

SONGBIRD ESTATES PLC
Registered Number: 5043352

UNAUDITED INTERIM REPORT
FOR THE PERIOD ENDED 26 SEPTEMBER 2012

Unaudited Interim Report V9 – 26 09 12

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SONGBIRD ESTATES PLC

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PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED 26 SEPTEMBER 2012

		Period Ended 26 September 2012 £m	Year Ended 31 December 2011 £m
	Note		
Administrative expenses before exceptional item		(1 4)	(2 4)
Exceptional item			
Movement in provision against investment	4	134 6	(95 9)
OPERATING LOSS		<u>133 2</u>	<u>(98 3)</u>
Income from shares in group undertakings	4	37 0	23 0
Interest payable and similar charges	2	(21 0)	(29 4)
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAX		<u>149 2</u>	<u>(104 7)</u>
Tax on ordinary activities	3	–	–
PROFIT/(LOSS) ON ORDINARY ACTIVITIES AFTER TAX FOR THE PERIOD	9	<u>149 2</u>	<u>(104 7)</u>

Movements in reserves are shown in Note 9 of this interim report

All amounts relate to continuing activities in the United Kingdom

There were no recognised gains and losses for the period ended 26 September 2012 or the year ended 31 December 2011 other than those included in the profit and loss account

The Notes on pages 3 to 8 form an integral part of this interim report


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BALANCE SHEET AS AT 26 SEPTEMBER 2012

	Note	26 September 2012 £m	31 December 2011 £m
FIXED ASSETS			
Investments	4	2,338 6	2,204 0
CURRENT ASSETS			
Debtors	5	8 3	8 4
Cash at bank		17 5	2 8
		25 8	11 2
CREDITORS:			
Amounts falling due within one year	6	(406 5)	(400 3)
NET CURRENT LIABILITIES		(380 7)	(389 1)
TOTAL ASSETS LESS CURRENT LIABILITIES		1,957 9	1,814 9
CREDITORS:			
Amounts falling due after more than one year	7	(264 3)	(270 5)
NET ASSETS		1,693 6	1,544 4
CAPITAL AND RESERVES			
Called up share capital	8	76 5	76 5
Share premium account	9	1,195 1	1,195 1
Cancelled share reserve	9	59 5	59 5
Profit and loss account	9	20 0	5 4
Other reserves	9	342 5	207 9
SHAREHOLDERS' FUNDS		1,693 6	1,544 4

The Notes on pages 3 to 8 form an integral part of this interim report

APPROVED BY THE BOARD ON 27 SEPTEMBER 2012 AND SIGNED ON ITS BEHALF BY


 DIRECTOR
 DAVID PRITCHARD

SONGBIRD ESTATES PLC

NOTES TO THE INTERIM REPORT FOR THE PERIOD ENDED 26 SEPTEMBER 2012

1. PRINCIPAL ACCOUNTING POLICIES

The Interim Report has been prepared on a going concern basis and in accordance with pronouncements on interim reporting issued by the Accounting Standard Board and on the basis of the accounting policies set out in the company's financial statements for the year ended 31 December 2011, which were prepared in accordance with UK GAAP and are consistent with those that will be adopted in the statutory accounts for the year ending 31 December 2012

The financial information relating to the period ended 26 September 2012 is unaudited

The financial information for the year ended 31 December 2011 does not constitute a complete set of statutory accounts within the meaning of Section 434 of the Companies Act 2006 and does not purport to show a true and fair view of the company's financial position and results of operations. A copy of the full statutory accounts for the year has been delivered to the Registrar of Companies. The auditor's report on those accounts was not qualified, did not contain a reference to any matters which the auditor drew attention by way of emphasis without qualifying the report and did not contain statements under Section 498(2) or (3) of the Companies Act 2006

2 INTEREST PAYABLE AND SIMILAR CHARGES

	Period Ended 26 September 2012 £m	Year Ended 31 December 2011 £m
Finance cost of non equity shares	21 0	29 4
	<u>21 0</u>	<u>29 4</u>

3. TAXATION

No provision for taxation has been made in view of the tax loss for the period. It is anticipated that tax losses will impact on future tax charges

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NOTES TO THE INTERIM REPORT FOR THE PERIOD ENDED 26 SEPTEMBER 2012

4. INVESTMENTS

Shares in group undertakings

	£m
COST	
At 1 January 2012 and 26 September 2012	2,361 2
PROVISION FOR IMPAIRMENT	
At 1 January 2012	157 2
Provided during the period	(134 6)
At 26 September 2012	22 6
NET BOOK VALUE	
At 26 September 2012	2,338 6
At 1 January 2012	2,204 0

At 26 September 2012 the company's subsidiary undertakings were as follows

Name	Description of shares held	Principal activities
Songbird Finance Limited	Ordinary £1 shares	Investment company
Songbird Finance (Two) Limited	Ordinary £1 shares	Investment company
Songbird Acquisition Limited	Ordinary 10p shares	Investment company

Through its shareholding in Songbird Finance Limited, the company also has an indirect investment of 69.4% in Canary Wharf Group plc

On 22 March 2012, the Company's wholly owned subsidiary, Songbird Finance Limited declared an interim dividend of £8.5m which was paid on 23 March 2012

On 25 June 2012, Songbird Finance Limited declared an interim dividend of £13.5m which was paid on 26 June 2012

On 25 September 2012 Songbird Finance Limited declared an interim dividend of £15.0m which was paid on 26 September 2012

The directors have considered the net realisable value of the company's investments by reference to their net assets. Accordingly, a release of part of the provision for impairment of £134.6m has been recognised against the investment in Songbird Finance Limited since 31 December 2011

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NOTES TO THE INTERIM REPORT FOR THE PERIOD ENDED 26 SEPTEMBER 2012

5. DEBTORS

	26 September 2012 £m	31 December 2011 £m
Amount owed by subsidiary undertaking	8 3	8 3
Prepayments and accrued income	–	0 1
	<u>8 3</u>	<u>8 4</u>

6. CREDITORS: Amounts falling due within one year

	26 September 2012 £m	31 December 2011 £m
Amount owed to subsidiary undertakings	398 2	398 2
Financing costs of non equity share capital	6 3	–
Accruals and deferred income	2 0	2 1
	<u>406 5</u>	<u>400 3</u>

Financing costs of non equity shares at 26 September 2012 comprised the accrued coupon payable under the terms of the Preference Shares including any amounts due under the terms of the interest rate swap

The amount owed to subsidiary undertakings is on an interest free basis with no defined redemption date

7. CREDITORS: Amounts falling due after more than one year

	26 September 2012 £m	31 December 2011 £m
Non equity share capital		
Preference shares	275 0	275 0
Capitalised fees	(10 7)	(4 5)
	<u>264 3</u>	<u>270 5</u>

As a result of the terms and conditions of the Preference Shares, such shares have been classified as borrowings. These terms and conditions and a summary of the amendments made in the period are disclosed in Note 8

At 26 September 2012 the fair value adjustment in respect of the Company's interest rate hedging instrument was an unrecognised liability of £1 1m

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NOTES TO THE INTERIM REPORT FOR THE PERIOD ENDED 26 SEPTEMBER 2012

8. SHARE CAPITAL

Issued share capital comprises

	26 September 2012 £m	31 December 2011 £m
Equity shares		
764,913,962 (2011 764,913,962) ordinary shares of 10p each	76.5	76.5
	<u>76.5</u>	<u>76.5</u>
Non equity shares		
275,000,000 (2011 275,000,000) preference shares of £1 each (Note 7)	275.0	275.0
	<u>275.0</u>	<u>275.0</u>

Until 30 August 2012, the preference shares, which were issued on 14 October 2009, were non voting, non convertible and carried a fixed cumulative dividend of 2.5% payable quarterly in arrears, compounding quarterly to the extent not paid. No dividend could be paid by the Company on the ordinary shares without the consent of at least 75% of the preference shareholders or until the preference shares were redeemed. With effect from 14 October 2011, the preference shares were redeemable at the option of the Company. If, however, the Company opted to redeem prior to 14 April 2012 there was a 5% premium on the issued amount which reduced to 3% until 14 April 2013 and to 2% until October 2014. After that date the premium on repayment reduced to nil. The preference shares were redeemable at the option of the holder after 14 October 2014 on any date falling prior to 14 October 2016. The Company could, however, elect not to redeem them and pay an increased dividend of 3.25% per quarter which further increased to 3.75% on 14 October 2015.

On 30 August 2012, the ordinary shareholders approved the acceptance of amendments to the terms of the Preference Shares which served to improve the overall financial position of the Company. The principal amendments can be summarised as follows:

- dividends on the Ordinary Shares may be paid without the consent of the holders of the Preference Shares provided that
 - the Look Through LTV is below 75.0% following payment, and
 - all dividends on the Preference Shares have both become payable and been paid up to the most recent dividend payment date,

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NOTES TO THE INTERIM REPORT FOR THE PERIOD ENDED 26 SEPTEMBER 2012

- a change to the coupon the Preference Shares from a fixed rate of 10.0% p a payable quarterly to 3 month LIBOR plus 7.75% p a payable quarterly,
- any Preference Shares in issue will be redeemed on the date falling 5 years after the adoption date. The Company may delay redemption for a further one or 2 years from the redemption date in consideration of an annual payment to holders of the Preference Shares of an amount equal to 0.5% of the nominal amount of the Preference Shares held by them. In order to delay redemption for 2 years, the Company must elect to delay redemption for one year and make a subsequent election to delay for a second year,
- removing the ability of the holders of the Preference Shares to require redemption of the Preference Shares such that they are not able to do so prior to the redemption date,
- amending the Company's ability to redeem the Preference Shares so that any such redemption may take place only after 30 months from the adoption date, and
- a change to the premium payable on redemption of the Preference Shares prior to the redemption date so that it will be 2.0% of the nominal value of the Preference Shares if redemption occurs within 3 years of the adoption date and £nil thereafter

Hedging

Also on 30 August 2012, the Company entered into an interest rate swap which serves to fix the 3 month LIBOR element of the Preference Share coupon at 1.01% until August 2017. Including the margin of 7.75%, the coupon on the Preference Shares is now fixed at 8.76%.

Buyback authority

On 30 August 2012, the ordinary shareholders also approved a share buyback authorisation for a maximum of 5.0% of the issued share capital of the Company, which permits the Company to make on market purchases, at a price not less than the nominal value of 10p per share nor more than the highest of (i) an amount equal to 5% above the average market value of an Ordinary Share for the 5 business days immediately preceding the day on which that Ordinary Share is contracted to be purchased, and (ii) the higher of the price of the last independent trade and the highest current independent bid on AIM, in each case, exclusive of expenses. The share buyback authorisation allows the Company to enter into a buyback contract until the end of the Annual General Meeting of the Company to be held in 2013. Such a contract may be executed or completed after the share buyback authorisation has ceased to have effect.

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NOTES TO THE INTERIM REPORT FOR THE PERIOD ENDED 26 SEPTEMBER 2012 (Continued)

9. RESERVES

	Share premium £m	Cancelled share reserve £m	Other reserve £m	Profit and loss account £m	Total £m
At 1 January 2012	1,195.1	59.5	207.9	5.4	1,467.9
Profit for the period	–	–	–	149.2	149.2
Movement in impairment	–	–	134.6	(134.6)	–
At 26 September 2012	1,195.1	59.5	342.5	20.0	1,617.1

The other reserve arose from an intra group reorganisation undertaken during 2007 and is considered by the directors to be non distributable. The impairment of the Company's investment in Songbird Finance Limited represents a partial realisation of this amount and accordingly the cumulative impairment loss has been transferred from the profit and loss account to the other reserve.

The directors consider that the balance on the profit and loss account, which is stated after allowing for the coupon payable on the Preference Shares is distributable.