

SONGBIRD ESTATES PLC
Registered Number: 5043352

UNAUDITED INTERIM REPORT
FOR THE PERIOD ENDED 26 SEPTEMBER 2013



SONGBIRD ESTATES PLC

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PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED 26 SEPTEMBER 2013

	Note	Period Ended 26 September 2013 £m	Year Ended 31 December 2012 £m
Administrative expenses before exceptional item		(1 5)	(2 7)
Exceptional item			
Movement in provision against investment	4	44 9	112 3
OPERATING PROFIT		<u>43 4</u>	<u>109 6</u>
Income from shares in subsidiary undertakings	4	15 5	67 0
Interest payable and similar charges	2	(18 9)	(27 7)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAX		<u>40 0</u>	<u>148 9</u>
Tax on ordinary activities	3	–	–
PROFIT ON ORDINARY ACTIVITIES AFTER TAX FOR THE PERIOD	9	<u>40 0</u>	<u>148 9</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 2013 or the year ended 31 December 2012 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 2013

	Note	26 September 2013 £m	31 December 2012 £m
FIXED ASSETS			
Investments	4	2,361 2	2,316 3
CURRENT ASSETS			
Debtors	5	2 4	8 3
Cash at bank		12 2	10 3
		14 6	18 6
CREDITORS			
Amounts falling due within one year	6	(407 2)	(407 3)
NET CURRENT LIABILITIES		(392 6)	(388 7)
TOTAL ASSETS LESS CURRENT LIABILITIES		1,968 6	1,927 6
CREDITORS			
Amounts falling due after more than one year	7	(265 7)	(264 6)
NET ASSETS		1,702 9	1,663 0
CAPITAL AND RESERVES			
Called up share capital	8	74 0	74 0
Share premium account	9	1,195 1	1,195 1
Cancelled share reserve	9	59 5	59 5
Capital redemption reserve	9	2 5	2 5
Other reserves	9	365 1	320 2
Profit and loss account	9	6 7	11 7
SHAREHOLDERS' FUNDS		1,702 9	1,663 0

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

APPROVED BY THE BOARD ON 27 SEPTEMBER 2013 AND SIGNED ON ITS BEHALF BY


DIRECTOR

SONGBIRD ESTATES PLC

NOTES TO THE INTERIM REPORT FOR THE PERIOD ENDED 26 SEPTEMBER 2013

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 2012, 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 2013

The financial information relating to the period ended 26 September 2013 is unaudited

The financial information for the year ended 31 December 2012 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 2013 £m	Year Ended 31 December 2012 £m
Finance cost of non equity shares	18.9	27.7
	<u>18.9</u>	<u>27.7</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 2013

4. INVESTMENTS

Shares in group undertakings

	£m
COST	
At 1 January 2013 and 26 September 2013	<u>2,361 2</u>
PROVISION FOR IMPAIRMENT	
At 1 January 2013	(44 9)
Released during the period	<u>44 9</u>
At 26 September 2013	<u>-</u>
NET BOOK VALUE	
At 26 September 2013	<u>2,361 2</u>
At 1 January 2013	<u>2,316 3</u>

At 26 September 2013 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 19 June 2013 Songbird Finance Limited declared an interim dividend of £6.0m which was paid on 20 June 2013

On 20 September 2013 Songbird Finance Limited declared an interim dividend of £9.5m which was paid on 23 September 2013

The directors have considered the net realisable value of the company's investments by reference to their net assets. They have concluded that a provision for impairment is no longer required against the investment in Songbird Finance Limited at 26 September 2013. Accordingly, the provision brought forward at 1 January 2013 of £44.9m has been released to the profit and loss account and disclosed as an exceptional item.

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NOTES TO THE INTERIM REPORT FOR THE PERIOD ENDED 26 SEPTEMBER 2013

5. DEBTORS

	26 September 2013 £m	31 December 2012 £m
Amount owed by subsidiary undertaking	2 4	8 3
	<u>2 4</u>	<u>8 3</u>

6 CREDITORS: Amounts falling due within one year

	26 September 2013 £m	31 December 2012 £m
Amount owed to subsidiary undertakings	398 2	398 2
Financing costs of non equity share capital	5 8	6 0
Accruals and deferred income	3 2	3 1
	<u>407 2</u>	<u>407 3</u>

Financing costs of non equity shares at 26 September 2013 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 2013 £m	31 December 2012 £m
Non equity share capital		
Preference shares	275 0	275 0
Capitalised fees	(9 3)	(10 4)
	<u>265 7</u>	<u>264 6</u>

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

At 25 September 2013 the fair value adjustment in respect of the Company's interest rate hedging instrument was an unrecognised asset of £2.9m

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NOTES TO THE INTERIM REPORT FOR THE PERIOD ENDED 26 SEPTEMBER 2013

8. SHARE CAPITAL

Issued share capital comprises

	26 September 2013 £m	31 December 2012 £m
Equity shares		
740,374,616 as at 26 September 2013 (2012	74 0	74 0
740,404,142) ordinary shares of 10p each	<u>74 0</u>	<u>74 0</u>
Non equity shares		
275,000,000 (2012 275,000,000) preference		
shares of £1 each (Note 7)	<u>275 0</u>	<u>275 0</u>
	<u>275 0</u>	<u>275 0</u>

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

The coupon payable on the Preference Shares is calculated at 3 month LIBOR plus 7 75% p a payable quarterly

The Company may redeem the Preference Shares from February 2015

If the Company opts to redeem prior to 30 August 2015 a 2% premium is payable on the issued amount After that date the premium on repayment reduces to nil

The Preference Shares in issue will be redeemed by 30 August 2017 unless the Company delays redemption for a further one or 2 years from the redemption date Consideration for such a delay is 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

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NOTES TO THE INTERIM REPORT FOR THE PERIOD ENDED 26 SEPTEMBER 2013

Hedging

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 has been fixed at 8.76%.

Buyback

On 30 August 2012, the ordinary shareholders approved a share buyback authorisation for a maximum of 5.0% of the issued share capital of the Company, which permitted 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 was 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 allowed the Company to enter into a buyback contract until the end of the Annual General Meeting of the Company to be held in 2013.

A total of 24,509,820 Ordinary Shares were acquired at an average cost of 122p per share and subsequently cancelled prior to 31 December 2012 under the terms of the buyback authority, representing 3.2% of the Ordinary shares prior to the buyback. The aggregate cost of the Share Buyback, including fees was £30.3m.

On 4 January 2013, the Company announced that the Board had authorised a further £10.0m aggregate spend on the Share Buyback. An additional 29,526 Ordinary Shares were acquired at an aggregate cost of £35,609 including fees. On 5 April 2013, the Company announced the buyback authority had expired.

9. RESERVES

	Share premium £m	Cancelled share reserve £m	Capital redemption reserve £m	Other reserve £m	Profit and loss account £m	Total £m
At 1 January 2013	1,195.1	59.5	2.5	320.2	11.7	1,589.0
Profit for the period	–	–	–	–	40.0	40.0
Transfer	–	–	–	44.9	(44.9)	–
Shares cancelled on acquisition	–	–	–	–	(0.1)	(0.1)
At 26 September 2013	1,195.1	59.5	2.5	365.1	6.7	1,628.9

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NOTES TO THE INTERIM REPORT FOR THE PERIOD ENDED 26 SEPTEMBER 2013

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 of £44.9m at 31 December 2012 (Note 4) represented a partial realisation of this amount and accordingly the cumulative impairment loss was transferred to the Profit and Loss account from the Other Reserve. This impairment provision has been released in the current period.

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.

The Capital Redemption Reserve has arisen from the acquisition of the Company's own shares under the terms of the share buyback programme and represents the nominal value of the 24,539,346 (2012: 24,509,820) ordinary shares of 10p each which have been cancelled (Note 8).