposal of the remaining investment secured under the facility.

A new joint facility with Barclays Bank plc and Homes England was agreed in 2022. The development facility is for £91m and is repayable in 2025. Amounts drawn from the facility as at 31 December 2022 amounted to £18.4m

The below summarises the maturities of the Group's financial liabilities, excluding tax, as at 31 December 2022:

	On demand £'000	< 3 months £'000	3 to 12 months £'000	1 to 5 years £'000	> 5 years £'000	Total £'000
As at 31 December 2022						
Trade and other payables	-	6,710	1,611	-	-	8,321
Loans	-	-	-	18,423	-	18,423
	-	**6,710**	**1,611**	**18,423**	**-**	**18,423**
As at 31 December 2021						
Trade and other payables	4,661	1,803	1,179	-	-	7,643
Loans	-	-	4,381	-	-	4,381
	4,661	**1,803**	**5,560**	**-**	**-**	**12,024**

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2022

2. **Significant accounting estimates and judgements**

Sources of estimation uncertainty
The preparation of the financial statements requires the Group to make estimates, judgements and assumptions that affect the reported amount of assets, liabilities, revenues and expenses and related disclosure of contingent assets and liabilities. The Directors base their estimates on historical experience and various other assumptions that they believe are reasonable under the circumstances, the results of which form the basis for making judgements about the carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

Critical accounting estimates and judgements
The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Estimates and judgements are continually made and are based on historic experience and other factors, including expectations of future events that are believed to be reasonable in the circumstances.

As the use of estimates is inherent in financial reporting, actual results could differ from these estimates. The Directors believe the following to be the key area of judgement:

Fair value of investment property
The Group believes that the most significant judgement area in the application of its accounting policies is in respect of the fair valuation of its investment property. The matters taken into account when assessing the fair value of investment property are detailed in the accounting policy on investment property. The key unobservable inputs used in the fair value assessment of investment property along with the impact as a result of a change to those inputs is disclosed on page 32.

The Directors believe the following to be the key areas of estimation:

(i) Fair value of unlisted investments
The matters taken into account when assessing the fair value of the unlisted investments are detailed in the accounting policy on investments and in the assessment of Market Risk set out in note 1.

(ii) Goodwill and impairment
The recoverable amount of goodwill is determined based on value in use calculations of the cash-generating units to which it relates. Further detail on key assumptions, including growth rates, discount rates and the time period of these value in use calculations is given in note 14.

3. **Segmental information – business segments**
At 31 December 2022 the Group has just one business activity, property.

The Group had four significant customers in the year:

- Thistle Limited Partnership: profit share earned, £nil (2021: £1.1m);
- UK PRS (Jersey) Properties I Limited: fees totalling £0.5m (2021: £0.6m);
- The PRS REIT: acquisition, development and investment advisory fees of £7.5m (2021: £7.2m); and
- London BTR Investments Limited: acquisition, development and asset management fees of £4.5m (2021: £2.3m).

The revenue from services from the Group's Owned PRS property for the year amounted to £0.3m (2021: £0.8m) of gross rental income. Rental operating costs attributable to the gross rental income for the year were £47,000 (2021: £146,000).

The Directors regard the Group's reportable segments of business to be property (Regeneration, Managed and Owned PRS), venture capital and holding company activities. The business operates in a single region, the UK. Costs are allocated to the appropriate segment as they arise with central overheads apportioned on a reasonable basis.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2022

Segmental information

The Group's Regeneration activities consists mainly of its investment in a joint venture and contract receivables in respect of property projects. The Group's Owned PRS Property consists of Investment property measured at fair value. Venture Capital net assets represent an historic investment in one venture fund together with cash.

The segmental analysis for the year ended 31 December 2022 is as follows:

	Regeneration £'000	Managed Property £'000	Owned PRS Property £'000	Venture Capital £'000	Holding Company £'000	Intra group adjustments £'000	Total £'000
Revenue from services		**12,627**	**275**	**-**	**-**	**-**	**12,902**
Trading (loss)/profit	218	2,758	(14)	13	(194)	-	2,781
Unrealised gain on revaluation of investment property	-	-	7,958	-	-	-	7,958
Realised profit on revaluation of investment property	-	-	591	-	-	-	591
Unrealised loss on revaluation of investments held at fair value through profit and loss	-	(157)	-	167	-	-	11
Profit/(loss) from operations	218	2,601	8,535	180	(194)	-	11,341
Finance income	1	37	1	-	-	-	39
Finance costs	-	-	(984)	-	-	-	(984)
Dividend (paid)/received	-	233	-	-	1,234	(1,234)	233
Profit distribution to partners	(144)	-	-	-	-	-	(144)
Share of associate							
Profit before tax	**76**	**2,871**	**7,552**	**180**	**1,040**	**(1,234)**	**10,485**

The segmental analysis for the fifteen-month period ended 31 December 2021 is as follows:

	Regeneration £'000	Managed Property £'000	Owned PRS Property £'000	Venture Capital £'000	Holding Company £'000	Intra group adjustments £'000	Total £'000
Revenue from services	**-**	**15,248**	**750**	**-**	**-**	**-**	**15,998**
Trading (loss)/profit	(16)	4,942	471	(8)	(5,230)	-	159
Unrealised gain on revaluation of investment property	-	-	3,079	-	-	-	3,079
Realised profit on revaluation of investment property	-	-	724	-	-	-	724
Unrealised loss on revaluation of investments held at fair value through profit and loss	-	918	-	41	-	-	959
Profit/(loss) from operations	(16)	5,860	4,274	32	(5,230)	-	4,921
Finance income						-	
Finance costs	-	(4)	(229)	-	-	-	(233)
Dividend (paid)/received	-	292	-	-	-	-	292
Profit distribution to partners						-	
Share of associate	52	-	-	-	-	-	52
Profit before tax	**36**	**6,148**	**4,045**	**32**	**(5,230)**	**-**	**5,031**

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2022

4. Revenue

Nature of revenue streams
The following should be read in conjunction with the Group's accounting policy as detailed in the accounting policies on page 29:

Managed Property
The Group's managed property segment is leading the way in the delivery of the residential family housing in the private rented sector market using its Sigma PRS platform for the delivery of homes across the regions of the United Kingdom.

Revenue stream	Nature, timing of satisfaction of performance obligations and significant payment terms	Accounting policy
Acquisition Fees (Managed PRS)	The Group earns an acquisition fee based on a fixed percentage of the land acquisition cost and is deemed to have a one-off performance obligation i.e. when the land is acquired. Fees are payable monthly in arrears	Revenue is recognised when the land acquisition has completed.
Development Management Fees (Managed PRS)	The Group earns development management fees based on a fixed percentage of the development cost spent on a monthly basis and is deemed to have continuous performance obligations measured by site progress. Revenue is recognised on a monthly basis. Fees are payable either monthly or quarterly in arrears.	Revenue is recognised when the development expenditure has been incurred. The performance obligations are continuous throughout the development period.
Investment Advisory Fees	The Group earns investment advisory fees which are based on a monthly adjusted net asset value and are therefore recognised monthly and payable monthly in arrears. The performance obligations are considered to be continuous and include managing the assets, seeking out, evaluating and recommending investment opportunities and providing information to the PRS REIT Board and AIFM.	Revenue is recognised once the service has been provided. The conditions of the contract dictate that the revenue should be recognised on a monthly basis.
Administrative Services	The Group earns fees in relation to administrative services which are considered to be continuous performance obligations. The fees are earned monthly and are payable monthly in arrears	Revenue is recognised once the service has been provided. The conditions of the contract dictate that the revenue should be recognised on a monthly basis.

5. Cost of sales

	Year to 31 December 2022 £'000	15 months to 31 December 2021 £'000
PRS activities	**47**	146

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2022

6. **Profit on disposal of Investment property**
Investment property is regarded as sold when the significant risks and returns have been transferred to the buyer. This is deemed to be on legal completion. In line with IAS 40, the Group fair values its investment properties and any adjustment is shown as an unrealised gain or loss in the income statement. During the year, the Group disposed of investment properties based on independent market valuations crystallising a realised gain of £2.1m (2021: £3.5m) of which £1.5m (2021: £2.8m) was recognised as fair value uplift in prior years, see note 15.

7. **Expenses by nature**
Expenses included in Administrative expenses are analysed below.

	Year ended 31 December 2022 £'000	15 months to 31 December 2021 £'000
Administrative expenses		
Employee costs (salaries and national insurance)	6,866	6,214
Employers pension contributions	281	291
Share based payments	-	111
Other employee related costs	279	151
Consultancy	126	169
Travel and entertainment	285	166
Depreciation	222	186
Amortisation	77	54
Operating lease rentals:		
- plant and machinery	-	-
- land and buildings (net)	183	225
Other premises costs	115	125
Audit services:		
- fees payable to Company auditor for the audit of the parent company and consolidated accounts	90	70
- the audit of the Company's subsidiaries	60	49
Non-audit services:		
- tax services	91	140
- other accountancy services	-	-
Other legal, professional and financial costs	1,298	1,359
Administration costs	100	170
	10,073	9,480

8. **Restructuring costs**
During the year, one-off restructuring costs totalling £nil (2021: £6.2m) were incurred as a result of the acquisition of the Company by Six Bidco Ltd.

9. **Finance income**

	Year ended 31 December 2022 £'000	15 months to 31 December 2021 £'000
Interest income on short-term deposits and loans	39	-
	39	-

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2022

10. Finance costs

	Year ended 31 December 2022 £'000	15 months to 31 December 2021 £'000
Other interest	-	233
Bank fees	983	-
	983	233

11. Dividend income

	Year ended 31 December 2022 £'000	15 months to 31 December 2021 £'000
Dividends received from equity shares	232	292

The dividends received relate to the Group's equity interest in The PRS REIT plc.

12. Directors and employees

The average monthly number of employees, including executive Directors, employed by the Group during the year and prior period was:

	Year ended 31 December 2022	15 months to 31 December 2021
Property	36	27
Administration	16	18
	52	45

The aggregate remuneration was as follows:

	Year ended 31 December 2022 £'000	15 months to 31 December 2021 £'000
Wages and salaries	6,028	5,417
Social security	838	797
Pension costs – defined contribution plans	281	291
Share based payment charge - equity settled	-	111
	7,147	6,616

Directors' Remuneration

The directors' remuneration for the year was as follows:

	Year ended 31 December 2022 £'000	15 months to 31 December 2021 £'000
Remuneration	808	1826
Annual incentives	100	59
Contributions paid to money purchase schemes	8	43
	916	1928

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2022

In respect of the highest paid director:

	Year ended 31 December 2022 £'000	15 months to 31 December 2021 £'000
Remuneration	808	803
Annual incentives	100	0
Contributions paid to money purchase schemes	4	10
	912	813

Mike McGill, Gordon More, Ian Sutcliffe, Duncan Sutherland and Gwynn Thomson resigned from the Board on 23 February 2022.

Joseph De Leo, George MacKinnon and Luca Scollo were appointed to the Board on 23 February 2022 and are remunerated by a fellow group undertaking.

Carried interest arrangements
One of the Directors has been allocated a share of the carried interest assigned to Sigma arising from the historic venture funds. Current estimates are that no value is attributable to this carried interest.

During the period three of the Directors received a share of the total carried interest arising from an exit in respect of the Group's investment in the PRS joint venture with Gatehouse.

The total amount received by the directors during the period amounted to £61,000. The total entitlement to the Directors was split in the following proportions:

GF Barnet	8.50%
G Thomson	5.00%
D Sutherland	3.00%

Subject to certain performance conditions, one of the Directors may be entitled to a share of the total carried interest which could arise from an exit in respect of the Group's investment in the PRS joint venture with UK PRS Properties.

Based on the methodology presently used to recognise a portion of the carried interest as Group revenue, the value of the total entitlement is expected to be nil. This amount is dependent upon the actual outcome of the project and is not contractually due to the Directors unless there is an exit in respect of Sigma's investment which is not expected to be until 2023 at the earliest. The total entitlement to the Directors is split in the following proportions:

GF Barnet 7.50%

Subject to certain performance conditions, one of the Directors may be entitled to a share of the total profit on disposal in relation to the Group's self-funded PRS properties. The amount is dependent on the actual disposal of the investment property and is not contractually due to the Directors unless there is a disposal. The total entitlement to the Directors is split in the following proportions:

GF Barnet 4.5%

During the period, the disposal of certain investment property was completed and the following Directors received the following profit shares in respect of carried interest:

GF Barnet £110,000

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2022

13. **Taxation**

	Year ended 31 December 2022 £'000	15 months to 31 December 2021 £'000
UK corporation tax on profit for the year/period	711	1,439
Adjustments in respect of prior periods	(315)	(157)
Deferred tax	1,607	(176)
Tax on profit on ordinary activities	2,003	1,106

The corporation tax assessed for the year is higher than the standard rate of corporation tax in the UK. The differences are explained below.

	Year ended 31 December 2022 £'000	15 months to 31 December 2021 £'000
Profit before tax	10,485	5,032
Profit before tax at the effective rate of corporation tax in the UK of: 19% (2021: 19%)	1,992	956
Effects of:		
Expenses not deductible for tax purposes	517	1,392
Non-taxable income	(225)	(490)
Short-term timing differences	-	40
Share of joint venture profit after tax	(53)	753
Capital allowances in excess of depreciation		
Utilisation of losses	(1)	-
Prior year adjustment for gains on revalued properties not previously recognised in deferred tax	-	-
Effect of difference between standard and deferred tax rate	386	286
Adjustment in relation to change in deferred tax rate	-	(407)
Movement in deferred tax	(295)	(1,269)
Adjustments in respect of prior periods	(315)	(157)
Other adjustments	(1)	2
Tax charge for the year/period	2,003	1,106

The Group's deferred tax assets, other than those relating to short term timing differences, are not recognised as it is not sufficiently clear that losses will be capable of utilisation in future periods. The amounts set out below will be available for offset against future taxable profits. These are stated using a tax rate of 25% (2021: 25%) which was the rate substantively enacted at 31 December 2022.

	Year ended 31 December 2022 £'000	15 months to 31 December 2021 £'000
Unrelieved management expenses and other losses	755	553
Unrelieved capital losses	160	-
Chargeable gains	-	-
Excess of depreciation over capital allowances	-	2
	916	555

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2022

14. **Goodwill and other intangible assets**

	Goodwill £'000	Other intangibles £'000	Total £'000
Cost			
At 1 October 2020	533	105	638
Additions	-	628	628
At 31 December 2021	533	733	1,266
Additions	-	373	373
At 31 December 2022	533	1,106	1,639
Amortisation			
At 1 October 2020	-	105	105
Charge for the Period	-	54	54
At 31 December 2021	-	159	159
Charge for the Period	-	78	78
At 31 December 2022	-	237	237
Net Book Value			
At 31 December 2022	**533**	**869**	**1,402**
At 31 December 2021	**533**	**574**	**1,107**

Impairment
Goodwill and other intangibles arising on consolidation represent the excess of cost of an acquisition over the fair value of the Group's share of the net assets of the acquired subsidiary at the date of acquisition. The carrying amount of intangible assets, being the fair value of the contractual relationships, is allocated to the cash generation units ("**CGUs**") as follows:

Sigma Inpartnership

	Year ended 31 December 2022 £'000	15 months to 31 December 2021 £'000
Goodwill	**533**	533
Intangible assets	**-**	-

The major assumption used in value in use calculations is as follows:		
Pre-tax discount rate	**9%**	9%

The Directors estimate discount rates using pre-tax rates that reflect current market assessment of the time value of money and the risk specific to the CGU. The pre-tax discount rate is based on a number of factors including the risk-free rate in the UK and the inherent risk of the forecast income streams included in the Group's cash flow projections.

The value in use cash flows are based upon management approved budgets for a period of one year and on specific assumptions and projections on a project by project basis for a further four years, using management's detailed knowledge and expectations of the outcome of each project. Thereafter a conservative estimate of continuing cash flows is included assuming nil growth.

The results of the value in use calculations for the CGU shows that Sigma Inpartnership exceeds its carrying amount in both the current year and prior period. It would require an increase of over 100% in the discount rate for an impairment to be considered.

The balance of other intangibles relates to set up and software costs which are amortised over the expected economic life of the project.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2022

15. **Investment property**

	GROUP 31 December 2022 £'000	GROUP 31 December 2021 £'000	COMPANY 31 December 2022 £'000	COMPANY 31 December 2021 £'000
Cost				
Opening balance	22,408	62,368	-	-
Additions during the period	88,988	25,237	-	-
Disposals during the period	(7,815)	(65,197)	-	-
At period end	103,581	22,408	-	-
Fair value adjustment				
Opening balance	3,991	3,674	-	-
Revaluation during the period	8,549	3,803	-	-
Disposals during the period	(2,074)	(3,486)	-	-
At period end	10,466	3,991	-	-
Net book value				
At period end	**114,047**	**26,399**	**-**	**-**

Investment property, including that which is being constructed for future use as investment property, is measured initially at cost including related transactions costs. After initial recognition, investment property is carried at fair value. The investment properties were valued externally by CBRE. CBRE are qualified external valuers who hold a recognised and relevant professional qualification. Gains or losses arising from changes in the fair value of the Group's investment properties are included in profit from operations in the income statement of the period in which they arise.

IFRS 13 sets out a three tier hierarchy for financial assets and liabilities valued at fair value. Investment property falls within Level 3. Further details can be found on page 32.

Rental income from investment properties during the year amounted to £275,000 (2021: £750,000) and direct operating expenses during the year were £47,000 (2021: £146,000).

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2022

16. **Property and equipment**

Group	**Freehold property £'000**	**Leasehold improvements £'000**	**Fixtures and office equipment £'000**	**Computer equipment £'000**	**Motor Vehicles £'000**	**Total £'000**
Cost or fair value						
At 30 September 2020	1,250	61	60	68	104	1,543
Additions	-	-	12	22	740	774
Revaluation	-	-	-	-	-	-
Disposals	-	-	-	-	(79)	(79)
At 31 December 2021	1,250	61	72	90	765	2,238
Additions	-	-	4	12	642	658
Revaluation	-	-	-	-	-	-
Disposals	-	-	-	-	(306)	(306)
At 31 December 2022	1,250	61	76	102	1,101	2,590
Depreciation						
At 30 September 2020	-	47	50	39	4	140
Charge for the year	-	14	6	23	143	186
Disposals	-	-	-	-	(10)	(10)
At 31 December 2021	-	61	56	62	137	316
Charge for the year	-	-	3	21	198	222
Disposals	-	-	-	-	(95)	(95)
At 31 December 2022	-	61	59	83	240	443
Net book value						
At 31 December 2022	**1,250**	**0**	**17**	**19**	**861**	**2,147**
At 31 December 2021	1,250	1	17	28	626	1,922

No depreciation has been charged in respect of the freehold property. The residual value of the freehold property approximates to its fair value and therefore depreciation is considered immaterial.

Company	**Leasehold improvements £'000**	**Fixtures and office equipment £'000**	**Total £'000**
Cost			
At 30 September 2020	44	10	54
Additions	16	-	16
Disposals	-	-	-
At 31 December 2021	60	10	70
Additions	-	-	-
Disposals	-	-	-
At 31 December 2022	60	10	70
Depreciation			
At 30 September 2020	32	9	41
Charge for the year	16	-	16
Disposals	-	-	-
At 31 December 2020	48	9	57
Charge for the year	12	1	13
Disposals	-	-	-
At 31 December 2022	60	10	70
Net book value			
At 31 December 2022	**-**	**-**	**-**
At 31 December 2021	12	1	13

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2022

17. Investment in subsidiaries and partnerships

	COMPANY 31 December 2022 £'000	COMPANY 31 December 2021 £'000
At Period End	**2,922**	2,922

Subsidiaries and partnerships

The Company has investments in the following subsidiaries and partnerships as at 31 December 2022:

Company Name	Country of Incorporation	% Holding	Principal Activity
Sigma Capital Property Ltd	Scotland	100	Property*
Sigma Inpartnership Ltd	Scotland	100	Property*
Strategic Property Asset Management Ltd	Scotland	100	Property*
Strategic Investment Management Holdings Limited	Scotland	100	Property*
Sigma Property Partners Limited	Scotland	100	Property*
Sigma General Partner Limited	Scotland	100	Property*
Sigma FP General Partner Limited	Scotland	100	Property*
Sigma Thistle Founder Partner LP	England	68.25	Property**
Sigma Thistle Phase II FP Limited Partnership	Scotland	75	Property*
Sigma Thistle Phase II GP LLP	Scotland	100	Property*
Sigma Thistle Phase II Limited	Scotland	100	Property*
Sigma UK PRS GP Limited	Jersey	100	Property***
Sigma Founder Partner Limited Partnership	Scotland	100	Property*
Sigma PRS Developments Limited	Scotland	100	Property*
Sigma PRS Investments (Hexthorpe Phase 3) Limited	England	85	Property**
Sigma PRS Investments (Hexthorpe Phase 3 II) Limited	England	85	Property**
Sigma PRS Investments (Lock Lane) Limited	England	85	Dormant**
Sigma PRS Investments (Lock Lane II) Limited	England	85	Property**
Sigma PRS Investments (Spectra) Limited	England	100	Property**
Sigma PRS Investments (Spectra II) Limited	England	100	Property**
Sigma (London) General Partner LLP	England	100	Property**
Sigma (London) Founder Partner LP	England	100	Property**
Sigma (London) Property Investments LP	England	100	Property**
Sigma (Northern) Property Investments LP	Scotland	100	Property*
Sigma (Northern) Founder Partner LP	Scotland	100	Property*
Sigma (Northern) General Partner LLP	Scotland	100	Property*
Sigma PRS GP Limited	Scotland	100	Property*
Sigma PRS General Partner LLP	Scotland	100	Property*
Sigma PRS General Partner II LLP	England	100	Property**
Sigma PRS Management Ltd	England	100	Property**
Sigma PRS Property Investments LP	England	100	Property**
Sigma PRS Property Investments II LP	England	100	Property**
Liverpool Inpartnership Limited	England	100	Property**
Solihull Inpartnership Limited	England	100	Property**
Salford Inpartnership Limited	Scotland	100	Property*
Inpartnership (LP) Limited	Scotland	100	Property*
City Spirit Regeneration Ltd	England	100	Property**
City Spirit Regeneration (Salford) Limited	England	100	Property**
Inpartnership CS Limited	England	100	Property**
Blackburn Inpartnership Limited	Scotland	100	Property*
Sigma Technology Management Limited	England	100	Venture Capital**
Sigma Technology Investments Limited	England	100	Venture Capital**
Sigma Technology Founder Partners Limited	England	100	Venture Capital**
Liverpool Inpartnership 2007 Limited	England	100	Dormant**
The Sigma Foundation	Scotland	100	Dormant**
Burrell Inpartnership Limited	Scotland	50	Dormant*
Sigma PRS Founders Partner LP	Scotland	100	Property*

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2022

Sigma PRS Investments (Natwest) Borrower Limited	England	100	Property**
Sigma PRS Investments (Natwest) Holding Company Limited	England	100	Property**
Sigma PRS Investments (Nuveen) Borrower Limited	England	100	Property**
Sigma PRS Investments (Nuveen) Holding Company Limited	England	100	Property**
Sigma PRS Investments (Bennett Street) Limited	England	100	Property**
Sigma PRS Investments (Bennett Street II) Limited	England	100	Property**
Sigma PRS Investments (Bower Farm) Limited	England	100	Property**
Sigma PRS Investments (Bower Farm II) Limited	England	100	Property**
Sigma PRS Investments (Brackley) Limited	England	100	Property**
Sigma PRS Investments (Brackley II) Limited	England	100	Property**
Sigma PRS Investments (Builyeon Road) Limited	England	100	Property**
Sigma PRS Investments (Builyeon Road II) Limited	England	100	Property**
Sigma PRS Investments (Burgess Hill) Limited	England	100	Property**
Sigma PRS Investments (Burgess Hill II) Limited	England	100	Property**
Sigma PRS Investments (Burgess Hill Development) Limited	England	100	Property**
Sigma PRS Investments (Clay Cross) Limited	England	100	Property**
Sigma PRS Investments (Clay Cross II) Limited	England	100	Property**
Sigma PRS Investments (Dalhousie) Limited	England	100	Property**
Sigma PRS Investments (Dalhousie II) Limited	England	100	Property**
Sigma PRS Investments (Don Street) Limited	England	100	Property**
Sigma PRS Investments (Don Street II) Limited	England	100	Property**
Sigma PRS Investments (Fitton Hill) Limited	England	100	Property**
Sigma PRS Investments (Fitton Hill II) Limited	England	100	Property**
Sigma PRS Investments (Freight Depot) Limited	England	100	Property**
Sigma PRS Investments (Gateford Road) Limited	England	100	Property**
Sigma PRS Investments (Gateford Road II) Limited	England	100	Property**
Sigma PRS Investments (Himley Village) Limited	England	100	Property**
Sigma PRS Investments (Himley Village II) Limited	England	100	Property**
Sigma PRS Investments (Inverness) Limited	England	100	Property**
Sigma PRS Investments (Inverness II) Limited	England	100	Property**
Sigma PRS Investments (Isleport Lane) Limited	England	100	Property**
Sigma PRS Investments (Isleport Lane II) Limited	England	100	Property**
Sigma PRS Investments (Shirebrook) Limited	England	100	Property**
Sigma PRS Investments (Shirebrook II) Limited	England	100	Property**
Sigma PRS Investments (Shirebrook Development) Limited	England	100	Property**
Sigma PRS Investments (Siskin Park) Limited	England	100	Property**
Sigma PRS Investments (Siskin Park II) Limited	England	100	Property**
Sigma PRS Investments (Spectra Phase 2) Limited	England	100	Property**
Sigma PRS Investments (Spectra Phase 2 II) Limited	England	100	Property**
Sigma PRS Investments (Spencer's Park) Limited	England	100	Property**
Sigma PRS Investments (Spencer's Park II) Limited	England	100	Property**
Sigma PRS Investments (Spencer's Park Development) Limited	England	100	Property**
Sigma PRS Investments (Stanton Cross) Limited	England	100	Property**
Sigma PRS Investments (Stanton Cross II) Limited	England	100	Property**
Sigma PRS Investments (Sunderland Town Centre) Limited	England	100	Property**
Sigma PRS Investments (Sunderland TC Phase 2) Limited	England	100	Property**
Sigma PRS Investments (Tranent) Limited	England	100	Property**
Sigma PRS Investments (Tranent II) Limited	England	100	Property**
Sigma PRS Investments (Witham) Limited	England	100	Property**
Sigma PRS Investments (Witham II) Limited	England	100	Property**
Sigma PRS Investments (York Street) Limited	England	100	Property**
Sigma PRS Investments (York Street II) Limited	England	100	Property**

**Registered Office: 18 Alva Street, Edinburgh, EH2 4QG*
***Registered Office: Floor 3, 1 St. Ann Street, Manchester, M2 7LR*
****Registered Office: 44 Esplanade, St. Helier, Jersey, JE6 9WG*

The following subsidiaries were sold during the year to The PRS REIT Holding Company Limited:

Sigma PRS Investments (Plough Hill Road) Limited ***(June 2022)***	England	100	Property**
Sigma PRS Investments (Plough Hill Road II) Limited ***(June 2022)***	England	100	Property**

***Registered Office: Floor 3, 1 St. Ann Street, Manchester, M2 7LR*

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2022

The Company has guaranteed the liabilities of the following subsidiaries exempt from audit under Section 479A of the Companies Act 2006. The names and company registration numbers are below:

Company Name	Company Registration Number
Sigma Technology Founder Partners Limited	04080037
Sigma Technology Management Limited	03289432
Sigma Property Partners Limited	SC488231
Salford Inpartnership Limited	SC220873
Solihull Inpartnership Limited	05094769
Blackburn Inpartnership Limited	SC266115
Inpartnership (LP) Limited	SC260339
Inpartnership CS Limited	06529901
City Spirit Regeneration Limited	03278486
City Spirit Regeneration (Salford) Limited	04911111
Burrell Inpartnership Limited	SC287397
Sigma Inpartnership Ltd	SC207794
Strategic Property Asset Management Ltd	SC234161
Strategic Investment Management Holdings Limited	SC334074
Sigma Property Partners Limited	SC488231
Sigma General Partner Limited	SC481096
Sigma FP General Partner Limited	SC481104
Sigma Thistle Founder Partner LP	LP016122
Sigma Thistle Phase II FP Limited Partnership	SL023807
Sigma Thistle Phase II GP LLP	SO305536
Sigma Thistle Phase II Limited	SC520456
Sigma Founder Partner Limited Partnership	SL017217
Sigma PRS Developments Limited	SC522677
Sigma PRS Investments (Hexthorpe Phase 3) Limited	13490582
Sigma PRS Investments (Hexthorpe Phase 3 II) Limited	13496367
Sigma PRS Investments (Lock Lane) Limited	12178733
Sigma PRS Investments (Lock Lane II) Limited	12179271
Sigma PRS Investments (Spectra) Limited	13291247
Sigma PRS Investments (Spectra II) Limited	13293997
Sigma (London) General Partner LLP	OC435074
Sigma (London) Founder Partner LP	LP021579
Sigma (London) Property Investments LP	LP021625
Sigma (Northern) Property Investments LP	LP020127
Sigma (Northern) Founder Partner LP	SL033668
Sigma (Northern) General Partner LLP	SO306673
Sigma PRS GP Limited	SC522673
Sigma PRS General Partner LLP	SO305582
Sigma PRS General Partner II LLP	OC438593
Sigma PRS Property Investments LP	LP017220
Sigma PRS Property Investments II LP	LP022030
Liverpool Inpartnership Limited	05964775
Sigma Technology Investments Limited	03970359
Liverpool Inpartnership 2007 Limited	0685110
The Sigma Foundation	11324466
Burrell Inpartnership Limited	SC287397
Sigma PRS Founder Partner LP	SL024531
Sigma PRS Investments (Natwest) Borrower Limited	14277014
Sigma PRS Investments (Natwest) Holding Company Limited	14276609
Sigma PRS Investments (Nuveen) Borrower Limited	14277027
Sigma PRS Investments (Nuveen) Holding Company Limited	14276642
Sigma PRS Investments (Bennett Street) Limited	14303304
Sigma PRS Investments (Bennett Street II) Limited	14304788
Sigma PRS Investments (Bower Farm) Limited	14130897
Sigma PRS Investments (Bower Farm II) Limited	14131199
Sigma PRS Investments (Brackley) Limited	14343870

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2022

Sigma PRS Investments (Brackley II) Limited	14347692
Sigma PRS Investments (Builyeon Road) Limited	14465878
Sigma PRS Investments (Builyeon Road II) Limited	14466079
Sigma PRS Investments (Burgess Hill) Limited	14482628
Sigma PRS Investments (Burgess Hill II) Limited	14483026
Sigma PRS Investments (Burgess Hill Development) Limited	14482807
Sigma PRS Investments (Clay Cross) Limited	14343864
Sigma PRS Investments (Clay Cross II) Limited	14347729
Sigma PRS Investments (Dalhousie) Limited	14275098
Sigma PRS Investments (Dalhousie II) Limited	14276630
Sigma PRS Investments (Don Street) Limited	13906513
Sigma PRS Investments (Don Street II) Limited	13906676
Sigma PRS Investments (Fitton Hill) Limited	14717173
Sigma PRS Investments (Fitton Hill II) Limited	14719107
Sigma PRS Investments (Freight Depot) Limited	13846586
Sigma PRS Investments (Gateford Road) Limited	14344109
Sigma PRS Investments (Gateford Road II) Limited	14347783
Sigma PRS Investments (Himley Village) Limited	13906540
Sigma PRS Investments (Himley Village II) Limited	13906073
Sigma PRS Investments (Inverness) Limited	14275127
Sigma PRS Investments (Inverness II) Limited	14276696
Sigma PRS Investments (Isleport Lane) Limited	14130974
Sigma PRS Investments (Isleport Lane II) Limited	14131185
Sigma PRS Investments (Shirebrook) Limited	14303318
Sigma PRS Investments (Shirebrook II) Limited	14305665
Sigma PRS Investments (Shirebrook Development) Limited	14519691
Sigma PRS Investments (Siskin Park) Limited	14357481
Sigma PRS Investments (Siskin Park II) Limited	14359190
Sigma PRS Investments (Spectra Phase 2) Limited	14133469
Sigma PRS Investments (Spectra Phase 2 II) Limited	14134487
Sigma PRS Investments (Spencer's Park) Limited	14358544
Sigma PRS Investments (Spencer's Park II) Limited	14361757
Sigma PRS Investments (Spencer's Park Development) Limited	14382624
Sigma PRS Investments (Stanton Cross) Limited	14540147
Sigma PRS Investments (Stanton Cross II) Limited	14540653
Sigma PRS Investments (Sunderland Town Centre) Limited	14411693
Sigma PRS Investments (Sunderland TC Phase 2) Limited	14543415
Sigma PRS Investments (Tranent) Limited	14275145
Sigma PRS Investments (Tranent II) Limited	14275782
Sigma PRS Investments (Witham) Limited	14343849
Sigma PRS Investments (Witham II) Limited	14347805
Sigma PRS Investments (York Street) Limited	14712447
Sigma PRS Investments (York Street II) Limited	14715335

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2022

18. Investment in joint ventures

	GROUP Year ended 31 December 2022 £'000	GROUP 15 months to 31 December 2021 £'000	COMPANY Year ended 31 December 2022 £'000	COMPANY 15 months to 31 December 2021 £'000
Opening balance	**371**	319	-	-
Investment in new joint ventures	**-**	-	-	-
Share of profits/(losses)	**(144)**	52	-	-
Dividends received	**-**	-	-	-
At period end	**227**	371	-	-
Group share of net assets	**227**	371	-	-

The share of net assets relates to the Group's investment in Countryside Sigma Limited. Countryside Sigma Limited is incorporated in the United Kingdom and the Group owns 25.1% of the ordinary share capital. The accounting reference date of Countryside Sigma Limited is 30 September and its registered address is Countryside House, The Drive, Great Warley, Brentwood, Essex CM13 3AT. The unaudited results for the year ended 30 September 2022 and the financial position as at that date have been equity accounted in these financial statements. The Group is contractually entitled to 50% of the profit expected.

The following is the summarised financial position of Countryside Sigma Limited:

	As at 30 September 2022 Unaudited £'000	As at 31 December 2021 Unaudited £'000	As at 30 September 2021 Audited £'000
Inventories	**-**	-	-
Trade and other receivables	**198**	318	294
Cash and cash equivalents	**387**	424	344
Current assets	**586**	742	638
Current liabilities	**(132)**	-	-
Net assets	**454**	742	638
Revenue	**-**	-	-
Gross (loss)/profit	**(39)**	-	(146)
(Loss)/profit from operations	**(39)**	-	(146)
Net finance income/(costs)	**-**	-	-
(Loss)/profit before tax	**(39)**	-	(146)
Profit/(loss) after tax	**(38)**	130	(118)

The following is a reconciliation of the Group's share of net assets as at 31 December:

	2022 £'000	2021 £'000
Countryside Sigma Limited net assets as at 31 December	**454**	742
Groups share of net assets as at 31 December*	**227**	371
Group share of net assets as at 31 December*	**227**	371

**Share relates to 30 September*

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2022

19. Investment in associate

The group holds 5% of the ordinary share capital of London BTR Investments Limited, a company incorporated and domiciled in the UK, whose principal activity is the development of and investment in build to rent properties in areas of Greater London. It is accounted for using the equity method.

The Group's investment in associate is represented by:

	GROUP Year ended 31 December 2022 £'000	GROUP 15 months to 31 December 2021 £'000	COMPANY Year ended 31 December 2022 £'000	COMPANY 15 months to 31 December 2021 £'000
Opening balance	**3,022**	37	-	-
Amounts invested	**2,882**	2,985	-	-
Share of associate profit/(loss)	**438**	0	-	-
At period end	**6,342**	3,022	-	-

As at 31 December 2022 and 31 December 2021, the Group's investment in London BTR Investments amounted to its share of net assets of London BTR Investments Limited.

20. Fixed asset investments

	GROUP Year ended 31 December 2022 £'000	GROUP 15 months to 31 December 2021 £'000	COMPANY Year ended 31 December 2022 £'000	COMPANY 15 months to 31 December 2021 £'000
Opening balance	**2**	2	-	-
Additions	**-**	-	-	-
At period end	**2**	2	-	-

This relates to the Group's investment in UK PRS (Jersey) I Limited Partnership.

21. Financial asset investments

Financial asset investments at fair value through profit and loss

	GROUP Year ended 31 December 2022 £'000	GROUP 15 months to 31 December 2021 £'000	COMPANY Year ended 31 December 2022 £'000	COMPANY 15 months to 31 December 2021 £'000
Opening balance	**3,833**	2,170	-	-
Additions	**-**	1,146	-	-
Distributions received	**(36)**	(442)		
Fair value through profit and loss	**(428)**	959	-	-
At period end	**3,369**	3,833	-	-

The financial asset investments held at fair value through profit and loss are the Group's holdings in venture capital funds, quoted securities and one unquoted security. The underlying investments in the funds are in unlisted start-up companies. The investments are valued by the manager of the fund on a basis consistent with industry guidelines, reviewed quarterly by the Board and amount to £0.3m (2021: £0.3m). The directly held quoted securities amount to £2.6m (2021: £3.1m) and relates to part of the Group's holding of equity shares in The PRS REIT plc. The directly held unquoted security amounts to £0.5m (2021: £0.4m) and was also valued on a basis consistent with industry guidelines.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2022

Equity instruments designated at fair value through other comprehensive income

	GROUP Year ended 31 December 2022 £'000	GROUP 15 months to 31 December 2021 £'000	COMPANY Year ended 31 December 2022 £'000	COMPANY 15 months to 31 December 2021 £'000
At 1 January	**3,301**	2,375	-	-
Additions	**-**	-	-	-
Fair value through OCI	**(624)**	926	-	-
At period end	**2,677**	3,301	-	-
Total financial asset investments	**6,046**	7,135	-	-

The financial asset investments held at fair value through other comprehensive income are the remainder of the Group's holding of equity shares in The PRS REIT plc. As at 31 December 2022, the Group's holding of PRS REIT shares amounted to 5,889,852 (2021: 5,889,852) which represents a 1.06% (2021: 1.06%) holding in the PRS REIT.

The quoted securities fall within Level 1 of the fair value hierarchy as defined by IFRS 13 whereas the funds and unquoted security fall within Level 3. The movement in the current year and prior period of financial assets at fair value based on their hierarchy is as follows:

	Level 1 £'000	Level 3 £'000	Total £'000
At 30 September 2020	6,459	1,086	4,545
Additions	1,145	-	1,146
Distributions received	-	(441)	(441)
Fair value through profit and loss	918	40	958
Fair value through OCI	926	-	926
At 30 September 2020	**6,448**	**685**	**7,134**
Additions	-	-	-
Distributions received	-	(36)	(36)
Fair value through profit and loss	(595)	167	(428)
Fair value through OCI	(624)	-	(624)
At 31 December 2021	**5,229**	**816**	**6,046**

The total fair value adjustments made during the year relating to investments, both financial asset investments at fair value through profit and loss and trading investments, are set out below.

	GROUP Year ended 31 December 2022 £'000	GROUP 15 months to 31 December 2021 £'000	COMPANY Year ended 31 December 2022 £'000	COMPANY 15 months to 31 December 2021 £'000
Financial asset investments at fair value through profit and loss:				
- venture capital funds	**113**	17	-	-
- quoted securities	**(595)**	918	-	-
- unquoted securities	**54**	23	-	-
	(428)	958	-	-
Financial asset investments at fair value through OCI:				
- quoted securities	**(624)**	926	-	-
	(624)	926	-	-

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2022

22. **Trade receivables and other current assets**

	GROUP As at 31 December 2022 £'000	GROUP As at 31 December 2021 £'000	COMPANY As at 31 December 2022 £'000	COMPANY As at 31 December 2021 £'000
Trade receivables	**1,346**	3,303	-	-
Amounts owed by other Group undertakings	-	-	**106,148**	36,693
Social security and other taxes	**11,549**	598	-	7
Other receivables	**324**	5,141	**94**	4,760
Prepayments and accrued income	**2,015**	565	**154**	230
Contract receivables	-	257	-	-
	15,234	9,864	**106,396**	41,690
Contract receivables – non current	-	-	-	-
Current portion	**15,234**	9,864	**106,396**	41,690

Trade receivables

	GROUP As at 31 December 2022 £'000	GROUP As at 31 December 2021 £'000	COMPANY As at 31 December 2022 £'000	COMPANY As at 31 December 2021 £'000
Trade receivables not due	**1,184**	2,881	-	-
Trade receivables past due 1-30 days	-	-	-	-
Trade receivables past due 31-60 days	-	21	-	-
Trade receivables past due 61-90 days	-	381	-	-
Trade receivables past due over 90 days	**162**	20	-	-
Gross trade receivables at end of period	**1,346**	3,303	-	-
Provision for bad debt at 1 January	-	-	-	-
Debt provisions reversed in the period/year	-	-	-	-
Provision for bad debt at end of period/year	-	-	-	-
Net trade receivables attend of period	**1,346**	3,303	-	-

The Directors consider that the carrying amount of trade receivables approximates to their fair value. Debts provided for and written off are determined on an individual basis and included in Administrative expenses in the financial statements. The Group's maximum exposure on credit risk is fair value on trade receivables as presented above. The Group has no pledge as security on trade receivables.

The Group's current contract receivables represents amounts not yet invoiced and includes fees of £nil (2021: £0.3m) in relation to the PRS joint venture with Gatehouse. In January 2021 the investment portfolio in relation to the PRS joint venture with Gatehouse was sold and the contract receivable was realised during 2021. No fees (2021: £nil) were invoiced prior to the current year end.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2022

Recoverability of amounts owed by Group undertakings is reviewed regularly. The Group has assessed the estimated credit losses of these loans and given the effective interest rate of the loans is 0%, there would be an immaterial loss expected on these loans.

23. **Trade and other payables**

	GROUP As at 31 December 2022 £'000	GROUP As at 31 December 2021 £'000	COMPANY As at 31 December 2022 £'000	COMPANY As at 31 December 2021 £'000
Trade payables	**2,607**	890	**4**	4
Other payables	**258**	-	**49**	-
Amounts owed to related parties	**-**	4,661	**-**	4,661
Amounts owed to Group undertakings	**-**	-	**13,013**	9,572
Social security and other taxes	**807**	198	**436**	-
Accruals and deferred income	**4,650**	1,894	**166**	149
	8,322	7,643	**13,667**	14,386

The Directors consider that the carrying amount of trade payables approximates to their fair value.

24. **Interest bearing loans**

	GROUP As at 31 December 2022 £'000	GROUP As at 31 December 2021 £'000	COMPANY As at 31 December 2022 £'000	COMPANY As at 31 December 2021 £'000
Current liabilities				
Bank loans	**-**	-	-	-
Development facility	**-**	4,381	-	-
	-	4,381		
Non-current liabilities				
Bank loans	**-**	-	-	-
Development facility	**18,456**	-	-	-
	18,456	-	-	-
Total interest bearing loans and overdrafts	**18,456**	4,381	-	-

The development facility outstanding at December 2021 was utilised to fund the Group's investment in private rented sector property. The total facility was £45m and interest was charged at commercial rates. The facility was substantially repaid during 2021 with the balance repaid in 2022.

In May 2022, a new £91m joint development facility between Barclays Bank plc and Homes England was finalised. The facility is for a period of 3 years and interest is charged at commercial rates.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2022

25. **Deferred tax liability**

	GROUP As at 31 December 2022 £'000	GROUP As at 31 December 2021 £'000	COMPANY As at 31 December 2022 £'000	COMPANY As at 31 December 2021 £'000
Amounts due to be paid greater than one year	**2,800**	1,192	-	-

The movement in the current year and prior period in the Group and Company net deferred tax liability position was as follows:

At 30 September 2020	**1,370**	-
Charge to statement of comprehensive income for the period	**(178)**	
At 31 December 2021	**1,192**	
Charge to statement of comprehensive income for the period	**1,608**	
At 31 December 2022	**2,800**	

The deferred tax liability relates to the property revaluations £2.7m (2021: £1.0m) and other £0.1m (2021: £0.2m). A rate of 25% (2021: 25%) was applied as at 31 December 2022 (prior period ending 30 September 2021), being the rate substantively enacted at that date.

26. **Share capital and share premium**

Group and Company

	Number of shares	Ordinary shares £'000	Share premium £'000	Total £'000
Opening balance as at 1 October 2021	89,552,956	895	32,210	33,105
Share options exercised during the period	6,006,667	59	4,791	4,850
Closing balance as at 31 December 2021	95,559,623	954	37,001	37,955
Equity issued during the period	62,612,853	626	61,987	62,613
Closing balance as at 31 December 2022	158,172,476	1,580	98,988	100,568

All issued shares are fully paid.

27. **Other reserves**

Capital redemption reserve
This reserve was created on the buy-back of shares in the Company and their subsequent cancellation, being the nominal value of the shares cancelled.

Merger reserve and Capital reserve
These were created on the merger of Sigma Technology Management Limited ("**STM**") with the Company.

The movement in reserves for the year ended 31 December 2022 and period ended 31 December 2021 are set out in the Consolidated and Company Statements of Changes in Equity.

Revaluation reserve
This reserve was created when the property at 18 Alva Street, Edinburgh was revalued in 2018.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2022

28. Leases

The Group has a lease for its Manchester office which will end in early 2026. As at 31 December 2022, outstanding lease payments were £112,500. Due to the immaterial value of the Right of use asset and corresponding lease liability under the provisions of IFRS16, these have not been adjusted for in these accounts.

The Group has a short term lease for its London office which will end in October 2023. As at 31 December 2022, outstanding lease payments were £107,000. Due to the immaterial value of the Right of use asset and corresponding lease liability under the provisions of IFRS16, these have not been adjusted for in these accounts.

The Group also has certain leases of office equipment with low value. The Group applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

The following are the amounts recognised in the income statement:

	As at 31 December 2022 £'000	15 months to 31 December 2021 £'000
Expense relating to leases of low-value assets (included in Administrative expenses)	-	-

29. Cash flows from operating activities

	GROUP Year to 31 December 2022 £'000	GROUP 15 Months to 31 December 2021 £'000	COMPANY Year to 31 December 2022 £'000	COMPANY 15 months to 31 December 2021 £'000
Total comprehensive income for the period	7,858	4,852	832	(5,433)
Adjustments for:				
Share-based payments	-	344*	-	344*
Depreciation	222	186	-	13
Amortisation	77	54	-	-
Finance costs	984	233	-	-
Finance income	(39)	-	-	-
Dividends received	(233)	(292)	(1,234)	-
Fair value (gain)/loss on financial assets held at fair value through profit or loss	(11)	(959)	-	-
Share of associate loss/(profit)	144	(52)	-	-
Unrealised gain on revaluation of investment property	(8,549)	(3,077)	-	-
Revaluation gain on disposal of investment property	-	(724)	-	-
Fair value loss on financial assets held at fair value through OCI	624	(926)	-	-
Deferred tax posted directly to reserves	-	-	-	-
(Profit)/loss on disposal of Fixed Assets	(54)	17	-	-
Changes in working capital:				
Decrease/(increase) in trade and other receivables	(5,380)	4,523	4,749	(5,650)
(Decrease)/increase in trade and other payables	1,839	3,511	(4,159)	13,722
Cash flows from operating activities	2,518	7,690	188	2,996

**Includes £233,000 of accelerated cost as a result of the PineBridge acquisition included in restructuring costs.*

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2022

30. **Capital commitments**
The Group have entered into contracts with unrelated parties for the construction of residential housing with a total value of £161.4m (2021: £28.6m). As at 31 December 2022, £130.5m (2021: £18.9m) of such commitments remained outstanding.

31. **Related party transactions**
Sigma holds a 25.1% shareholding in Countryside Sigma Limited. Fees invoiced in relation to development management services for the year were £nil (2021: £nil). At 31 December 2022, Sigma was owed £nil (2021: £nil). In addition, during the year Sigma received dividends from Countryside Sigma totaling £nil (2021: £nil).

The Group has a 20.1% capital interest in Thistle Limited Partnership, its joint venture with Gatehouse. Profit share earned during the year was £nil (2021: £nil).

The Group has a 20% interest in UK PRS (Jersey) I LP in respect of its joint venture with UK PRS Properties. Fees invoiced in relation to services for the year were £0.5m (2021: £0.6m). At the year end, Sigma was owed £0.1 (2021: £0.1m).

Sigma owns 5,889,852 (2021: 5,889,852) equity shares in The PRS REIT plc. Fees invoiced during the year in relation to development management services, investment advisory services and administration fees amounted to £7.6m (2021: £11.0m). As at 31 December 2022, Sigma was owed £0.6m (2021: £0.8m). In addition, Sigma sold two subsidiaries to The PRS REIT plc (2021: none). An amount of £nil was outstanding at the end of the year (2021: £nil).

Certain Directors have been allocated a share of the carried interest in respect of the PRS joint ventures with Gatehouse and with UK PRS properties. In addition, subject to certain performance conditions, four of the Directors may be entitled to a share of the total profit on disposal in relation to the Group's self-funded PRS properties. Details of the carried interest arrangements and the carried interest crystallised to date are contained in note 12.

32. **Post Balance Sheet Events**

Subsequent to the year end the Group has received equity funding from Six Bidco Limited totaling £106.9m.

Since the year end the Group has entered into two new bank facilities. A facility of £150m has been agreed with the Teachers Insurance and Annuity Association of America arranged by Nuveen Investment Management International Limited Bank along with a £150m facility with National Westminster Bank plc and Leumi UK Group Limited.

In addition, since the year end the group has acquired eight new PRS development sites for a total of £19.4m.